



Zavarovalnica Triglav d.d.  
Miklošičeva 19, 1000 Ljubljana

**triglav**

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# Unaudited Interim Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2018 to 30 September 2018

## MANAGEMENT BOARD:

President: Andrej Slapar

Members: Uroš Ivanc

Tadej Čoroli

Barbara Smolnikar

Marica Makoter

Ljubljana, November 2018

Credit rating

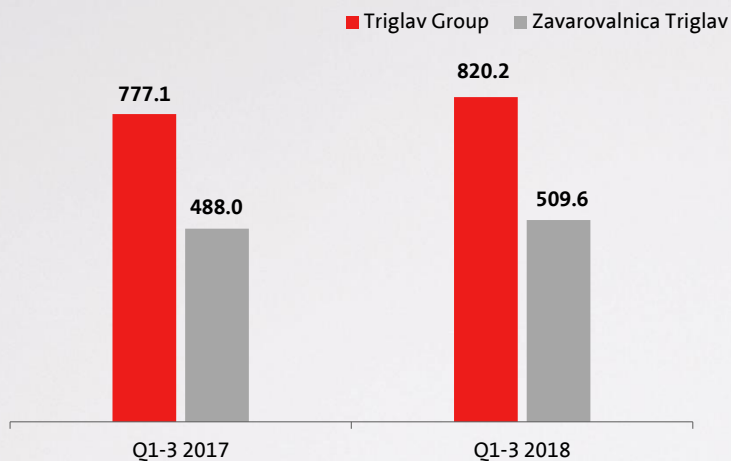
**"A"**

of the Triglav Group  
with a stable  
medium-term  
outlook

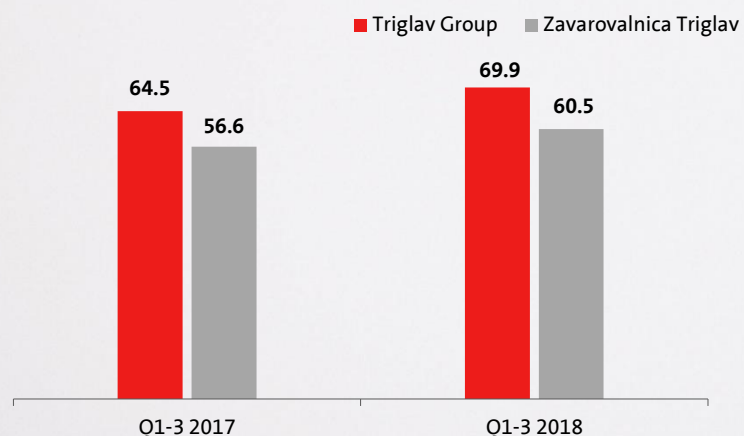
**EUR 2,5**

dividend per share

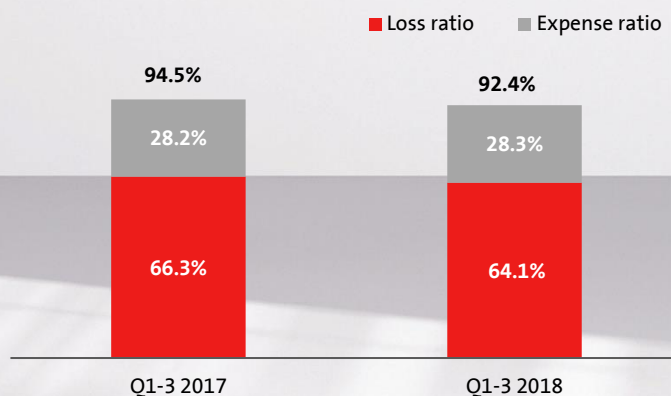
### Gross written premium for insurance, co-insurance and reinsurance contracts in EUR million



### Net profit before tax in EUR million



### Combined ratio of the Triglav Group



**Dear shareholders, business partner and colleagues,**



We are satisfied with our performance in the first nine months of 2018. Premium growth was recorded in all insurance markets and all three insurance segments of the Group, in addition to increasing the volume of assets under management. Net claims incurred lagged behind the growth of net premium earned, even though the claims segment was again affected primarily by major CAT events, which occurred in the second quarter of the year. As expected, our result continues to be influenced by lower returns on financial investments. In the reporting period, the Triglav Group generated a consolidated profit before tax of EUR 69.9 million (index 108). Considering the business conditions anticipated until the end of the year, it is estimated that the annual profit before tax of the Group will be within the planned range.

The Triglav Group posted a total of EUR 820.2 million in consolidated gross written premium, up by 6% compared to the same period last year. The average premium growth on the Slovene market was 5% and on the markets outside of Slovenia it stood at 8%. In line with the strategic plans, we continued to increase the share of the premium written outside of Slovenia, raising it by 0.5 percentage point to 18.3%. In terms of individual insurance segments, a 6% premium growth was seen in non-life insurance, a 1% growth in life insurance and a 10% growth in health insurance. Insurance business operating expenses followed premium growth (index 105). Their share remained at the stable 23.4% of gross written premium, which was the same as in the respective period last year.

Claims are an integral part of our business, which also includes major CAT events of varying severity and frequency. Due to the major CAT events that occurred in the second quarter of 2018 (EUR 19.6 million), gross claims paid in non-life insurance went up (index 113). Gross claims paid totalled EUR 495.4 million (index 106). The combined ratio of the Triglav Group was favourable at 92.4% (94.5% in Q1-3 2017). Its improvement was mainly due to the fact that net premium earned (index 106) grew significantly faster than net claims incurred (index 101).

As at the reporting date, the Group's financial investments totalled EUR 3.1 billion. In accordance with the investment policy of the Group, they are well dispersed and mostly invested in the euro area. Return on investments (excluding unit-linked life insurance contract investments) dropped by 19% compared to the respective period of 2017, which is expected due to the continued low interest rate environment.

In 2018, we continue with the implementation of our strategic guidelines, among them being greater visibility of the Group as the leading asset manager in our markets and increased volume of assets under management. Related thereto is this year's signing of the agreements to acquire Raiffeisen Mirovinsko osiguravajuće društvo in the Croatian pension insurance market and the Slovene asset management company ALTA Skladi.

We are satisfied that again this year the credit rating agency S&P Global Ratings assigned the Triglav Group the »A« credit rating with a stable medium-term outlook. The high credit rating reflects our strong capital adequacy, high profitability and the leading market position both in Slovenia and the region. At the same time this is the confirmation of our growth strategy and our development into a modern, innovative and dynamic insurance/financial group. The team of over 5 thousand employees will continue to be committed to achieving these goals.

**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 nine months of 2018

## 1.1 Performance of the Triglav Group

	in EUR million		
	Q1-3 2018	Q1-3 2017	Index 2018/2017
Gross written premium from insurance, co-insurance and reinsurance contracts	820.2	777.1	106
Net premium income	703.8	664.1	106
Gross claims paid	495.4	467.4	106
Net claims incurred	471.6	469.2	101
Insurance business gross operating costs	191.7	181.9	105
Profit before tax	69.9	64.5	108
Net profit	58.8	52.3	112
Net profit attributable to the controlling company	58.5	51.8	113
	<b>30 September 2018</b>	<b>31 December 2017</b>	<b>Index 2018/2017</b>
Insurance technical provisions as at	2,811.9	2,732.2	103
Equity as at	736.4	756.6	97
Equity attributable to the controlling company as at	733.9	749.8	98
Number of employees as at	5,140	5,151	100

\*Gross claims paid include gross claims paid from inward reinsurance

## Key performance indicators of the Triglav Group

	Q1-3 2018	Q1-3 2017
ROE annualised	10.7%	9.6%
Loss ratio	64.1%	66.3%
Expense ratio	28.3%	28.2%
Combined ratio	92.4%	94.5%
Ratio between gross operating costs and gross written premium	23.4%	23.4%

\*Due to the change in income statement scheme, the calculations of the expense and combined ratios for the previous year and this year were adjusted for comparison purposes

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

	in EUR million		
	Q1-3 2018	Q1-3 2017	Index 2018/2017
Gross written premium from insurance, co-insurance and reinsurance contracts	509.6	488.0	104
Net premium income	409.4	389.3	105
Gross claims paid	306.9	300.4	102
Net claims incurred	276.5	286.3	97
Gross operating costs	128.4	123.6	104
Profit before tax	60.5	56.6	107
Net profit	51.3	45.8	112
	<b>30 September 2018</b>	<b>31 December 2017</b>	<b>Index 2018/2017</b>
Insurance technical provisions as at	2,144.9	2,103.4	102
Equity as at	549.1	571.4	96
Number of employees as at	2,286	2,285	100

\*Gross claims paid include gross claims paid from inward reinsurance

## Key performance indicators of Zavarovalnica Triglav

	Q1-3 2018	Q1-3 2017
ROE annualised	12.4%	11.1%
Loss ratio	58.7%	62.3%
Expense ratio	29.4%	27.9%
Combined ratio	88.1%	90.3%
Ratio between gross operating costs and gross written premium	25.2%	25.3%

\* Due to the change in income statement scheme, the calculations of the expense and combined ratios for the previous year and this year were adjusted for comparison purposes

### 1.3 Activities, markets and position of the Triglav Group

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

The Group's key business pillars:



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

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

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

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

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

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

## 1.4 Composition of the Triglav Group

### The Triglav Group as at 30 September 2018

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

**Subsidiaries of the Triglav Group:**

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



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

#### Changes in the Triglav Group in nine months of 2018:

- Triglav INT acquired a 0.35% equity stake from non-controlling interest holders of Triglav Osiguruvanje a.d., Skopje, thereby becoming its 80.29% owner. The purchase price equalled MAK 3,132,294 or EUR 50,827.
- Due to an exclusion of a shareholder, the share capital of Golf Arboretum d.o.o. decreased by EUR 4,966. As a result, other shareholdings proportionately increased. Triglav, Upravljanje nepremičnin d.d. thereby became an 80.73% owner of the said company.
- On 24 April 2018, Triglav INT d.d., signed an agreement with Raiffeisen Bank Austria d.d., Zagreb to purchase a 74.99% stake in the Croatian pension insurance company Raiffeisen Mirovinsko osiguravajuće društvo. The agreement was signed under suspensive conditions, under which the approval of the regulators is required.
- Zavarovalnica Triglav provided additional capital to its subsidiary Triglav INT. The share capital was paid in by the in-cash contribution of EUR 4,000,000 and financed through a debt to equity swap transaction of EUR 5,170,729.
- On 29 June 2018, Lovćen Auto a.d. changed its legal form from a.d. (public limited company) to d.o.o. (limited liability company).
- On 1 August 2018, AKM nepremičnine d.o.o. was stricken off from the Companies Register due to a merger to Triglav, Upravljanje nepremičnin d.d.
- Lovćen Osiguranje a.d. increased its equity stake in its subsidiary Lovćen životna osiguranja, a.d. in the amount of EUR 300,000, thus remaining a 100% owner of the said company.
- By paying in cash contributions of EUR 6,832,309, Zavarovalnica Triglav increased the share capital of Triglav d.o.o. and thus maintained its 49.9% equity holding of the said company.
- Lovćen Osiguranje a.d. increased its equity stake in its subsidiary Lovćen Auto in the amount of EUR 1,150,000, thus remaining a 100% owner of the said company.
- Triglav Osiguranje, a.d., Belgrade and Triglav Svetovanje d.o.o., Domžale increased their equity stakes at the proportionate share in the subsidiary Triglav Savjetovanje, d.o.o.,

Belgrade. The capital increase was raised by in-cash contributions of RSD 10,000,000. As a result, both companies maintained their stakes in the company; 49% and 51% respectively.

- On 14 September 2018, Zavarovalnica Triglav and Nova Ljubljanska banka signed an agreement to purchase the 28.13% equity stake of Skupna pokojninska družba, thereby becoming its 100% owner. The purchase price equalled EUR 4,600,000. Following this purchase, the Triglav Group continues to implement its strategic guidelines of strengthening its presence on the pension insurance market as well as the processes of consolidation and integrated management of this segment.
- On 21 September 2018, Triglav Skladi and ALTA Skupina signed an agreement to acquire a 100% stake in the Slovene asset management company ALTA Skladi., družba za upravljanje. The agreement was entered into under suspensive conditions, among others the condition that the approval of the regulators is required. The purchase price excluding adjustment for net debt is EUR 21.7 million, a part of which is contingent on future payments made into the funds of the acquiree.
- On 25 September 2018, a project company ZTSR, raziskovanje trga d.o.o. was established for research purposes. The share capital of this company amounts to EUR 250,000. With a payment of EUR 125,000 of Zavarovalnica Triglav, the Company became a 50% owner of ZTSR.

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**

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

### **Mission, values and vision of the Triglav Group**

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

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

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

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

traditional and digital sales approaches. The Group's range of insurance products is being upgraded with assistance services.

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

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

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

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

### **The Triglav Group in the region and beyond**

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

### **Optimal organisational structure of the Triglav Group**

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

## **1.6 Significant events in the reporting period**

**Significant events** in the reporting period were the following:

- At its session, held on 29 March 2018, the Supervisory Board approved the proposal of the Management Board to amend the capital management policy of the Triglav Group as well as the dividend policy as its part. Dividend policy is discussed in greater detail in Section 3.5 *Dividend policy*.

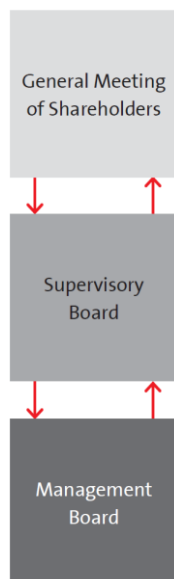
- By signing the agreement to acquire the Croatian pension insurer Raiffeisen Mirovinsko osiguravajuće društvo, the Triglav Group entered the Croatian pension insurance market with the aim of strengthening its business and position on the Croatian insurance market in line with the growth and development strategy of the Triglav Group (see Section Changes to the Triglav Group composition for more details).
- The 43<sup>rd</sup> General Meeting of Shareholders of Zavarovalnica Triglav was held on 29 May 2018. At the meeting, the shareholders:
  - adopted a resolution on the distribution of accumulated profits for 2018;
  - granted a discharge for the business year 2017 to both the Management and the Supervisory Board of Zavarovalnica Triglav;
 See Section 2.2.1 *General Meetings of Shareholders in the first half of 2018* for more details.
- The sale of equity stakes in Geoplin d.o.o. and Plinhold d.o.o. is completed. On 26 July 2017, the agreement was concluded between PETROL d.d. and the Republic of Slovenia, represented by Slovenski državni holding, d.d. The total purchase price amounted to EUR 14.5 million.
- By signing the agreement to acquire ALTA Skladi, the Triglav Group continues to strengthen its asset management activity (see *Section Changes to the Triglav Group composition* for more details).
- The credit rating agency S&P Global Ratings confirmed the Triglav Group's credit rating of »A« with a stable medium-term outlook. See Section 3.4 *Credit rating* for more details.

## 2. Governance of the Triglav Group

### 2.1 Governance of Zavarovalnica Triglav d.d.

The Company uses a two-tier management system, its management bodies are **General Meeting of Shareholders, Management Board and Supervisory Board**. The management bodies operate in compliance with the primary and secondary legislation, the Articles of Association and their own rules of procedure. The Articles of Association are available on [www.triglav.eu](http://www.triglav.eu).

*Two tier governance of Zavarovalnica Triglav*



### 2.2 General Meeting of Shareholders

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

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

#### 2.2.1 General Meeting of Shareholders in 2018

In the reporting period, the shareholders of Zavarovalnica Triglav gathered at the 43<sup>rd</sup> General Meeting of Shareholders held on 29 May 2018. The total number of shares and voting rights represented at the General Meeting of Shareholders was 17,934,863 or 78.97% of all shares to which voting rights are attached.

- The shareholders took note of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2017, including the independent auditor's report, and the Annual Internal Audit Report for 2017.

- Furthermore, they took note of the Supervisory Board's report on the verification of the Annual Report for 2017 and its opinion on the Annual Internal Audit Report by the Internal Audit Department for 2017.
- The shareholders adopted a resolution on the following distribution of the accumulated profit of EUR 58,085,121.96 as at 31 December 2017:
  - a part of accumulated profit in the amount of EUR 56,837,870.00 shall be allocated for dividend payments. The dividend of EUR 2.50 gross per share shall be paid to the shareholders appearing in the Share Register as at 13 June 2018. On 14 June 2018, the Company shall ensure funds for the payment of all dividends on the account of KDD – Centralno klirinška depotna družba d.d., intended to execute the corporate action of paying out dividends to the shareholders in accordance with the common European standards for corporate actions;
  - the distribution of the remaining accumulated profit of EUR 1,247,251.96 shall be decided in the next few years.
- The shareholders granted a discharge for the business year 2017 to both the Management and the Supervisory Board of Zavarovalnica Triglav.

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

### **2.3 Management Board**

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

Any person fulfilling the requirements stipulated by the Insurance Act, the Companies Act and the applicable documents of the Company may be appointed to the Management Board as its President or member. The professional competence and adequacy criteria, which the Management Board members and other individuals are required to meet, are clearly defined in the Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of Zavarovalnica Triglav d.d. The Policy sets out the professional competence and adequacy assessment procedure for the Management Board members, which has to be performed before the appointment, periodically, extraordinarily or after the appointment of an individual Management Board member. The Policy also determines the professional competence and adequacy assessment criteria and procedures for the Management Board as a collective body. In assessing the competence of the Management Board as a collective body, the Supervisory Board takes into account the diversity of knowledge and competences which not only allow comprehensive functioning of the Management Board but also contribute to an appropriate variety of skills, knowledge and experience for professional management of Zavarovalnica Triglav. All members should collectively possess the relevant knowledge and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which Zavarovalnica Triglav operates.

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

The Management Board is appointed by the Supervisory Board. The term of office of an individual Management Board member is up to five years, with the possibility of reappointment. In Zavarovalnica Triglav, the employee representative is a member of the Management Board.

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

### **2.3.1 Introducing the Management Board**

As at 30 September 2018 the Management Board of Zavarovalnica Triglav was composed of:

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

### **2.4 Supervisory Board**

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

The former are elected by the General Meeting of Shareholders and the latter by the Works Council. The Chairman and Vice Chairman of the Supervisory Board are elected from among its members representing shareholders. Their appointment and recall are made in accordance with the law and the applicable documents of the Company. Members of the Supervisory Board are given a four-year mandate and may be re-elected without limitation. The professional competence and adequacy criteria as set out in the Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of Zavarovalnica Triglav d.d. also applies to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Professional competence and adequacy are assessed before the appointment, periodically, extraordinarily or after the appointment of an individual Supervisory Board member. In assessing the competence of the Supervisory Board as a collective body, the Supervisory Board takes into account diversity in such a manner that all members must collectively possess the relevant knowledge and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which Zavarovalnica Triglav operates.

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

### **2.4.1 Composition of the Supervisory Board**

Composition of the Supervisory Board as at 30 September 2018:

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



## 3. The share and the shareholders of Zavarovalnica Triglav

### 3.1 The share of Zavarovalnica Triglav

The share of Zavarovalnica Triglav is **one of the most liquid shares on the Ljubljana Stock Exchange**, and this year the ZVTG share turnover **has further increased**. The average daily turnover was EUR 171 thousand, which was 3% more than the 2017 average (EUR 166 thousand) and 5% more than the average in the respective period of 2017 (EUR 163 thousand). As much as 13% of share turnover was accounted for by the ZVTG shares in the first nine months of 2018. In terms of market capitalisation, Zavarovalnica Triglav was the third largest listed Slovene company with EUR 655 million.

*Key figures for the shares of Zavarovalnica Triglav in Q1-3 2018 (in EUR)*

Items	
Maximum closing price	34.50
Minimum closing price	28.30
Closing price	28.80
Book value per share (parent company)*	24.15
Book value per share (consolidated data)*	32.28
Net earnings per share (consolidated data)**	2.59
Market capitalisation	654,772,262
Average daily trading volume	170,628
No. of shares	22,735,148
The percentage of floating stock***	31.78%
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.

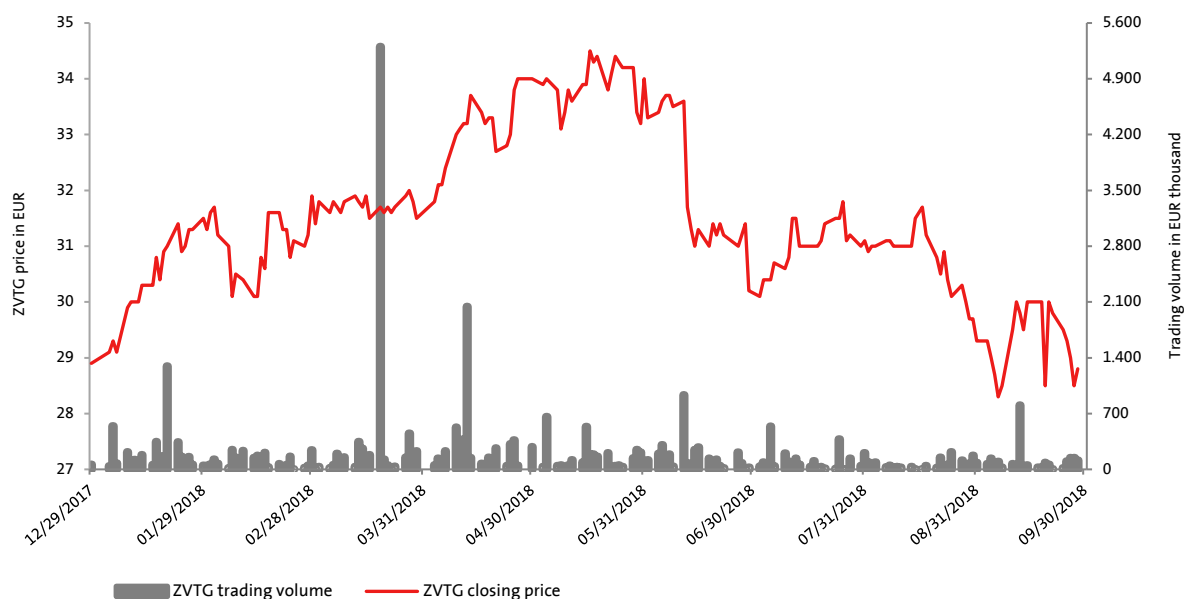
\*\*In calculating net earnings/loss per share (consolidated data), net profit or loss of the Triglav Group and the weighted average number of shares were taken into account.

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

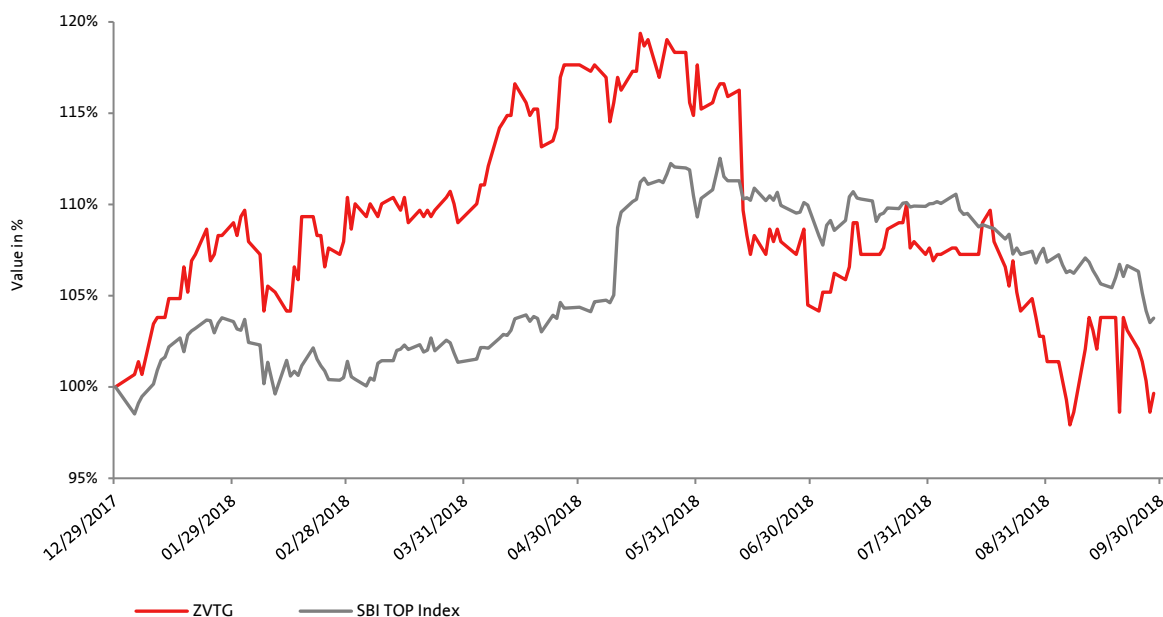
**The value of Zavarovalnica Triglav's share as at 30 September 2018 remained practically unchanged compared to its value at the beginning of the year** (a 0.3% decrease). Its trend is similar to the trend of the BEINSUR insurance index, which includes 33 shares of insurance undertakings worldwide and which declined by 0.6% in the same period.

In the first half of 2018 until 11 June 2018, the ZVTG share price saw a growth of 16%, whilst the dividend yield of the ZVTG share stood at 7.4% as at 11 June 2018. As expected, the share price went down by 5.7% on the day after, when holding the share no longer meant being entitled to the dividend payment for 2017. In Q3 the ZVTG share price movement was mainly influenced by the situation on the local market. From the end of June to the end of September 2018, the ZVTG share went down by 4.6% and the SBI TOP Index by 5.6%.

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



Movements in the ZVTG share price and in the value of the SBI TOP Index in Q1-3 2018 (starting date 31 December 2017 = 100)



### 3.2 Equity

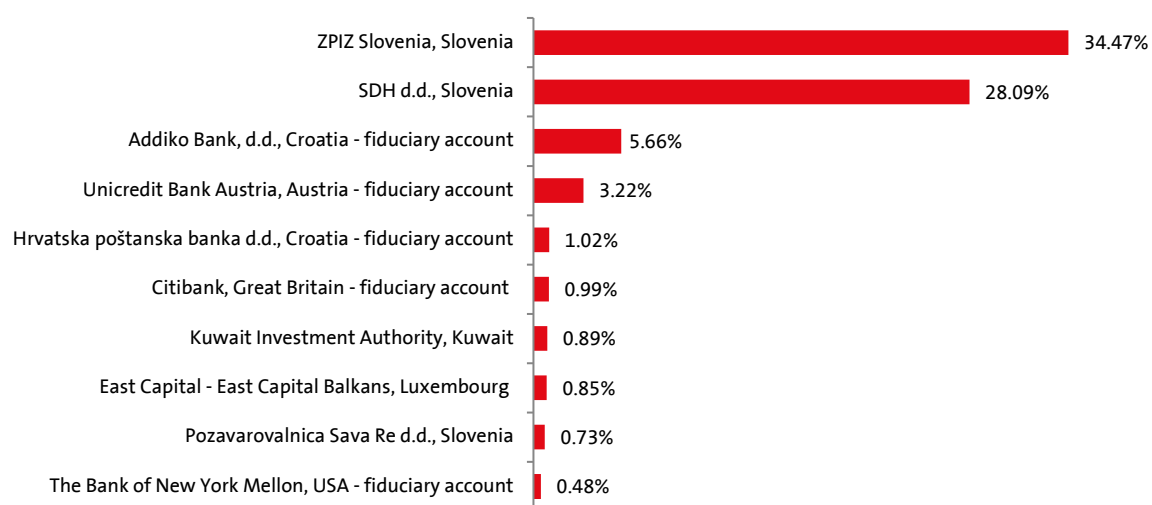
As at 30 September 2018, the share capital of Zavarovalnica Triglav remained at the 2017 level and stood at EUR 73,701,391.79. It was divided into 22,735,148 ordinary registered no-par value shares. All the shares of Zavarovalnica Triglav are of the same class, freely transferable and issued in a dematerialised form. Each represents the same stake and a corresponding amount in the share capital. All have been fully paid in. Each ZVTG share gives its holder the right to one vote at the General Meeting of Shareholders, proportional dividends from the profit intended for the payment of dividends and a proportional share of the remaining bankruptcy or

liquidation estate after the payoff of priority shareholders in the case of bankruptcy or liquidation.

### 3.3 Shareholder structure

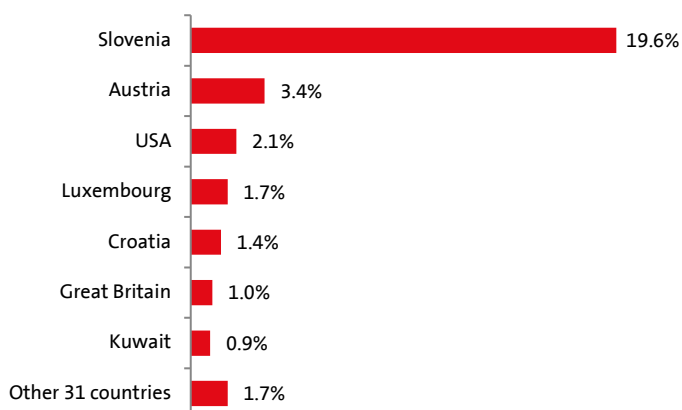
Compared to the 2017 year-end, the structure of **top ten shareholders did not significantly change**, accounting for 76.4%, which was 0.2 percentage point less than as at the 2017 year-end. The stakes of the top two shareholders remained unchanged, whereas some other shareholdings changed. Citibank from United Kingdom (fiduciary account) and Unicredit Bank Austria from Austria (fiduciary account) increased their stakes, whereas Addiko Bank from Croatia (fiduciary account) and Hrvatska poštanska banka from Croatia (fiduciary account) decrease their stakes.

*The top ten shareholders of Zavarovalnica Triglav as at 30 September 2018 (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 31.8%. According to the share register, these shareholders come from 38 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. In the first nine months of 2018, the highest stake increase was recorded by shareholders from Great Britain (by 0.8 percentage point to 1%) and Austria (by 0.4 percentage point to 3.4%), whilst a decrease in equity stake was seen by Croatian shareholders (by 0.5 percentage point to 1.4%).

*The free float shareholder structure of Zavarovalnica Triglav by the country of origin as at 30 September 2018 (share in %)*



As at 30 September 2018, Zavarovalnica Triglav had **14,200 shareholders** (31 December 2017: 14,297). In terms of the shareholder country and legal status (natural person or legal entity), the shareholder structure did not see any significant changes in 2018. **The equity stakes of international shareholders remained at around 18%**, which is also the result of the promotion of the Triglav Group among international investors and an active investor relations policy implemented by Zavarovalnica Triglav.

#### *Shareholder structure of Zavarovalnica Triglav as at 30 September 2018*

	Total	Domestic	Foreign	Legal entities	Individuals
Number of shares	22,735,148	18,677,726	4,057,422	20,255,464	2,479,684
Number of shareholders	14,200	13,537	663	494	13,706
Number of shares - percentage	100.0%	82.15%	17.85%	89.09%	10.91%
Number of shareholders - percentage	100.0%	95.33%	4.67%	3.48%	96.52%

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

### **3.4 Credit rating**

The credit ratings of the Triglav Group – and consequently its parent company Zavarovalnica Triglav and its subsidiary Pozavarovalnica Triglav Re – are assigned by two established credit rating agencies: S&P Global Ratings (hereinafter: S&P) and A.M. Best. In 2017, both agencies reassigned the Group an **»A« stand-alone credit rating with a stable medium-term outlook**.

**Following its regular revision in September 2018, the S&P credit rating agency re-affirmed the above-mentioned high credit rating.** The »A« credit rating exclusively reflects the Group's stand-alone credit risk profile and does not include any uplift from the insurer's status as a government-related entity.

In its report, S&P assessed the business risk profile of the Triglav Group as strong and its financial risk profile as very strong. According to S&P, the assessment is based on the Group's leading position both in Slovenia and the region, its profitable and well-diversified insurance portfolio enhanced by a large sales network and strong brand recognition. As the important aspects, S&P pointed out the Group's strategic client-centric approach, its leading position in offering innovative risk covers in the region and the use of alternative sales channels, such as the option to purchase insurance online.

Apart from that, S&P stated in its report that the Group's capital adequacy meets the »AAA« rating requirements, also reaffirmed by the Solvency II ratio of 222% as at the 2017 year-end. Sound financial stability is ensured by strong business profitability, a very conservative and stable reinsurance protection and prudent management of provisions. According to S&P, Triglav has a well-diversified investment portfolio, with its assets mostly invested in the euro area. The exceptional liquidity of Triglav was pointed out as its important advantage. It is based on steady premium income and a liquid asset portfolio, allowing Triglav to manage unexpectedly large claims. Furthermore, the Group's experienced management is effectively adjusting the Group to the changing environment and market conditions, while at the same time focusing not only on the Group's core activities (insurance and asset management) but also on implementing its set strategy.

### 3.5 Dividend policy

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

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

#### *The capital management strategic objectives and the dividend policy criteria*

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

At the General Meeting of Shareholders of Zavarovalnica Triglav, held on 29 May 2018, the shareholders passed the draft resolution on the dividend payment in the same amount as the year before, totalling EUR 56,837,870 or EUR 2.50 gross per share, accounting for 82% of consolidated net profit for 2017 (see Section 2.2 *General Meeting of Shareholders* for more details).

## 4. Performance in the period from 1 January to 30 September 2018

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

The growth of the global economy is slowing down. Economic activity indicators suggest a slightly slower but still solid growth in the developed countries, while growth in developing countries remains modest. The US economy maintains a strong growth supported by fiscal stimulus, whereas reduced trade contributed to the slower pace of the European economic expansion. Slovenia's economy shows a similar growth dynamics as the euro area. The growth is broad-based and increasingly driven by domestic consumption. According to the most recent forecasts of official institutions, the euro area will record a slightly reduced growth of around 2% while Slovenia's economic growth will be around 4.5%, which is about half a percentage point lower than in the previous year.

In addition to the normalisation of the growth of the global economy, this year financial markets were particularly affected by the potential consequences of trade wars for international trade and the global growth in general, while the second and third quarters were especially marked by the political situation in Italy and the uncertainty about the sustainability of Italy's draft budget for the coming years. Financial market shocks were observed in some developing countries such as Turkey and Argentina, which are both burdened by high macroeconomic imbalances. The situation was also influenced by the central banks. The US Federal Reserve (Fed) continued to raise the interest rate range, whereas the European Central Bank (ECB) forecast that the interest rates would remain unchanged at least through the first half of 2019, while at the same time it announced to end its net asset purchases by the end of 2018.

Compared to the beginning of the year, the return on the 10-year German government bond went up by 0.05 percentage point to 0.47% and the return on the 10-year Slovene government bond rose by 0.2 percentage point to 1.08%. A similarly modest increase was seen in the return on long-term bonds of most other euro area countries. The only exception are the Italian bonds, the return on which climbed to as much as 3.14%, which is 1.14 percentage point more than at the beginning of the year. Following a noticeable fall in early 2018, stock market indices recorded different growth rates. The American S&P 500 stands out in particular with a high growth of 9% since the beginning of the year, which hit a record high as at the end of September. The Euro Stoxx 50 did not perform so well, as after the initial fall it practically stagnated, recording a 3% drop as at the end of the reporting period. The fall of the Chinese Hang Seng Index in the second and third quarters resulted in a 7.1% loss compared with the beginning of the year. The Slovene SBI TOP grew by 3.8% in the reporting period.

The reporting period was impacted by major CAT events, which occurred in Q2 2018; causing damage in total of EUR 19.6 million. In early May, hail and floods in Eastern Slovenia caused EUR 3.3 million in claims. The June storms with hail (3 loss events) resulted in claims of EUR 15.3 million. In early June, storms with hail caused EUR 2.3 million in claims in North-Eastern Slovenia. On 8 June 2018, Bela Krajina and North-Eastern Slovenia were hit by hail, causing damages of EUR 11.5 million, whereas in mid-June the Zasavje region and its surroundings reported claims of EUR 1.5 million. The hailstorm in Macedonia in May and June caused damage of EUR 1.0 million.

## 4.2 The insurance market and the position of the Group members in the first nine months of 2018

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). In July, Allianz Slovenia, the Allianz Zagreb branch office, joined the Slovenian Insurance Association.

In the reporting period, the insurance companies recorded gross written premium amounting to EUR 1,799.3 million, **up by 6.9%**. **Non-life insurance** grew by 6.2% and accounted for 70.7% of total premium. Excluding health insurance, non-life insurance premium growth would be 6.1%, as health insurance premium growth of 6.5% was slightly higher. Non-life insurance premiums increased foremost as a result of higher other damage to property insurance, comprehensive car insurance and health insurance. **Life insurance** premium grew by 8.6%.

The Slovene insurance market continues to be characterised by a high degree of concentration as the four major insurance companies controlled 70.9% of the market. With a market share of 28.3%, **Zavarovalnica Triglav** maintained the leading position (29.0% in the respective period of 2017). The second largest market share was held by Zavarovalnica Sava, a company 1.7 times smaller. With a 35.6% market share on the Slovene insurance market, the **Triglav Group** (parent company, Triglav, Zdravstvena zavarovalnica and Skupna pokojninska družba) decreased its market share by 0.4 percentage point over the corresponding period in the preceding year.

Insurance companies of the Triglav Group held a 35.6% share on the Slovene insurance market as at the reporting date.

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

- non-life insurance (excluding health insurance): 43.9% (the same as in the previous year);
- life insurance: 29.1% (a decrease of 2.2 percentage points);
- health insurance: 26.2% (an increase of 0.8 percentage point).

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

- non-life insurance: 29.9% (the same as in the previous year);
- life insurance: 24.4% (a decrease of 2.3 percentage points).

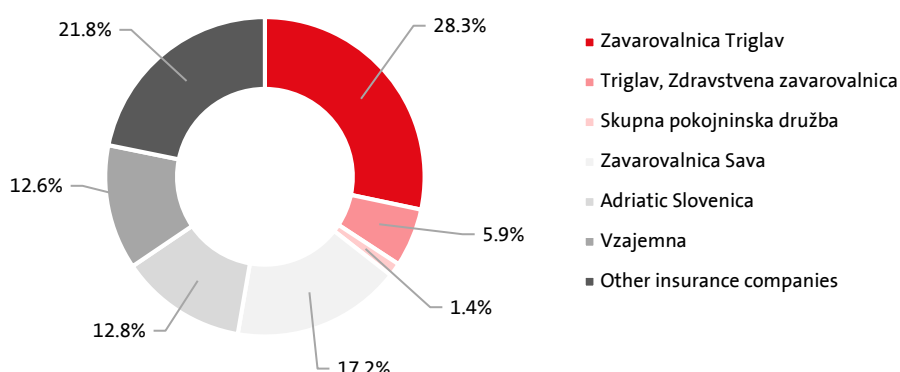
The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 26.1% (an increase of 0.8 percentage point).

The market share of **Skupna pokojninska družba**:

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

## The market share of insurance companies in Slovenia in Q1-3 2018



Source: Slovenian Insurance Association

## Market share and market rank trends of the Triglav Group insurance markets in Q1-3 2018 and the comparison with Q1-3 2017

Market	Market share	Market share trend	Ranked in 2018	Ranked in 2017
Slovenia	35.6%	↓ -0,4-percentage point	1	1
Croatia	4.6%	↓ -0,1-percentage point	8	8
Serbia**	6.0%	↑ +0,2-percentage point	5	5
Montenegro	38.2%	↓ -0,6-percentage point	1	1
Bosnia and Herzegovina**	8.0%	↓ -0,2-percentage point	6	4
- Federation of BiH	9.0%	↓ -0,1-percentage point	7	6
- Republic of Srpska*/**	5.5%	○ 0,0-percentage point	8	7
Macedonia**	15.7%	↑ +0,1-percentage point	1	1

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

\*\*Data from January to June 2018

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

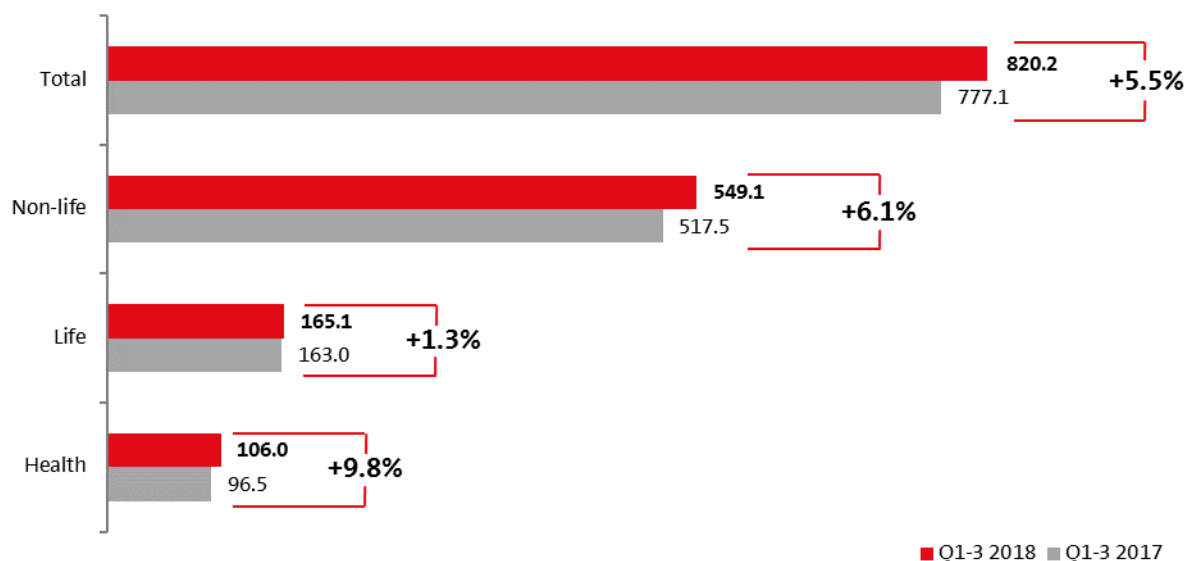
The Triglav Group increased the volume of consolidated gross written insurance, co-insurance and reinsurance premiums by 6%. Written premium totalled EUR 820.2 million. Premium by segment:

- **non-life insurance:** EUR 549.1 million, index 106;
- **life insurance:** EUR 165.1 million, index 101;
- **health insurance:** EUR 106.0 million, index 110.

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



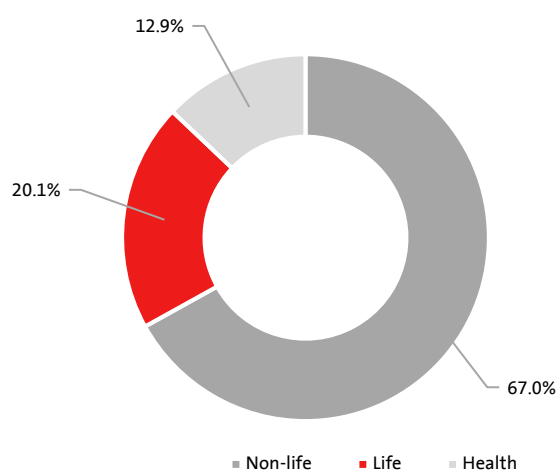
*Consolidated gross written insurance, co-insurance and reinsurance premiums in Q1-3 2018 compared to Q1-3 2017*



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

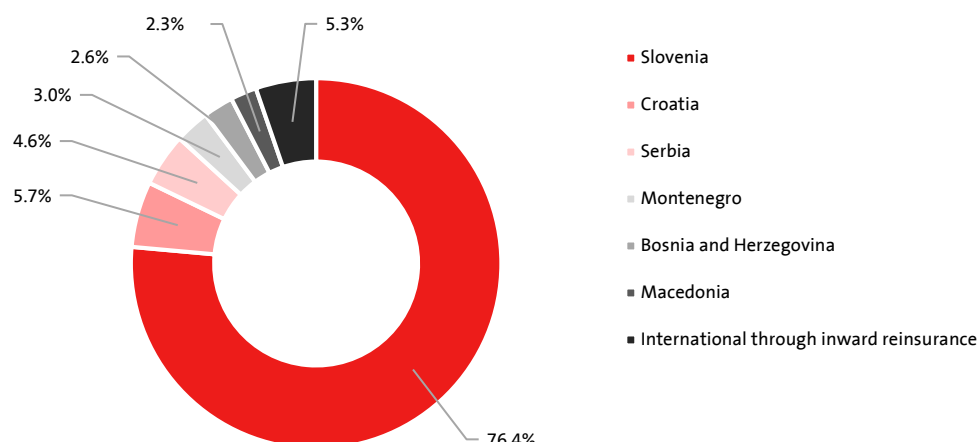
- non-life insurance accounted for 67.0% (Q1-3 2017: 66.6%);
- life insurance accounted for 20.1% (Q1-3 2017: 21.0%); and
- health insurance for 12.9% (Q1-3 2017: 12.4%).

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



The share of the insurance premium written on the markets outside of Slovenia has been gradually increasing and was up by 0.5 percentage point compared to the same period of the previous year. A total of 76.4% of consolidated gross written premium was charged in the Slovene insurance market, 18.3% of the premium was booked in the markets outside of Slovenia, while international through inward reinsurance accounted for 5.3% 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	
	Q1-3 2018	Q1-3 2017	Q1-3 2018/ Q1-3 2017	Q1-3 2018	Q1-3 2017
Slovenia	626,884,400	596,569,470	105	76.4%	76.8%
Croatia	47,042,441	43,426,762	108	5.7%	5.6%
Serbia	37,937,526	33,586,610	113	4.6%	4.3%
Montenegro	24,772,685	23,719,076	104	3.0%	3.1%
Bosnia and Herzegovina	21,530,514	20,956,086	103	2.6%	2.7%
Macedonia	18,770,231	16,701,439	112	2.3%	2.1%
International through inward reinsurance	43,247,488	42,122,965	103	5.3%	5.4%
<b>Total</b>	<b>820,185,285</b>	<b>777,082,408</b>	<b>106</b>	<b>100.0%</b>	<b>100.0%</b>

Premium growth was recorded in all insurance markets (see the overview by insurance subsidiary below). The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) booked EUR 790.7 million in non-consolidated gross written premium, up by 6% compared to the same period last year.

Pozavarovalnica Triglav Re posted a total of EUR 103.4 million in gross written reinsurance premium, up by 5% compared to the year before. The highest growth was recorded in other damage to property insurance (operations outside the Triglav Group), comprehensive car insurance and motor liability insurance (operations within the Triglav Group). In the operations outside of the Triglav Group, Pozavarovalnica Triglav Re achieved a 5% growth mostly by concluding new contracts, the highest in the markets of Benelux, Great Britain, Central Europe (Czech Republic, Poland, Austria) and South America. Transactions with the Triglav Group experienced a 6% premium growth.

Gross written insurance, co-insurance and reinsurance premiums in Q1-3 2018 by insurance company of the Triglav Group

Insurance company	Gross written premium			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1-3 2018
Zavarovalnica Triglav*	380,589,198	128,998,377	509,587,575	106	99	104	64.4%
Triglav, Zdravstvena zavarovalnica	106,632,258		106,632,258	110	0	110	13.5%
Skupna pokojninska družba		24,392,091	24,392,091	0	111	111	3.1%
Triglav Osiguranje, Zagreb	41,272,200	5,773,543	47,045,743	110	100	108	5.9%
Triglav Osiguranje, Belgrade	35,064,600	2,873,384	37,937,984	114	99	113	4.8%
Lovćen Osiguranje, Podgorica	23,296,034		23,296,034	103	0	103	2.9%
Triglav Osiguranje, Sarajevo	12,531,746	4,834,434	17,366,180	101	106	103	2.2%
Triglav Osiguranje, Banja Luka	4,220,707		4,220,707	105	0	105	0.5%
Triglav Osiguruvanje, Skopje	18,518,576		18,518,576	111	0	111	2.3%
Lovćen životna osiguranja, Podgorica		1,476,651	1,476,651	0	140	140	0.2%
Triglav Osiguruvanje Život, Skopje		251,655	251,655	0	0	0	0.0%
<b>Total</b>	<b>622,125,319</b>	<b>168,600,135</b>	<b>790,725,454</b>	<b>107</b>	<b>102</b>	<b>106</b>	<b>100.0%</b>
Pozavarovalnica Triglav Re	103,366,534		103,366,534	105	0	105	
Consolidation eliminations	-70,381,657	-3,525,046	-73,906,703	110	119	111	
<b>Total consolidated</b>	<b>655,110,196</b>	<b>165,075,089</b>	<b>820,185,285</b>	<b>107</b>	<b>101</b>	<b>106</b>	

\*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 622.1 million in non-consolidated written premium or 7% more than in the same period of 2017.

In total written premium, **motor vehicle insurance** (comprehensive car insurance and motor liability insurance) remained the largest insurance class with a 30.1% share.

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

The Triglav Group insurance companies collected EUR 111.0 million in **comprehensive car insurance** premium or 11% more than in the preceding year. Most insurance companies recorded premium growth mainly through effective sales campaigns, intensified sales activities and winning new clients. The strongest growth was recorded by Triglav Osiguranje, Belgrade (index 134) and Triglav Osiguranje, Zagreb (index 117). The parent company, accounting for 84% of the Group's total premiums, recorded a high 11% growth in written premium. Such a good result is a reflection of effective sales activities and sales campaigns (the "Together in Action" Vignette sales campaign and "Free Time"), the redesign of motor vehicle insurance tariffs and the increased number of sold insurance policies. Premium was lower in Triglav Osiguranje, Sarajevo (loss of premium of some major policyholders and a lower scope of cooperation with brokers) and Triglav Osiguruvanje, Skopje (higher discounts on roadworthiness tests).

The Group collected EUR 127.2 million in **motor liability insurance premium**, up by 5% compared to the preceding year. This insurance class continues to account for the largest share on the markets outside Slovenia. In motor liability insurance, all insurance subsidiaries of the Group experienced premium growth. The highest premium growth of 8% was recorded by Triglav Osiguranje, Belgrade. Zavarovalnica Triglav, accounting for 57% share of total motor liability insurance premium, recorded a 5% growth in written premium.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), premium of EUR 152.7 million was booked, having increased by 9%. In fire and natural disaster insurance, a premium growth of 2% was recorded, while in other damage

to property insurance a 13% premium growth was seen. The strongest increase in written premium was observed in Triglav Osiguruvanje, Skopje (132) and Triglav Osiguranje, Belgrade (index 114), which resulted from the acquisition of new policyholders and the increased scope of insurance coverage with certain existing policyholders, whilst high growth recorded by the Serbian insurer was mostly a result of the higher volume of fronting arrangements. A high premium increase of 9% was posted by Triglav Osiguranje, Zagreb (crop insurance premium growth) and an 8% growth by the parent company, accounting for 80% of the Group's total premiums. In the parent company, the acquisition of new clients, the increased scope of insurance coverage and partly a different premium charging dynamics were the main causes of high growth in combined non-life insurance, machinery breakdown insurance in the power industry, cell phone insurance and erection insurance. The high growth in crop insurance policies was the result of the higher number of concluded insurance policies for permanent crops and the higher proportion of the Government's co-financing in fruit-growing, wine-growing, hop-growing and agriculture. In contrast, a decrease in premium due to the loss of some major policyholders was recorded by Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Banja Luka.

An 11% growth was seen in **health insurance**, where the Group wrote EUR 110.3 million in premium. Triglav, Zdravstvena zavarovalnica generated the largest portion of the premium amounting to EUR 106.6 million, thus achieving a 10% growth. The bulk of its written premium stems from supplemental health insurance, where the increased number of concluded insurance policies was the result of cooperation with new agencies, an effective marketing campaign and the premium increase on 1 May 2018. It was also successful in marketing additional health insurance products. Most other insurance subsidiaries selling health insurance products also recorded a high premium growth.

A premium growth of 11% was achieved in health insurance.

In **general liability insurance**, the Triglav Group recorded a 6% premium growth or EUR 37.8 million in nominal terms. Zavarovalnica Triglav, which accounted for 83% of total premium, charged 7% more premium than in 2017, primarily as the result of the high growth recorded in product liability insurance, building contractors liability insurance and liability of management and supervisory board insurance. A strong increase in premiums written was observed in Triglav Osiguranje, Zagreb and Triglav Osiguranje, Banja Luka, due to acquiring new policyholders and increasing the scope of insurance coverage with existing policyholders.

**Accident insurance** represented 3.9% of total written premium or EUR 30.7 million in nominal terms, having decreased by 2% compared to the previous year. The largest drop in premium was recorded by Triglav Osiguruvanje, Skopje (index 80) due to the transfer of the key person insurance premium to the life insurer and a non-renewal/subsequent renewal of certain key person insurance policies. Zavarovalnica Triglav, accounting for 66% of the Group's total premium, recorded a 4% decline in written premium, primarily as the result of two insurance sub-classes taken out simultaneously with motor vehicle insurance (the driver's bodily injury insurance or AO-plus insurance and driver and passenger accident insurance) due to a reduction in premium rates as well as on account of a lower premium from accident insurance for children and pupils. A high growth was achieved by the Sarajevo insurer (index 134) by attracting new policyholders and increasing the scope of insurance coverage with existing policyholders in relation to group accident insurance.

The premium in the **credit insurance** totalled EUR 20.2 million, accounting for 2.6% of the Group's total premium, and remained at the same level as in 2017 (index 100). Zavarovalnica Triglav, which accounted for 96% of total premium, recorded a 1% decrease in written premium. The decline in premium was primarily the result of lower consumer loan insurance premium (with a 55% share it is the most important credit insurance subclass) as well as a lower premium from unemployment, disability and whole life insurance (marketed by banks as an additional

product taken out simultaneously with consumer and housing loans). Less premium in consumer loan insurance resulted from a revised credit policy of two major policyholders. Other Triglav Group insurance subsidiaries offering credit insurance experienced a high premium growth.

Premium from **other non-life insurance** (accounting for 4.1% of total premium) increased by 5% to EUR 32.3 million. The strongest growth was recorded by Triglav Osiguranje, Belgrade (index 138) and Triglav Osiguruvanje, Skopje (index 135). The highest growth was recorded by the Serbian insurer mainly as the result of the higher volume of fronting arrangements in miscellaneous financial loss insurance and the higher number of concluded assistance insurance policies, whilst the Macedonian insurer foremost as the result of new concluded policies and higher volume of existing policies of miscellaneous financial loss insurance. Premium growth was observed in Triglav Osiguranje, Banja Luka (higher premium from goods in transit insurance and assistance insurance) and Triglav Osiguranje, Zagreb (higher premium from marine insurance). Zavarovalnica Triglav, accounting for 67% of total premium, booked approximately the same volume of written premium compared to the preceding year (index 100). However, a lower premium was booked by Lovćen Osiguranje (a drop in premium from goods in transit insurance) and Triglav Osiguranje, Sarajevo (non-renewal of miscellaneous financial loss insurance of two major policyholders).

#### 4.3.2 Life insurance

In total, the Triglav Group insurance companies charged EUR 168.6 million in non-consolidated gross written premium from **life insurance** contracts or 2% more than in the same period last year. This accounted for 21.3% of total non-consolidated gross written premium, down by 0.9 percentage point compared to the corresponding period of 2017.

**Life insurance premium** (traditional life insurance, annuity insurance, pension insurance and voluntary pension insurance), which amounted to EUR 73.9 million and accounted for 43.9% of the life insurance class total, remained at approximately the same level as in the preceding year (index 100). The premium of the parent company was 2% lower than in the respective period of 2017 (an 82% share). A decrease in premium written was observed in Triglav Osiguranje, Zagreb and Triglav Osiguranje, Belgrade. In contrast, premium growth was recorded in Triglav Osiguranje, Sarajevo (index 106), and in Lovćen životna osiguranja (index 140) due to the increased number of sold insurance policies.

The premiums generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) rose by 5% compared to the preceding year. With EUR 83.0 million they represented 49.2% of the total life insurance premium. The 3% premium growth recorded by Zavarovalnica Triglav was primarily the result of higher regular premium payments and transfer of assets. Skupna pokojninska družba (index 111) and Triglav Osiguranje, Zagreb (index 104) recorded premium growth, resulting from the higher number of new insurance policies.

**Capital redemption insurance** (supplemental voluntary pension insurance) generated EUR 11.7 million or 6.9% of the total life insurance premium. The 10% decrease was the result of smaller transfers of funds from other collective pension schemes of supplemental voluntary pension insurance provided by other managers to the collective supplemental voluntary pension insurance scheme of the parent company.

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

Insurance class	Gross written premium		Index	Structure
	Q1-3 2018	Q1-3 2017	Q1-3 2018/ Q1-3 2017	Q1-3 2018
Accident insurance	30,682,405	31,424,723	98	3.9%
Health insurance	110,343,434	99,314,257	111	14.0%
Comprehensive car insurance	110,950,637	99,988,267	111	14.0%
Real property insurance	152,651,162	140,546,692	109	19.3%
Motor liability insurance	127,237,830	121,602,846	105	16.1%
General liability insurance	37,812,251	35,692,673	106	4.8%
Credit insurance	20,186,626	20,212,157	100	2.6%
Other non-life insurance	32,260,974	30,855,402	105	4.1%
<b>Non-life insurance</b>	<b>622,125,319</b>	<b>579,637,017</b>	<b>107</b>	<b>78.7%</b>
Life insurance	73,936,317	74,177,521	100	9.4%
Unit-linked life insurance*	82,981,926	78,750,382	105	10.5%
Capital redemption insurance	11,681,892	13,037,881	90	1.5%
<b>Life insurance</b>	<b>168,600,135</b>	<b>165,965,784</b>	<b>102</b>	<b>21.3%</b>
<b>Total</b>	<b>790,725,454</b>	<b>745,602,801</b>	<b>106</b>	<b>100.0%</b>

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

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

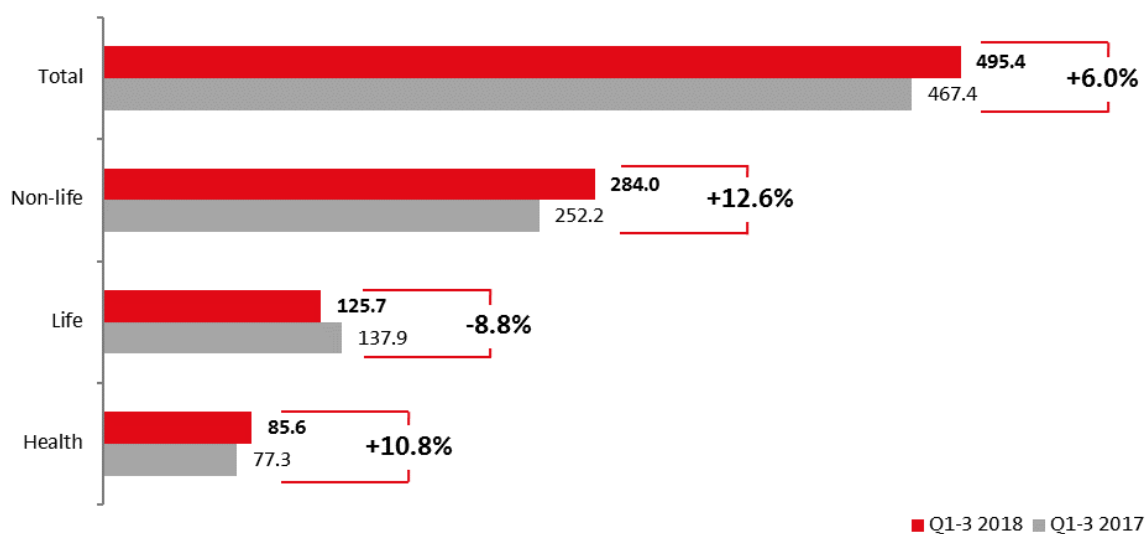
Insurance class	Gross written premium		Index	Structure
	Q1-3 2018	Q1-3 2017	Q1-3 2018/ Q1-3 2017	Q1-3 2018
Accident insurance	20,234,225	21,096,183	96	4.0%
Health insurance	465,418	383,522	121	0.1%
Comprehensive car insurance	93,319,698	84,223,708	111	18.3%
Real property insurance	121,417,758	112,388,730	108	23.8%
Motor liability insurance	72,917,068	69,646,711	105	14.3%
General liability insurance	31,196,775	29,179,066	107	6.1%
Credit insurance	19,407,863	19,678,795	99	3.8%
Other non-life insurance	21,690,391	21,661,773	100	4.3%
<b>Non-life insurance</b>	<b>380,649,196</b>	<b>358,258,488</b>	<b>106</b>	<b>74.7%</b>
Life insurance	60,848,947	61,973,529	98	11.9%
Unit-linked life insurance	56,468,613	54,732,184	103	11.1%
Capital redemption insurance	11,681,892	13,037,881	90	2.3%
<b>Life insurance</b>	<b>128,999,452</b>	<b>129,743,594</b>	<b>99</b>	<b>25.3%</b>
<b>Total</b>	<b>509,648,648</b>	<b>488,002,082</b>	<b>104</b>	<b>100.0%</b>

#### 4.4 Gross claims paid

In the reporting period, the Triglav Group posted a total of EUR 495.4 million in consolidated gross claims paid (including claim handling costs, income from exercised subrogation receivables and gross claims paid from active reinsurance), or 6% more than in the respective period of the previous year. Gross claims paid experienced growth in **non-life insurance**, equalling EUR 284.0 million (index 113), and in **health insurance**, totalling EUR 85.6 million (index 111). In contrast, gross claims paid in the **life insurance** segment declined by 9% and amounted to EUR 125.7 million.

Gross claims paid increased by 6% compared to 2017.

### Consolidated gross claims paid in Q1-3 2018 compared to Q1-3 2017



The Triglav Group insurance companies (excluding Pozavarovalnica Triglav Re) posted a total of EUR 481.0 million in non-consolidated gross claims paid, up by 7% compared to the preceding year. A high growth in gross claims paid was observed in most insurance subsidiaries of the Group. The strongest growth rates in gross claims paid were recorded by Lovćen Osiguranje (index 144), Triglav Osiguranje, Zagreb (index 130) and Triglav Osiguranje, Belgrade (index 126).

Gross claims paid by Pozavarovalnica Triglav Re totalled EUR 47.7 million, up by 22% compared to the previous year. The main reason for higher total claims of the Triglav Group was a high growth of gross claims paid in fire insurance and natural disaster insurance in operations within the Group (due to this year's major CAT events) as well as in operations outside the Group (higher claims due to the larger portfolio). In operations both within and outside the Group, a 31% and 14% growth in gross claims paid was observed respectively.

### Gross claims paid in Q1-3 2018 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1-3 2018
Zavarovalnica Triglav*	196,275,747	110,623,636	306,899,383	111	89	102	63.8%
Triglav, Zdravstvena zavarovalnica	85,645,342		85,645,342	111	0	111	17.8%
Skupna pokojninska družba		9,712,138	9,712,138	0	110	110	2.0%
Triglav Osiguranje, Zagreb	27,169,523	4,156,252	31,325,775	137	101	130	6.5%
Triglav Osiguranje, Belgrade	11,216,944	1,999,127	13,216,071	117	231	126	2.7%
Lovćen Osiguranje, Podgorica	16,752,186		16,752,186	144	0	144	3.5%
Triglav Osiguranje, Sarajevo	6,140,567	1,577,658	7,718,225	108	100	106	1.6%
Triglav Osiguranje, Banja Luka	1,352,889		1,352,889	117	0	117	0.3%
Triglav Osiguruvanje, Skopje	7,692,681		7,692,681	106	0	106	1.6%
Lovćen životna osiguranja, Podgorica		700,664	700,664	0	94	94	0.1%
Triglav Osiguruvanje Život, Skopje			0	0	0	0	0.0%
<b>Total</b>	<b>352,245,879</b>	<b>128,769,475</b>	<b>481,015,354</b>	<b>114</b>	<b>92</b>	<b>107</b>	<b>100.0%</b>
Pozavarovalnica Triglav Re	47,714,235		47,714,235	122	0	122	
Consolidation eliminations	-30,325,083	-3,024,937	-33,350,020	166	119	160	
<b>Total - consolidated</b>	<b>369,635,031</b>	<b>125,744,538</b>	<b>495,379,569</b>	<b>112</b>	<b>91</b>	<b>106</b>	

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



#### 4.4.1 Non-life insurance

Non-consolidated gross claims paid in **non-life insurance** increased by 14% to EUR 352.2 million. The high increase in claims paid in non-life insurance primarily resulted from this year's major CAT events (see *Section 4.1 The macroeconomic environment and environmental impact on the operations of the Triglav Group* for more details) as well as from last year's major CAT events (for which adequate provisions were made and which were appropriately reinsured).

In **health insurance**, gross claims paid increased by 12%, accounting for 18.1% of total gross claims paid, and amounted to EUR 87.0 million. The largest portion of claims, amounting to EUR 85.6 million, was posted by Triglav, Zdravstvena zavarovalnica, which recorded an 11% 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 affected by medical inflation. Due to the changed age structure, equalisation scheme expenses (index 97) were down to EUR 4.3 million.

In **real property insurance**, gross claims paid amounted to EUR 79.0 million, up by as much as 31% compared to the year before, accounting for 16.4% of total gross claims paid. In fire and natural disaster insurance, a 57% increase in gross claims was seen, along with a 19% growth in other damage to property insurance. Zavarovalnica Triglav, holding a 71% share of this insurance class, recorded a 14% increase. The main reasons were the payments of claims from fire insurance (a substantial claim due to fire, last year's claims due to hailstorms and this year's claims due to hail), combined non-property insurance (the payment of substantial claims from fronting operations insurance, the payment of a substantial claim from inward reinsurance due to last year's flood and the payment of claim due to fire), property and interest in property insurance for natural persons due to natural disasters (hailstorms and floods) and construction insurance (two substantial claims arising from fronting operations insurance). High growth rates in gross claims paid were also recorded by Lovćen Osiguranje (the payment of substantial claim due to fire), Triglav Osiguranje, Zagreb (the payment of substantial individual claims from fronting insurance and the payment of claims due to last year's drought), Triglav Osiguranje, Sarajevo (the payment of some substantial individual fire insurance claims and the payment of a substantial claim due to flood from past years) and Triglav Osiguranje, Belgrade (the payment of substantial claims resulting from fire and flood and claims paid arising from crop and fruit insurance).

Claims related to **motor liability insurance** increased by 6% over the respective period of 2017. They represented 14.5% of total gross claims settled by the Triglav Group, amounting to EUR 69.5 million. A high growth in claims was recorded by most insurance companies, the highest by Triglav Osiguranje, Banja Luka (index 142) and Triglav Osiguruvanje, Skopje (index 109), due to higher number of reported claims and substantial individual claims paid. Gross claims paid by the parent company, which accounted for 67% of gross claims paid by the Group in this insurance class, reached a 7% growth resulting from the higher number of reported claims and higher average claims. A decrease in gross claims paid was recorded only by Triglav Osiguranje, Sarajevo (index 91) due to lower number of reported claims.

**Comprehensive car insurance** claims grew by 9% over the corresponding period of 2017, amounting to EUR 69.2 million. They accounted for 14.4% of total gross claims paid by the Triglav Group. The highest growth rates in gross claims paid were posted by Triglav Osiguranje, Belgrade (index 120), Triglav Osiguranje, Zagreb (index 115) and parent company (index 109). The high growth seen in the Serbian insurance subsidiary was the result of a larger portfolio, while the high growth in the Croatian insurance subsidiary stemmed from the higher number of rent-a-car insurance claims and larger portfolio. The growth recorded in Zavarovalnica Triglav (an 84% share in total comprehensive car insurance claims) was primarily a result of an increase



in the number of claims reported by legal entities and the growth in average material claims (higher cost of services and more expensive equipment installed in vehicles). Gross claims paid declined in Triglav Osiguranje, Banja Luka and Triglav Osiguranje, Sarajevo and Lovćen Osiguranje.

Gross claims paid from **accident insurance** rose by 2%, amounting to EUR 17.4 million. This growth was to a large degree caused by a high growth in gross claims paid by Zavarovalnica Triglav due to the increase in payments relating to AO-plus insurance and individual accident insurance. Growth in gross claims paid was seen in Triglav Osiguranje, Sarajevo (an increase in group accident insurance claims), Triglav Osiguranje, Banja Luka (a higher number of reported claims) and Triglav Osiguranje, Skopje (payment of a substantial claim due to a death).

Gross claims paid from **general liability insurance** amounted to EUR 13.2 million, up by 18% compared to the year before. Gross claims paid by the parent company, which accounted for 92% of gross claims paid by the Group in this insurance class, reached a 21% growth resulting from the payments of some substantial individual claims in product liability insurance. In addition, the high growth in gross claims paid was posted by Triglav Osiguranje, Belgrade (the payment of a substantial freight forwarder liability insurance claim).

Gross claims paid from **credit insurance** rose by 40% to EUR 2.8 million. The high growth rates in gross claims paid were posted by Triglav Osiguranje, Belgrade (index 623) and Zavarovalnica Triglav (index 133). Gross claims paid by the parent company accounted for the majority of total claims in this insurance class (94%), primarily due higher claim payments from export receivables insurance (higher number of reported claims due to larger portfolio) and overdraft insurance. Higher growth of claims of the Serbian insurance was mostly a consequence of the payment of some substantial claims arising from receivables insurance.

Gross claims paid from **other non-life insurance** went up by 24% to EUR 14.2 million. Zavarovalnica Triglav, holding a 79% share of this insurance class, recorded a 21% growth, primarily resulting from higher gross claims paid from railway insurance (the payment of a substantial claim), assistance insurance (more claims in roadside assistance insurance) and miscellaneous financial loss insurance (higher claims paid from business interruption insurance and fire insurance). High growth rates in gross claims paid were also recorded by Lovćen Osiguranje (the payment of a substantial aircraft insurance claim from the previous year), Triglav Osiguranje, Belgrade (a higher number of reported roadside assistance insurance claims, the payment of a substantial claim from miscellaneous financial loss insurance and goods in transit insurance), Triglav Osiguranje, Skopje (the payment of some substantial individual assistance insurance claims) and Triglav Osiguranje, Banja Luka (the payment of two substantial claims from health insurance for travel).

#### 4.4.2 Life insurance

Non-consolidated gross claims paid from **life insurance** declined by 8% to EUR 128.8 million. Their share in total non-consolidated claims paid fell by 4.5 percentage points to 26.8%.

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, annuity pension and voluntary pension insurance). They totalled EUR 66.0 million, down by 2% compared to the year before, primarily due to lower sums paid out on maturity and the decreased number of surrenders in Zavarovalnica Triglav (index 96). Other insurance subsidiaries of the Group selling this insurance class recorded growth.

Gross claims paid from **unit-linked life insurance** amounted to EUR 58.3 million or 15% less than the year before. Lower gross claims paid primarily resulted from the decrease in sums paid out

on maturity in both Zavarovalnica Triglav (index 81) and Triglav Osiguranje, Zagreb (index 80). Gross claims paid by Skupna pokojninska družba rose by 10% due to due to larger payments and withdrawals from insurance contracts.

Gross claims paid from **capital redemption insurance** (supplemental voluntary pension insurance) increased by 5%, mainly due to higher payments stemming from insurance transfers and payments due to accidents in the parent company.

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

Insurance class	Gross claims paid		Index	Structure
	Q1-3 2018	Q1-3 2017	Q1-3 2018/ Q1-3 2017	Q1-3 2018
Accident insurance	17.371.197	16.959.227	102	3.6%
Health insurance	86.987.879	77.907.488	112	18.1%
Comprehensive car insurance	69.221.294	63.334.315	109	14.4%
Real property insurance	78.950.457	60.162.556	131	16.4%
Motor liability insurance	69.539.526	65.659.127	106	14.5%
General liability insurance	13.159.869	11.121.916	118	2.7%
Credit insurance	2.769.409	1.973.060	140	0.6%
Other non-life insurance	14.246.248	11.456.786	124	3.0%
<b>Non-life insurance</b>	<b>352.245.879</b>	<b>308.574.475</b>	<b>114</b>	<b>73.2%</b>
Life insurance	66.024.175	67.338.709	98	13.7%
Unit-linked life insurance*	58.262.061	68.881.237	85	12.1%
Capital redemption insurance	4.483.239	4.256.026	105	0.9%
<b>Life insurance</b>	<b>128.769.475</b>	<b>140.475.972</b>	<b>92</b>	<b>26.8%</b>
<b>Total</b>	<b>481.015.354</b>	<b>449.050.447</b>	<b>107</b>	<b>100.0%</b>

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

*Gross claims paid of Zavarovalnica Triglav by insurance class*

Insurance class	Gross claims paid		Index	Structure
	Q1-3 2018	Q1-3 2017	Q1-3 2018/ Q1-3 2017	Q1-3 2018
Accident insurance	10.288.407	9.572.846	107	3.4%
Health insurance	58.309	12.406	470	0.0%
Comprehensive car insurance	57.934.722	52.915.230	109	18.9%
Real property insurance	55.795.285	49.087.029	114	18.2%
Motor liability insurance	46.278.730	43.189.625	107	15.1%
General liability insurance	12.082.346	9.993.641	121	3.9%
Credit insurance	2.607.708	1.958.054	133	0.8%
Other non-life insurance	11.259.146	9.327.185	121	3.7%
<b>Non-life insurance</b>	<b>196.304.653</b>	<b>176.056.016</b>	<b>112</b>	<b>64.0%</b>
Life insurance	58.818.320	61.566.199	96	19.2%
Unit-linked life insurance	47.322.076	58.502.494	81	15.4%
Capital redemption insurance	4.483.239	4.256.026	105	1.5%
<b>Life insurance</b>	<b>110.623.635</b>	<b>124.324.719</b>	<b>89</b>	<b>36.0%</b>
<b>Total</b>	<b>306.928.288</b>	<b>300.380.735</b>	<b>102</b>	<b>100.0%</b>

## 4.5 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group totalled EUR 211.3 million, which was 6% more over the preceding year. In the reporting period. **Insurance business operating expenses** grew by 5% to EUR 191.7 million. Increased expenses were mostly caused by higher acquisition costs due to premium growth. **Non-insurance business expenses** increased by 7%, reaching EUR 19.6 million.

Operating expenses accounted for 23.4% of gross written premium, which was the same as the year before. Operating expenses increased in all segments: in **non-life insurance** by 5% (EUR 154.0 million), in the **life insurance** segment they were up by 6% (EUR 27.5 million) and in **health insurance** they climbed by 19% (EUR 10.2 million).

Operating expenses of the insurance business stood at 23.4%, which was equal to the 2017 figure.

Acquisition costs (fees and charges) increased by 11% to EUR 36.4 million, mostly due to higher acquisition costs in the parent company, Triglav, Zdravstvena zavarovalnica, Triglav Osiguranje, Zagreb and Triglav Osiguranje, Belgrade. Increased acquisition costs of the parent company were primarily caused by higher underwriting commissions paid to insurance brokers, agencies and providers of roadworthiness tests due to premium growth as well as the increasing inclusion of insurance brokers into the insurance acquisition process. Growth of acquisition costs was also caused by higher costs of sales campaigns. The costs of goods sold dropped to EUR 41 thousand (index 20). The 9% increase in depreciation costs in the amount of EUR 10.6 million was mainly the consequence of higher depreciation costs of computer equipment in the parent company. With 48.5%, labour costs accounted for the largest portion of total expenses, having increased by 3% to EUR 109.1 million, primarily as the result of the higher number of employees in Triglav Osiguranje, Belgrade, Triglav, Zdravstvena zavarovalnica as well as due to higher other labour costs of the parent company. Costs of services provided by natural persons other than sole proprietors increased due to media buying services of Triglav Osiguranje, Belgrade. With 0.9% of total expenses, costs of services provided by natural persons other than sole proprietors equalled EUR 2.1 million. Other operating expenses represented an increase of 5%, reaching EUR 66.9 million. Among other operating expenses, the highest increase was seen in rents and lease payments (mostly due to higher rental costs of computer software, lease costs of data lines and operating lease for cars in the parent company), costs of intellectual and personal services (mostly due to higher advisory costs and attorney's fees of the parent company), costs of transport and communications services (mostly due to higher postal and telephone costs of the parent company), maintenance costs (mainly due to higher costs of Triglav, Zdravstvena zavarovalnica, parent company and Triglav, Upravljanje nepremičnin) and other costs of services (higher costs of demolition work at Triglav, Upravljanje nepremičnine and payment of dividend tax of Triglav INT).

In total gross operating expenses broken down by functional group, an increase was seen in acquisition costs, accounting for 60.9% (vs. 60.2% in 2017), whilst asset management costs remained unchanged, accounting for 0.9%. Claim handling costs and other operating expenses went down to 9.8% (a decrease of 0.6 percentage point) and 28.3% (a decrease of 0.2 percentage point) respectively.

### Gross operating expenses of the Triglav Group in Q1-3 2018 by nature

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1-3 2018	Q1-3 2017	Q1-3 2018/ Q1-3 2017	Q1-3 2018
Acquisition costs (fees and commissions)	36.436.879	32.965.853	111	16.2%
Costs of goods sold	41.412	208.399	20	0.0%
Depreciation of operating assets	10.590.700	9.697.900	109	4.7%
Labour costs	109.069.922	105.881.536	103	48.5%
- wages and salaries	75.256.560	73.339.082	103	33.4%
- social securities and pension insurance costs	17.563.185	17.131.283	103	7.8%
- other labour costs	16.250.177	15.411.171	105	7.2%
Costs of services provided by natural persons other than SPs together with pertaining taxes	2.052.441	748.332	274	0.9%
Other operating expenses	66.852.134	63.367.829	105	29.7%
- costs of entertainment, advertising, trade shows	15.559.408	15.054.611	103	6.9%
- costs of material and energy	5.750.586	5.502.592	105	2.6%
- maintenance costs	10.290.850	9.734.548	106	4.6%
- travel expenses	4.043.844	3.964.972	102	1.8%
- costs of intellectual and personal services	4.094.500	3.691.398	111	1.8%
- non-income-related costs, excluding insurance	2.484.497	2.326.671	107	1.1%
- costs of transport and communication services	3.912.888	3.639.584	108	1.7%
- costs of insurance premiums	927.304	881.701	105	0.4%
- payment transaction costs and banking services	5.586.777	5.513.138	101	2.5%
- rents	5.797.375	5.271.952	110	2.6%
- costs of services of professional training	726.109	619.344	117	0.3%
- other costs of services	7.677.996	7.167.318	107	3.4%
<b>Total</b>	<b>225.043.488</b>	<b>212.869.849</b>	<b>106</b>	<b>100.0%</b>
Consolidation eliminations	-13.707.265	-12.592.249	109	
<b>Total consolidated</b>	<b>211.336.223</b>	<b>200.277.600</b>	<b>106</b>	

### Gross operating expenses of Zavarovalnica Triglav in Q1-3 2018 by nature

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1-3 2018	Q1-3 2017	Q1-3 2018/ Q1-3 2017	Q1-3 2018
Acquisition cost (fees and commissions)	19,477,154	18,287,134	107	15.2%
Depreciation of operating assets	7,142,974	6,528,707	109	5.6%
Labour costs	72,770,775	71,552,331	102	56.7%
- wages and salaries	51,109,190	50,612,914	101	39.8%
- social securities and pension insurance costs	8,815,188	8,713,794	101	6.9%
- other labour costs	12,846,397	12,225,623	105	10.0%
Costs of services provided by natural persons other than SPs, including related taxes	227,657	195,308	117	0.2%
Other operating costs	28,813,450	26,991,810	107	22.4%
- costs of entertainment, advertising, trade shows	6,036,785	5,556,037	109	4.7%
- costs of material and energy	2,442,825	2,330,617	105	1.9%
- maintenance costs	6,441,447	6,323,105	102	5.0%
- reimbursement of labour-related costs	2,482,819	2,534,603	98	1.9%
- costs of intellectual and personal services	1,752,397	1,478,370	119	1.4%
- non-income related costs, excluding insurance	1,190,150	1,062,316	112	0.9%
- costs of transport and communication services	2,284,430	2,015,455	113	1.8%
- costs for insurance premiums	365,859	320,886	114	0.3%
- payment transaction costs and banking services	1,193,697	1,166,276	102	0.9%
- rents	2,328,008	1,993,620	117	1.8%
- costs of professional training services	355,540	285,018	125	0.3%
- other costs of services	1,939,493	1,925,507	101	1.5%
<b>Total</b>	<b>128,432,010</b>	<b>123,555,290</b>	<b>104</b>	<b>100.0%</b>

## 4.6 Reinsurance

In the first nine months of 2018, **the Triglav Group** allocated EUR 84.0 million of reinsurance and coinsurance premiums to external equalisation, representing an increase of 6% over the respective period of 2017. Reinsurance premiums accounted for 10.2% of total gross written insurance and coinsurance premiums. A reinsurers' share of gross claims settled of EUR 27.1 million (index 177) was received from reinsurance. The main reason of high growth lies mostly in claim payments arising from mass loss events of the previous and current year.

In the reporting period, **Zavarovalnica Triglav** allocated EUR 77.8 million to of reinsurance and coinsurance premiums to external equalisation, which was 3% more than in the respective period of 2017. Reinsurance premium accounted for 15.3% of total gross written premium. In the reporting period, a reinsurers' and co-insurers' share of gross claims settled of EUR 24.1 million was received from reinsurance and coinsurance (index 138).

## 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 2,811.9 million to gross insurance technical provisions, which in total was 3% more over the 2017 year-end. The amount of gross insurance technical provisions increased in **non-life insurance** (index 106), in **health insurance** (index 105) and in **life insurance** (index 101). As at the reporting date, **Zavarovalnica Triglav** allocated EUR 2,144.9 million to gross insurance technical provisions, which was 2% more over the 2017 year-end.

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

The **Group's** provisions by type as at 30 September 2018 compared to the 2017 year-end:

- **Gross provisions for unearned premium** were 19% higher and amounted to EUR 331.8 million. Unearned premium from non-life insurance amounted to EUR 328.4 million (index 119), unearned premium from life insurance totalled EUR 374 thousand (index 88) and unearned premium from health insurance reached EUR 3.0 million (index 118). 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** for claims incurred but not settled by the end of the accounting period were 1% are higher, amounting to EUR 641.8 million. Claims provisions from non-life insurance totalled EUR 609.8 million (index 100), those from the life-insurance segment stood at EUR 21.3 million (index 109) and those from health insurance amounted to EUR 10.8 million (index 109).
- **Mathematical provisions** were 1% higher and amounted to EUR 1,804.1 million. Mathematical provisions for the long-term business fund backing life insurance totalled EUR 1,357.7 million (index 102), while insurance technical provisions for unit-linked life insurance contracts equalled EUR 446.4 million. They decreased by 1% due to a reduction in the price of fund units.
- As at the reporting date, **provisions for bonuses and discounts** amounted to EUR 18.9 million and were at a level approximately equal to that of the 2017 year-end (index 100).
- **Other insurance technical provisions** were 8% higher over the 2017 year-end and amounted to EUR 15.3 million. A growth of 37% in other insurance technical provisions was seen in Triglav, Zdravstvena zavarovalnica due to the increase in provisions for unexpired risks arising from the sale of Zobje and Zobje+ insurance. Other insurance technical provisions of

Zavarovalnica Triglav totalled EUR 8.7 million and increased by 5%. Provisions for unexpired risks grew by 14% (EUR 2.4 million), additional provisions for credit risks increased by 1% (EUR 5.3 million) and provisions for cancellations were up by 7% (EUR 1.0 million).

#### Gross insurance technical provisions of the Triglav Group as at 30 September 2018

	Gross insurance technical provisions		Index
	30 September 2018	31 December 2017	2018/2017
Unearned premiums	331,803,404	278,112,719	119
Mathematical provisions	1,804,107,365	1,782,599,954	101
Claims provisions	641,841,144	638,473,713	101
Provisions for bonuses and discounts	18,869,223	18,943,606	100
Other insurance technical provisions	15,309,250	14,115,599	108
<b>Total</b>	<b>2,811,930,386</b>	<b>2,732,245,591</b>	<b>103</b>

#### Gross insurance technical provisions of Zavarovalnica Triglav as at 30 September 2018

	Gross insurance technical provisions		Index
	30 September 2018	31 December 2017	2018/2017
Unearned premiums	235,856,637	196,528,185	120
Mathematical provisions	1,413,311,749	1,410,988,265	100
Claims provisions	468,732,725	469,230,899	100
Provisions for bonuses and discounts	18,349,804	18,349,804	100
Other insurance technical provisions	8,665,265	8,262,880	105
<b>Total</b>	<b>2,144,916,180</b>	<b>2,103,360,033</b>	<b>102</b>

## 4.8 Structure of financial investments

The investment policy of the Triglav Group is relatively conservative, its basic emphasis being on ensuring the safety and liquidity of investments while achieving adequate profitability. In Q1-3 2018, the structure of financial investments did not significantly change, but the Group actively adapted the shares of individual investment grades in order to maintain a high overall credit rating of the whole investment portfolio.

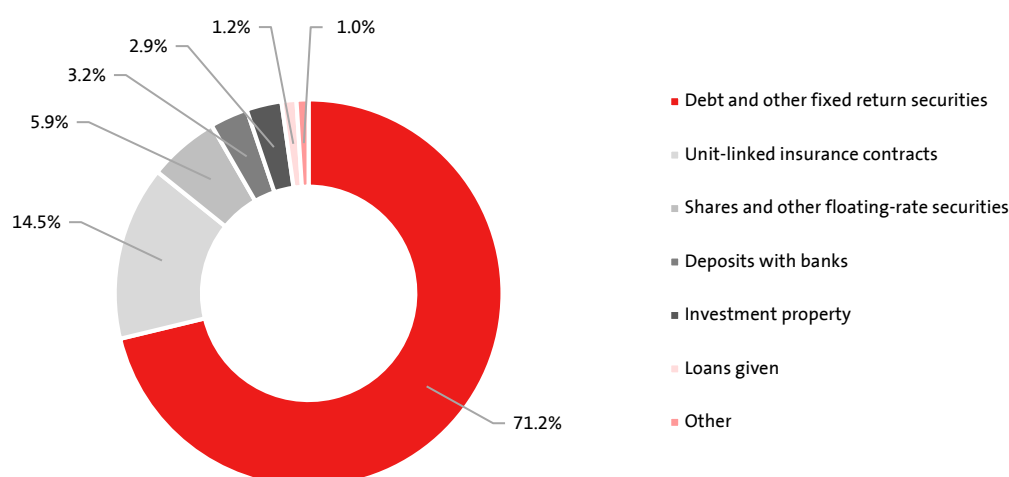
As at the reporting date, financial investments of the **Triglav Group**, including investment properties, amounted to EUR 3,081.8 million or 2% less than as at the 2017 year-end. Their share in total assets dropped by 3.3 percentage points, reaching 82.1%.

#### Financial investments (including investment properties) of the Triglav Group as at 30 September 2018 and 31 December 2017

	Financial investments		Index	Structure	
	30 September 2018	31 December 2017	2018/2017	30 Sept. 2018	31 Dec. 2017
Investment property	90,549,076	94,007,483	96	2.9%	3.0%
Shares in associates	13,828,657	6,449,324	214	0.4%	0.2%
Shares and other floating-rate securities	181,481,982	217,756,846	83	5.9%	6.9%
Debt and other fixed return securities	2,195,323,521	2,237,729,266	98	71.2%	71.3%
Loans given	38,225,178	30,095,727	127	1.2%	1.0%
Deposits with banks	97,259,538	73,807,472	132	3.2%	2.4%
Other financial investments	10,937,709	22,793,778	48	0.4%	0.7%
Financial investments of reinsurance companies in reinsurance contracts with cedents	6,099,977	5,667,613	108	0.2%	0.2%
Unit-linked insurance contracts	448,127,314	450,236,045	100	14.5%	14.3%
<b>Total</b>	<b>3,081,832,952</b>	<b>3,138,543,554</b>	<b>98</b>	<b>100.0%</b>	<b>100.0%</b>



### Structure of financial investments of the Triglav Group as at 30 September 2018



With a 71.2% share, debt and other fixed-return securities accounted for the bulk of total financial investments. Their share remains stable. Compared to the 2017 year-end, it went down for only 0.1 percentage point.

In the reporting period, some investment grades of the portfolio were slightly adjusted. A share of equity investments decreased by 1.0 percentage point; due to the tactical adjustments of the portfolio to market conditions foremost investments in bond and equity funds were lower. The share of bank deposits increased by 0.8 percentage point, whilst the share of investment properties fell by 0.1 percentage point. Loans given and financial investments in associates increased by 0.2 percentage point respectively, mostly due to the capital share increase of Triglav (see Section 1.4 *Structure of the Triglav Group* for more details). The share of other financial investments of the portfolio decreased by 0.3 percentage point due to the sale of equity stakes of Geoplin d.o.o. Ljubljana and Plinhold, d.o.o., (see Section 1.6 *Significant events in the reporting period* for more details).

Below is presented in detail the structure of debt security and equity investment.

**By issuer sector**, government bonds, accounted for almost one half of total debt securities. Compared to the 2017 year-end, they were down 3%, whilst their share in total financial assets was down 0.4 percentage points, followed by corporate bonds accounted for a 25.6% share and financial bonds for a 24.5%. A proportion of the latter decreased, whilst the share of corporate bonds went up. An already lower share of structured bonds decreased additionally.

#### Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index 2018/2017	Structure	
	30 September 2018	31 December 2017		30 Sept. 2018	31 Dec. 2017
Government	1,091,019,046	1,119,983,226	97	49.7%	50.0%
Corporate	561,933,071	602,260,650	93	25.6%	26.9%
Financial	537,900,004	505,597,282	106	24.5%	22.6%
Structured	4,471,399	9,888,107	45	0.2%	0.4%
<b>Total</b>	<b>2,195,323,521</b>	<b>2,237,729,265</b>	<b>98</b>	<b>100.0%</b>	<b>50.0%</b>

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 79.3% of the portfolio is accounted for by debt securities of issuers having an investment grade credit rating of at least BBB (vs. 78.2% as at the 2017 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	
	30 September 2018	31 December 2017	2018/2017	30 Sept. 2018	31 Dec. 2017
AAA	212,257,830	224,091,714	95	9.7%	10.0%
AA	139,349,030	135,030,742	103	6.3%	6.0%
A	641,459,739	608,061,142	105	29.2%	27.2%
BBB	747,876,048	781,708,302	96	34.1%	34.9%
Below BBB	352,013,127	385,803,394	91	16.0%	17.2%
Not rated	102,367,746	103,033,971	99	4.7%	4.6%
<b>Total</b>	<b>2,195,323,521</b>	<b>2,237,729,265</b>	<b>98</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Unit-linked insurance contract investments data excluded.

The majority of the portfolio is accounted for by debt securities of issuers from the **countries** with a high credit rating. Certain changes in the exposure to individual countries are a result of price fluctuations and tactical adjustment of some items.

### Debt securities of the Triglav Group by issuer country

Country of issuer	Debt securities		Index	Structure	
	30 September 2018	31 December 2017	2018/2017	30 Sept. 2018	31 Dec. 2017
Slovenia	363,894,302	370,950,356	98	16.6%	16.6%
Netherlands	177,486,624	182,670,364	97	8.1%	8.2%
Germany	166,991,182	171,947,794	97	7.6%	7.7%
Italy	143,213,608	140,023,509	102	6.5%	6.3%
France	142,570,392	136,588,287	104	6.5%	6.1%
Spain	126,004,520	125,155,289	101	5.7%	5.6%
Other	1,075,162,894	1,110,393,666	97	49.0%	49.6%
<b>Total</b>	<b>2,195,323,521</b>	<b>2,237,729,265</b>	<b>98</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Unit-linked insurance contract investments data excluded.

In total financial assets, the proportion of **equity investments** (shares and other floating rate securities and investments in associates) went down by 13% in Q1-3 2018, resulting primarily from tactical adjustments of the portfolio to the market conditions. Equity investments also include the category *other funds*, which consists mostly of alternative funds. Currently, this category accounts for 7.2% of equity investments, however its volume is gradually increasing.

### Structure of equity investment type of the Triglav Group

Equity investment type	Equity investments		Index	Structure	
	30 September 2018	31 December 2017	2018/2017	30 Sept. 2018	31 Dec. 2017
Shares	82,737,975	80,546,247	103	42.4%	35.9%
Equity funds	69,376,209	79,375,253	87	35.5%	35.4%
Bond funds	16,061,663	40,971,423	39	8.2%	18.3%
Money market funds	13,087,202	12,438,719	105	6.7%	5.5%
Other funds	14,047,591	10,874,528	129	7.2%	4.9%
<b>Total</b>	<b>195,310,639</b>	<b>224,206,170</b>	<b>87</b>	<b>100.0%</b>	<b>100.0%</b>

### Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index	Structure	
	30 September 2018	31 December 2017	2018/2017	30 Sept. 2018	31 Dec. 2017
Slovenia	62,090,019	62,230,851	100	31.8%	27.8%
Developed markets	109,213,942	138,198,029	79	55.9%	61.6%
Developing markets	14,217,112	12,763,426	111	7.3%	5.7%
Balkans	9,789,566	11,013,865	89	5.0%	4.9%
<b>Total</b>	<b>195,310,639</b>	<b>224,206,170</b>	<b>87</b>	<b>100.0%</b>	<b>100.0%</b>



In **Zavarovalnica Triglav**, financial investments, including investment properties, amounted to EUR 2,387.6 million, down 3% compared to the 2017 year-end.

*Financial investments (including investment properties) of Zavarovalnica Triglav as at 30 September 2018 and 31 December 2017*

	Financial investments		Index	Structure	
	30 September 2018	31 December 2017	2018/2017	30 Sept. 2018	31 Dec. 2017
Investment property	45,168,517	48,214,401	94	1.9%	2.0%
Investments in subsidiaries and associates	148,898,023	128,169,985	116	6.2%	5.2%
Shares and other floating-rate securities	83,914,912	135,783,991	62	3.5%	5.5%
Debt and other fixed return securities	1,595,122,816	1,638,907,656	97	66.8%	66.8%
Loans given	49,881,746	48,781,121	102	2.1%	2.0%
Deposits with banks	51,514,375	33,974,540	152	2.2%	1.4%
Other financial investments	1,690,405	1,680,215	101	0.1%	0.1%
Derivative financial instruments	1,652,234	1,870,633	88	0.1%	0.1%
Unit-linked insurance contract investments	409,760,368	417,607,959	98	17.2%	17.0%
<b>Total</b>	<b>2,387,603,395</b>	<b>2,454,990,500</b>	<b>97</b>	<b>100.0%</b>	<b>100.0%</b>

#### 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.

##### Asset management market

As at the reporting date, 6 asset management companies were active on the Slovene market, one less than as at 30 June 2018, as the market continues to be consolidated. As the reporting date, an amount of EUR 2.7 billion of net asset value was managed under mutual funds, which represented a 2.6% increase compared to the 2017 year-end. In the discretionary mandate segment, 8 companies are operating in Slovenia, of which 3 are asset management companies. The value of these assets managed by asset management companies totalled EUR 734 million (index 104) as at the 30 September 2018.

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 731.6 million of net asset value was managed under mutual funds, which was 1% more than as at the 2017 year-end. The amount was affected by the situation on the capital markets and net inflows. Discretionary mandate segment rose by 16% and totalled EUR 53.1 million.

In Q1-3 2018, Triglav Skladi held a 24.9% market share among asset management companies in the mutual fund segment and a 7.2% market share in the discretionary mandate segment.

## 5. Financial result and financial standing

### 5.1 Financial result

In the first nine months of 2018, the Triglav Group posted a **profit before tax of EUR 69.9 million** or 8% more than in the same period last year. **Net profit** amounted to **EUR 58.8 million**, having increased by 12% compared to 2017. Higher profit is primarily a result of the higher growth of net premium earned than the growth of net claims incurred. Compared to 2017, **net return on equity** increased by 1.1 percentage point to 10.7%.

The Triglav Group generated a profit before tax of EUR 69.9 million in Q1-3 2018.

**Zavarovalnica Triglav** posted a **profit before tax** of EUR 60.5 million or 7% more compared to the corresponding period of 2017. The Company's **net profit** grew by 12%, amounting to EUR 51.3 million.

The **combined ratio of the Triglav Group** reached 92.4%, down by 2.1 percentage points compared to the same period last year, foremost as a result of the higher growth of net premium earned than the growth of net claims incurred. The combined ratio shows profitability of operations in the non-life and health insurance segments. Any value of this ratio below 100 means that the non-life and health insurance portfolios as the core business (excluding return on investments) are earning a profit.

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

Insurance Group	Q1-3 2017	Q1-3 2016	Change
Zavarovalnica Triglav	88.1%	90.3%	-2.2 p.p.
Triglav, Zdravstvena zavarovalnica	97.6%	96.5%	1.1 p.p.
Pozavarovalnica Triglav Re	98.3%	101.6%	-3.3 p.p.
Triglav Osiguranje, Zagreb	101.8%	108.5%	-6.7 p.p.
Triglav Osiguranje, Belgrade	98.8%	99.6%	-0.8 p.p.
Lovćen Osiguranje, Podgorica	93.6%	97.3%	-3.7 p.p.
Triglav Osiguranje, Sarajevo	99.9%	99.4%	0.5 p.p.
Triglav Osiguranje, Banja Luka	100.6%	100.9%	-0.3 p.p.
Triglav Osiguruvanje, Skopje	94.8%	97.5%	-2.7 p.p.
<b>The Triglav Group</b>	<b>92.4%</b>	<b>94.5%</b>	<b>-2.1 p.p.</b>

Note: Due to the change of the income statement scheme, the calculations of the expense and combined ratios for the previous year and this year were adjusted for comparison purposes

**Net premiums earned** increased by 6% to EUR 703.8 million compared to the preceding year. Net premium income from non-life insurance grew by 7%, net premium income from health insurance went up by 10% and net premium income from life insurance rose by 1%. Net premium earned is composed of gross written insurance in the amount of EUR 820.2 million (index 106), reduced by ceded written premium in the amount of EUR 84.0 million (index 106) and adjusted by the change in net unearned premium of EUR -32.4 million (index 96).

Compared to the preceding year, **net claims incurred** increased by 1%, amounting to EUR 471.6 million. Net claims incurred from health insurance experienced the highest growth of 11%, those from non-life insurance increased by 2%, while those from life insurance decreased by 8%. Net claims incurred are composed of gross claims paid in the amount of EUR 495.4 million (index 106), reduced by the reinsurers' and co-insurers' shares in gross claims in the amount of EUR 27.1 million (index 177), adjusted by the change in net claims provisions of EUR -1.0 million (EUR 12.6 million in 2017) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 4.3 million.

**Income from investments, including income from investments in associates** decreased by 17% and reached EUR 81.3 million. Income from investments in associates climbed by 383% to EUR 803.0 thousand, whereas income from investments was down 18%, reaching EUR 80.5 million. In the reporting period, interest income was down 6% to EUR 41.0 million, gains on disposals decreased by 25% to EUR 18.0 million, other income from investments reached EUR 21.6 million (index 17). Other income from investments include net unrealised gains on unit-linked life insurance assets reached EUR 11.7 million compared to EUR 19.0 million in the respective period of 2017.

**Expenses from investments, including expenses from investments in associates** increased by 21% and reached EUR 28.8 million. Expenses from investments in associates totalled EUR 145.3 thousand (index 45), while expenses from other investments equalled EUR 28.7 million, having increased by 22%. Realised loss on disposals totalled EUR 8.1 million (index 94), impairments of equity investments amounted to EUR 1.2 million (vs. EUR 72 thousand in 2017), whereas other expenses from investments amounted to EUR 19.4 million (index 132). Other expenses from financial assets include net unrealised losses on unit-linked life insurance assets which totalled EUR 4.6 million (vs. EUR 775 thousand in 2017), fair value losses equalling EUR 9.5 million (index 220) and other financial expenses in the amount of EUR 5.3 million (index 55).

**Return on investment of the Triglav Group** (excluding unit-linked life insurance contract investments) represents the difference between income and expenses from financial assets. It dropped by 19% to EUR 45.4 million, primarily as a result of lower net gains on the sale of financial assets, lower net income arising from changes in fair value and lower net interest income. Continuously lower interest income is caused by lower interest rates. Lower net gains on the sale of financial assets are related mainly to investment activity which was lower in the first three months of 2018 compared to the respective period of 2017.

Lower return on financial investments of 19% was primarily a result of lower net gains on the sale of financial assets, lower net income arising from changes in fair value and lower net interest income.

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

**Changes in other insurance technical provisions** summed up to EUR 35.5 million (Q1-3 2017: EUR 41.6 million), primarily due to decreased mathematical provisions (EUR 34.4 million). **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR -3.0 million (EUR -6.2 million in Q1-3 2017) due to the decrease in price of fund units. **Provisions for bonuses and discounts** increased by 23% to EUR 6.1 million.

**Operating expenses** (acquisition costs and other operating expenses) amounted to EUR 171.1 million and were 6% higher than in 2017. Acquisition costs and other operating expenses were up 7% and 5% respectively.

**Other income from insurance operations**, excluding fees and commissions, increased by 9% and reached EUR 10.5 million. **Other insurance expenses**, excluding fees and commissions, increased by 21%, amounting to EUR 11.7 million mainly due to higher value-adjusted receivables compared to the preceding year, when higher payments of adjusted receivables were recorded for premium receivables. Receivables from insurance premiums went up by 14%. Net fee and commission income was down by 52%, reaching EUR 452 thousand.

**Other income** was up by 7%, totalling EUR 26.6 million. **Other expenses** increased by 7% to EUR 30.9 million.

## Individual items in the consolidated income statement of the Triglav Group for Q1-3 2018

	Q1-3 2018	Q1-3 2017	Index
Net premium income	703,817,580	664,055,631	106
Income from investments including income in subsidiaries and associates	81,289,620	98,150,690	83
Other income from insurance operations	23,035,491	22,766,951	101
Other income	26,614,411	24,822,282	107
Net claims incurred	471,619,283	469,157,162	101
Change in other insurance technical provisions (excluding ULI)	35,547,933	41,638,635	85
Change in insurance technical provisions for unit-linked insurance contracts	-3,002,010	-6,202,637	48
Expenses for bonuses and discounts	6,109,033	4,969,667	123
Operating expenses	171,098,463	161,208,418	106
Expenses from investments including expenses in subsidiaries and associates	28,834,598	23,770,253	121
Other insurance expenses	23,832,654	21,943,950	109
Other expenses	30,855,992	28,769,994	107
<b>Profit before tax</b>	<b>69,861,156</b>	<b>64,540,114</b>	<b>108</b>
Income tax expense	11,057,755	12,224,253	90
<b>Net profit for the accounting period</b>	<b>58,803,400</b>	<b>52,315,861</b>	<b>112</b>

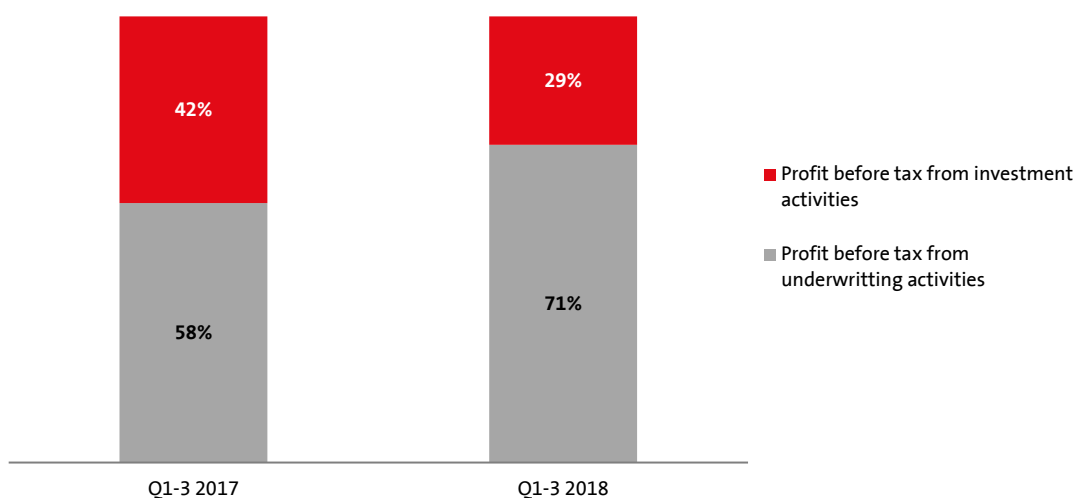
## Profit/loss before tax of the Triglav Group\*

	Q1-3 2018				Q1-3 2017			
	Non-life	Life	Health	Total	Non-life	Life	Health	Total
Profit before tax from underwriting activities	33,893,260	11,032,392	3,623,102	48,548,754	19,374,693	12,532,221	4,733,906	36,640,820
Profit before tax from investment activities	19,827,936	-699,429	481,936	19,610,443	18,379,872	7,329,504	673,907	26,383,283
Profit before tax from insurance operations	53,721,196	10,332,963	4,105,038	68,159,197	37,754,565	19,861,725	5,407,813	63,024,103
Profit before tax from non-insurance operations				1,701,959				1,516,011
<b>Total profit before tax</b>				<b>69,861,156</b>				<b>64,540,114</b>

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

The main reasons for the lower result of life insurance this year compared to the same period of the previous year are a slightly poorer technical result (EUR 1 million) and most of all lower realised returns on assets of the guarantee fund backing life insurance (EUR 4.1 million) and additional provisions made due to the reduction in the reserving interest rate (EUR 2.9 million). In the reporting period, additional provisions made due to the liability adequacy test (LAT) were lower by EUR 2.1 million compared to the respective period last year, because in this period there were no significant changes in the risk-free interest rate curve.

## Structure of profit/loss before tax of the Triglav Group in Q1-3 2018 and Q1-3 2017



## Individual items in the income statement of Zavarovalnica Triglav for Q1-3 2018

	Q1-3 2018	Q1-3 2017	Index
Net premium income	409,380,701	389,327,889	105
Income from investments including income in subsidiaries and associates	66,669,589	80,111,159	83
Other income from insurance operations	20,665,384	21,688,382	95
Other income	9,104,106	7,958,502	114
Net claims incurred	276,466,295	286,274,426	97
Change in other insurance technical provisions	21,574,845	24,867,790	87
Change in insurance technical provisions for unit-linked insurance contracts	-8,958,516	-11,835,134	76
Expenses for bonuses and discounts	5,453,689	4,139,588	132
Operating expenses	112,520,776	107,067,115	105
Expenses from investments including expenses in subsidiaries and associates	19,195,431	16,759,303	115
Other insurance expenses	8,481,493	5,454,454	155
Other expense	10,556,144	9,772,392	108
<b>Profit/loss before tax</b>	<b>60,529,625</b>	<b>56,585,997</b>	<b>107</b>
Income tax expense	9,265,584	10,746,840	86
<b>Net profit/loss for the accounting period</b>	<b>51,264,041</b>	<b>45,839,157</b>	<b>112</b>

## 5.2 Financial standing

The total **balance sheet** of the Triglav Group as at 30 September 2018 stood at EUR 3,753.0 million or 2% more over the 2017 year-end.

The **total equity capital** as at the reporting date amounted to EUR 736.4 million or 3% less than at the 2017 year-end. The portion of equity in the balance sheet total decreased by 1.0 percentage point, totalling 19.6%. Equity attributable to the controlling company went down by 2% to EUR 733.9 million, whereas non-controlling interest holders had EUR 2.5 million, down by 63% due to the acquisition of a shareholding from minority shareholdings in Skupna pokojninska družba. Share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary registered no-par value shares.

As at the reporting date, total equity capital reached EUR 736.4 million.

As a result of a decrease in the value of available-for-sale financial assets, fair value reserve went down by 19% to EUR 77.3 million in nominal terms. Share premium increased by 1%, amounting to EUR 50.8 million. Reserves from profit amounted to EUR 334.0 million and remained at a level

approximately equal to the 2017 year-end (index 100). They include other reserves from profit, which remained unchanged, and legal and statutory reserves, which increased by EUR 578 thousand from a net profit brought forward and contingency reserves, having increased by EUR 7 thousand. Accumulated profit grew by 1% to EUR 200.9 million. In addition to EUR 58.5 million (index 149) in net profit for the year, it includes EUR 142.4 million of net profit brought forward (index 89). Net profit brought forward increased by EUR 39.1 million due to a transfer of net profit of the preceding year and decreased by EUR 56.8 million due to the payment of dividends and by EUR 585 thousand due to a transfer of legal, statutory and contingency reserves.

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

**Gross insurance technical provisions** grew by 3% to EUR 2,811.9 million. Their share in the balance sheet total increased by 0.6 percentage points to 74.9%. As at the reporting date, mathematical provisions amounted to EUR 1,804.1 million, which was 1% higher than at the end of the previous year. Gross claims provisions of EUR 641.8 million were up 1% over the 2017 year-end. Provisions for gross unearned premiums and other insurance technical provisions were up by 19% and 3% respectively. Insurance technical provisions are discussed in greater detail under *Section 4.7*.

**Other financial liabilities** equalled EUR 32.2 million, up by 476% due to higher short-term liabilities from financing of Zavarovalnica Triglav, which refer to liabilities for security purchases. Their share accounted for 0.9% of total liabilities.

**Operating liabilities** grew by 10% over the 2017 year-end, amounting to EUR 54.5 million, and accounted for 1.5% of total liabilities. Liabilities from co-insurance and reinsurance operations rose to EUR 30.7 million (index 107), while liabilities from direct insurance operations grew to EUR 21.7 million (index 115). Current tax liabilities equalled EUR 2.1 million (vs. EUR 1.7 million in 2017).

Compared to the 2017 year-end, **other provisions** shrunk by 4% to EUR 17.1 million (a 0.5% share in total liabilities). Compared to 31 December 2017, **deferred tax liabilities** decreased by 25% to EUR 19.9 million, primarily due to lower fair value reserve from financial investments for which deferred tax is calculated. **Other liabilities** decreased by 8% mainly due to lower short-term liabilities of the parent company, reaching EUR 65.6 million and accounting for 1.7% of total balance sheet liabilities.

**Financial investments in associates of the Triglav Group** increased as a result of a capital raise of Triglav in the amount of EUR 4.6 million, new investment in the joint venture company ZTSR in the amount of EUR 0.1 million and the effects of the equity method by 114% to EUR 13.8 million.

**Financial assets** accounted for 67.4% of total assets (3.0 percentage points less than at the 2017 year-end) and totalled EUR 2,529.3 million, which represents a decrease of 2% compared to the 2017 year-end. The bulk of financial assets accounted for by available-for-sale financial assets, which totalled EUR 1,724.7 million. In total financial assets, EUR 442.6 million was accounted for by financial assets measured at fair value through profit or loss, EUR 198.2 million by held-to-maturity financial assets, and EUR 163.9 million by deposits and loans. As at 30 September 2018, **unit-linked insurance assets** amounted to EUR 448.1 million and were at a level approximately equal to the 2017 year-end (index 100). The structure of financial assets is discussed in greater detail under *Section 4.8*.

**Investment property** declined by 4% due to a sale of a real-property of Zavarovalnica Triglav, equalling EUR 90.5 million and accounting for 2.4% of total financial assets.

**Receivables and deferred tax assets** increased by 32% to EUR 234.7 million. They accounted for 6.3% of total assets, of which receivables from direct insurance operations accounted for the bulk, totalling EUR 123.3 million (index 144), however they experienced an increase of 16% compared to 30 September 2017. Receivables from co-insurance and reinsurance operations reached EUR 49.2 million (index 109), other receivables stood at EUR 48.9 million (index 147) and current tax receivables at EUR 895 thousand. Deferred tax assets amounted to EUR 12.5 million (index 91).

**Insurance technical provisions transferred to reinsurance contracts** amounted to EUR 99.6 million, having increased by 19%. Assets from reinsurance contracts from claims provisions were 7% higher and totalled EUR 68.3 million, while assets from unearned premium rose by 57% to EUR 31.2 million.

**Property, plant and equipment** stood at EUR 112.5 million, having increased by 1% over the 2017 year-end. **Intangible assets** stood at EUR 87.9 million, having increased by 11% primarily due to higher long-term deferred acquisition costs.

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

**Cash and cash equivalents** amounted to EUR 129.4 million (index 165), whilst **other assets** totalled EUR 4.8 million (index 122). **Off-balance-sheet items** totalled EUR 235.9 million (index 98).

*Individual items in the consolidated balance sheet of the Triglav Group as at 30 September 2018*

	30 September 2018	31 December 2017	Index
<b>ASSETS</b>	<b>3,753,047,403</b>	<b>3,674,676,193</b>	<b>102</b>
Intangible assets	87,879,665	78,840,612	111
Property, plant and equipment	112,495,550	111,210,437	101
Non-current assets held for sale	2,275,094	2,278,440	100
Investment property	90,549,076	94,007,483	96
Investments in associates	13,828,657	6,449,324	214
Financial investments	2,529,327,905	2,587,850,704	98
Unit-linked insurance assets	448,127,314	450,236,044	100
Reinsurers' share of insurance technical provisions	99,635,528	83,815,576	119
Receivables and deferred tax assets	234,734,292	177,647,469	132
Other assets	4,799,753	3,922,257	122
Cash and cash equivalents	129,394,568	78,417,847	165
Off balance sheet items	248,314,276	240,363,102	103
<b>EQUITY AND LIABILITIES</b>	<b>3,753,047,403</b>	<b>3,674,676,193</b>	<b>102</b>
Equity	736,388,045	756,645,683	97
Subordinated liabilities	15,459,724	15,459,132	100
Insurance technical provisions	2,365,544,694	2,282,701,026	104
Insurance technical provisions for unit-linked insurance contracts	446,385,692	449,544,565	99
Other provisions	17,084,187	17,774,490	96
Deferred tax liabilities	19,900,169	26,396,579	75
Other financial liabilities	32,177,637	5,589,381	576
Operating liabilities	54,492,579	49,381,602	110
Other liabilities	65,614,676	71,183,735	92
Off balance sheet items	248,314,276	240,363,102	103

*Individual items in the balance sheet of Zavarovalnica Triglav as at 30 September 2018*

	30 September 2018	31 December 2017	Index
<b>ASSETS</b>	<b>2,824,270,847</b>	<b>2,786,489,540</b>	<b>101</b>
Intangible assets	65,880,612	59,786,283	110
Property, plant and equipment	67,975,184	67,526,775	101
Investment property	45,168,517	48,214,401	94
Investments in subsidiaries and associates	148,898,022	128,169,983	116
Financial investments	1,783,776,487	1,860,998,156	96
Unit-linked insurance assets	409,760,368	417,607,959	98
Reinsurers' share of insurance technical provisions	100,233,251	85,327,645	117
Receivables and deferred tax assets	124,730,122	81,350,417	153
Other assets	2,383,577	1,993,174	120
Cash and cash equivalents	75,464,707	35,514,746	212
Off balance sheet items	175,940,436	174,448,801	101
<b>EQUITY AND LIABILITIES</b>	<b>2,824,270,847</b>	<b>2,786,489,540</b>	<b>101</b>
Equity	549,112,854	571,412,305	96
Subordinated liabilities	20,608,970	20,608,180	100
Insurance technical provisions	1,737,795,989	1,687,109,267	103
Insurance technical provisions for unit-linked insurance contracts	407,120,191	416,250,767	98
Other provisions	11,842,935	11,425,425	104
Deferred tax liabilities	4,516,245	9,301,053	49
Other financial liabilities	27,486,407	1,845,184	1,490
Operating liabilities	28,061,980	27,740,050	101
Other liabilities	37,725,276	40,797,310	92
Off balance sheet items	175,940,436	174,448,801	101



## 6. Risk management

### 6.1 Risk Management

In view of the situation described in Section *Risk Management* in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2017, in the first nine months of 2018 the risk management system was upgraded at the Group level in accordance with internal initiatives and the risks identified in the business environment. 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. In the reporting period, the Company closely monitored the impact of the increased stake in Skupna pokojninska družba and the expected acquisition of the stake in Alta Skladi DZU on the capital adequacy of the Group. It is estimated that the capital adequacy of the Group will remain in line with the target capital adequacy ratio even after the acquisition of the said stakes. The impact will be more specifically assessed in the framework of the own risk and solvency assessment.

### 6.2 Internal audit

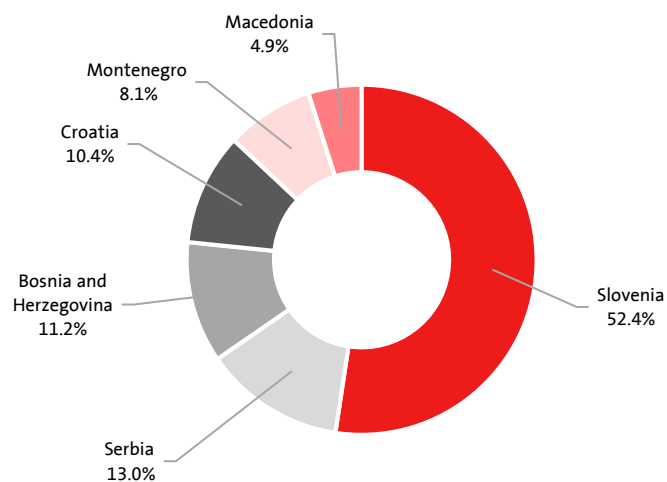
In the first nine months of 2018, the Internal Audit Department complied with its annual work plan. It conducted internal audits of various divisions in Zavarovalnica Triglav and audits in some subsidiaries. The findings were reported to the management of the audited divisions and to the Management Board.

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

## 7. Human Resource Management of the Triglav Group

As at the reporting date, there were 5,140 employees in the Triglav Group, which is 11 less as the 2017 year-end due to the decreased number of employees of Triglav Osiguranje, Belgrade and Triglav Osiguranje, Zagreb.

*Employees by market of the Triglav Group*



# 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 2018 to 30 September 2018 as well as the applied accounting policies and notes to the financial statements.

The Management Board is responsible for preparing the Interim Report so as to give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2018 to 30 September 2018 in accordance with IAS 34 – Interim reporting.

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

The Management Board confirms that the Interim Management Report of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2018 to 30 September 2018 includes a fair review of their business developments, results and financial positions, including a description of the major risks to which Zavarovalnica Triglav as the parent company and its consolidated subsidiaries are exposed to as the Group.

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

Andrej Slapar,  
President of the Management Board

Uroš Ivanc,  
Member of the Management Board

Tadej Čorolj,  
Member of the Management Board

Barbara Smolnikar,  
Member of the Management Board

Marica Makoter,  
Member of the Management Board

Ljubljana, 6 November 2018

# 1. Financial statements

in EUR

STATEMENT OF FINANCIAL POSITION	Triglav Group		Zavarovalnica Triglav	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<b>ASSETS</b>	<b>3,753,047,403</b>	<b>3,674,676,193</b>	<b>2,824,270,847</b>	<b>2,786,489,540</b>
Intangible assets	87,879,665	78,840,612	65,880,612	59,786,283
Property, plant and equipment	112,495,550	111,210,437	67,975,184	67,526,775
Non-current assets held for sale	2,275,094	2,278,440	0	0
Deferred tax assets	12,510,481	13,769,115	0	0
Investment property	90,549,076	94,007,483	45,168,517	48,214,401
Investments in subsidiaries	0	0	131,938,667	118,167,937
Investments in associates	13,828,657	6,449,324	16,959,355	10,002,047
- accounted for using the equity method	13,828,657	6,449,324	0	0
- measured at fair value	0	0	16,959,355	10,002,047
Financial investments	2,529,327,905	2,587,850,704	1,783,776,487	1,860,998,156
- loans and deposits	163,856,977	125,251,487	109,986,346	91,428,595
- held to maturity	198,165,612	221,390,576	158,952,579	166,993,807
- available for sale	1,724,704,380	1,815,323,900	1,313,950,329	1,400,652,988
- recognised at fair value through profit and loss	442,600,936	425,884,741	200,887,233	201,922,766
Unit-linked insurance assets	448,127,314	450,236,044	409,760,368	417,607,959
Reinsurers' share of technical provisions	99,635,528	83,815,576	100,233,251	85,327,645
Assets from investment contracts	0	0	0	0
Receivables	222,223,811	163,878,354	124,730,122	81,350,417
- receivables from direct insurance operations	123,309,789	85,722,492	80,392,023	54,731,853
- receivables from reinsurance and co-insurance operations	49,150,491	44,939,702	16,532,984	13,889,792
- current tax receivables	894,954	32,211	0	0
- other receivables	48,868,577	33,183,949	27,805,115	12,728,772
Other assets	4,799,754	3,922,257	2,383,577	1,993,174
Cash and cash equivalents	129,394,568	78,417,847	75,464,707	35,514,746
Off balance sheet items	248,314,276	240,363,102	175,940,436	174,448,801
<b>EQUITY AND LIABILITIES</b>	<b>3,753,047,403</b>	<b>3,674,676,193</b>	<b>2,824,270,847</b>	<b>2,786,489,540</b>
Equity	736,388,045	756,645,683	549,112,854	571,412,305
Controlling interests	733,852,695	749,838,244	549,112,854	571,412,305
- share capital	73,701,392	73,701,392	73,701,392	73,701,392
- share premium	50,750,923	50,403,656	53,412,884	53,412,884
- reserves from profit	333,991,869	333,407,073	318,962,643	318,962,643
- treasury share reserves	364,680	364,680	0	0
- treasury shares	-364,680	-364,680	0	0
- fair value reserve	77,288,715	95,398,236	50,524,642	67,250,264
- net profit brought forward	142,420,063	160,647,992	1,247,252	25,563,172
- net profit for the year	58,480,846	39,133,955	51,264,041	32,521,950
- currency translation differences	-2,781,113	-2,854,060	0	0
- reserve of disposal group held for sale	0	0	0	0
Non-controlling interests	2,535,350	6,807,439	0	0
Subordinated liabilities	15,459,724	15,459,132	20,608,970	20,608,180
Insurance technical provisions	2,365,544,694	2,282,701,026	1,737,795,989	1,687,109,267
- unearned premiums	331,803,404	278,112,719	235,856,636	196,528,185
- mathematical provisions	1,357,721,673	1,333,055,389	1,006,191,558	994,737,498
- claims provisions	641,841,144	638,473,713	468,732,725	469,230,900
- other insurance technical provisions	34,178,473	33,059,205	27,015,070	26,612,684
Insurance technical provisions for unit-linked insurance contracts	446,385,692	449,544,565	407,120,191	416,250,767
Employee benefits	13,940,030	13,979,843	10,926,761	10,700,463
Other provisions	3,144,157	3,794,647	916,174	724,961
Non-current liabilities held for sale and discontinued operations	0	0	0	0
Deferred tax liabilities	19,900,169	26,396,579	4,516,245	9,301,053
Liabilities from investment contracts	0	0	0	0
Other financial liabilities	32,177,637	5,589,381	27,486,407	1,845,184
Operating liabilities	54,492,579	49,381,602	28,061,980	27,740,050
- liabilities from direct insurance operations	21,679,804	18,875,323	11,904,179	11,354,265
- liabilities from reinsurance and co-insurance operations	30,721,790	28,758,158	14,565,130	15,249,797
- current tax liabilities	2,090,985	1,748,121	1,592,671	1,135,988
Other liabilities	65,614,676	71,183,735	37,725,276	40,797,310
Off balance sheet items	248,314,276	240,363,102	175,940,436	174,448,801

in EUR

INCOME STATEMENT	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2018	Q1-3 2017	Q1-3 2018	Q1-3 2017
<b>NET PREMIUM INCOME</b>	<b>703,817,580</b>	<b>664,055,630</b>	<b>409,380,701</b>	<b>389,327,889</b>
- gross written premium	820,185,285	777,082,408	509,648,647	488,002,083
- ceded written premium	-83,962,669	-79,317,151	-77,774,644	-75,810,495
- change in unearned premium reserve	-32,405,036	-33,709,627	-22,493,302	-22,863,699
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>803,028</b>	<b>166,183</b>	<b>5,077,705</b>	<b>5,367,519</b>
- profit on equity investments accounted for using the equity method	803,028	166,183	0	0
- other income from investments in subsidiaries and associates	0	0	5,077,705	5,367,519
<b>INCOME FROM INVESTMENTS</b>	<b>80,486,592</b>	<b>97,984,507</b>	<b>61,591,885</b>	<b>74,743,639</b>
- interest income calculated using the effective interest method	40,958,946	43,768,120	27,881,425	29,273,720
- gains on disposals	17,959,413	23,866,633	16,995,066	21,854,592
- other income from investments	21,568,233	30,349,754	16,715,394	23,615,327
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>23,035,491</b>	<b>22,766,951</b>	<b>20,665,384</b>	<b>21,688,382</b>
- fees and commission income	12,550,190	13,182,981	13,070,170	14,366,624
- other income from insurance operations	10,485,301	9,583,970	7,595,214	7,321,758
<b>OTHER INCOME</b>	<b>26,614,411</b>	<b>24,822,282</b>	<b>9,104,106</b>	<b>7,958,502</b>
<b>NET CLAIMS INCURRED</b>	<b>471,619,283</b>	<b>469,157,162</b>	<b>276,466,295</b>	<b>286,274,426</b>
- gross claims settled	495,379,569	467,381,463	306,928,287	300,380,735
- reinsurers' share	-27,098,784	-15,335,838	-24,138,331	-17,444,599
- changes in claims provisions	-990,942	12,628,928	-6,323,661	3,338,290
- equalisation scheme expenses for supplementary health insurance	4,329,440	4,482,609	0	0
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>35,547,933</b>	<b>41,638,635</b>	<b>21,574,845</b>	<b>24,867,790</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-3,002,010</b>	<b>-6,202,637</b>	<b>-8,958,516</b>	<b>-11,835,134</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>6,109,033</b>	<b>4,969,667</b>	<b>5,453,689</b>	<b>4,139,588</b>
<b>CHANGE IN FINANCIAL CONTRACT LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSES</b>	<b>171,098,463</b>	<b>161,208,418</b>	<b>112,520,776</b>	<b>107,067,115</b>
- acquisition costs	116,857,248	109,433,120	81,182,275	78,086,515
- other operating costs	54,241,215	51,775,298	31,338,501	28,980,600
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>145,315</b>	<b>322,972</b>	<b>4,548</b>	<b>3,761</b>
- loss on investments accounted for using the equity method	145,315	322,972	0	0
- other expenses from financial assets and liabilities	0	0	4,548	3,761
<b>EXPENSES FROM INVESTMENTS</b>	<b>28,689,283</b>	<b>23,447,281</b>	<b>19,190,882</b>	<b>16,755,542</b>
- loss on impairment of investments	1,206,887	72,360	1,191,870	0
- loss on disposal of investments	8,113,570	8,648,701	7,603,163	8,221,172
- other expenses from investments	19,368,826	14,726,220	10,395,849	8,534,370
<b>OTHER INSURANCE EXPENSES</b>	<b>23,832,654</b>	<b>21,943,950</b>	<b>8,481,493</b>	<b>5,454,454</b>
<b>OTHER EXPENSES</b>	<b>30,855,992</b>	<b>28,769,994</b>	<b>10,556,144</b>	<b>9,772,392</b>
- expenses from financing	850,412	1,303,426	934,898	1,191,458
- other expenses	30,005,580	27,466,568	9,621,246	8,580,934
<b>PROFIT BEFORE TAX</b>	<b>69,861,156</b>	<b>64,540,114</b>	<b>60,529,625</b>	<b>56,585,997</b>
Income tax expense	11,057,756	12,224,253	9,265,584	10,746,840
<b>NET PROFIT FOR THE PERIOD</b>	<b>58,803,400</b>	<b>52,315,861</b>	<b>51,264,041</b>	<b>45,839,157</b>
Earning per share	2.59	2.30		
Net profit/loss attributable to the controlling company	58,480,846	51,763,738		
Net profit/loss attributable to the non-controlling interest holders	322,554	552,123		

STATEMENT OF OTHER COMPREHENSIVE INCOME	Triglav Group		Zavarovalnica Triglav	
	Q 1-3 2018	Q1-3 2017	Q1-3 2018	Q1-3 2017
<b>Net profit for the period after tax</b>	<b>58,803,400</b>	<b>52,315,861</b>	<b>51,264,041</b>	<b>45,839,157</b>
<b>Other comprehensive income after tax</b>	<b>-18,068,949</b>	<b>4,351,851</b>	<b>-16,725,622</b>	<b>-296,471</b>
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	-18,068,949	4,351,851	-16,725,622	-296,471
Fair value gains/losses on available-for-sale financial assets	-34,307,165	2,033,851	-32,723,335	-1,677,930
- net gains/losses recognized directly in equity	-22,038,008	23,753,803	-20,611,950	19,358,732
- transfers from equity to income statement	-12,269,157	-21,719,952	-12,111,385	-21,036,662
Fair value gains / losses on non-current assets held for sale	0	0	0	0
Fair value gains/losses on cashflow hedges	0	0	0	0
Share of OCI of entities accounted for using the equity method	-285,735	321,991	0	0
Liabilities from insurance contracts with DPF	9,889,675	1,002,485	9,889,675	1,002,485
Currency translation differences	62,281	934,237	0	0
Tax on other comprehensive income	6,571,995	59,287	6,108,038	378,974
<b>COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX</b>	<b>40,734,451</b>	<b>56,667,712</b>	<b>34,538,419</b>	<b>45,542,686</b>
Controlling interest	40,444,271	55,972,666	0	0
Non-controlling interest	290,180	695,046	0	0



Triglav Group	Reserves from profit											Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL	
	Share capital	Share premium	Contingency reserves	Legal and statutory reserves	Treasury share reserves	Treasury shares (deductible item)	Credit risk reserves	Other reserves from profit	Fair value reserve	Net profit/loss brought forward	Net profit/loss				Translation differences
<b>As at 1 January 2018</b>	<b>73,701,392</b>	<b>50,403,656</b>	<b>592,269</b>	<b>18,514,040</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>314,300,001</b>	<b>95,398,236</b>	<b>160,647,992</b>	<b>39,133,955</b>	<b>-2,854,060</b>	<b>749,838,244</b>	<b>6,807,439</b>	<b>756,645,683</b>
Comprehensive income for the period from 1 January 2018 to 30 September 2018	0	0	0	0	0	0	0	0	-18,109,522	0	58,480,846	72,947	40,444,271	290,180	<b>40,734,451</b>
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	0	39,133,953	-39,133,953	0	0	0	<b>0</b>
Dividend payment	0	0	0	0	0	0	0	0	0	-56,777,087	0	0	-56,777,087	-102,090	<b>-56,879,177</b>
Covering of the loss brought forward	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Allocation and use of other reserves from profit	0	0	6,799	577,996	0	0	0	0	0	-584,795	0	0	0	0	<b>0</b>
Purchase/disposal of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Changes in consolidation area	0	347,267	0	0	0	0	0	0	0	0	0	0	347,267	-4,460,179	<b>-4,112,912</b>
<b>As at 30 September 2018</b>	<b>73,701,392</b>	<b>50,750,923</b>	<b>599,068</b>	<b>19,092,036</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>314,300,001</b>	<b>77,288,715</b>	<b>142,420,063</b>	<b>58,480,846</b>	<b>-2,781,113</b>	<b>733,852,695</b>	<b>2,535,350</b>	<b>736,388,045</b>
<b>As at 1 January 2017</b>	<b>73,701,392</b>	<b>53,488,690</b>	<b>592,269</b>	<b>20,642,424</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>284,300,001</b>	<b>87,735,128</b>	<b>173,192,869</b>	<b>44,216,477</b>	<b>-3,914,499</b>	<b>733,955,514</b>	<b>10,394,233</b>	<b>744,349,747</b>
Comprehensive income for the period from 1 January 2017 to 30 September 2017	0	0	0	0	0	0	0	0	3,298,025	0	51,763,738	910,898	55,972,666	695,046	<b>56,667,712</b>
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	0	44,216,476	-44,216,476	0	0	0	<b>0</b>
Dividend payment	0	0	0	0	0	0	0	0	0	-56,777,086	0	0	-56,777,086	-4,311	<b>-56,781,397</b>
Covering of the loss brought forward	0	0	0	-227,604	0	0	0	0	0	227,604	0	0	0	0	<b>0</b>
Allocation and use of other reserves from profit	0	0	0	427,727	0	0	0	0	0	-427,727	0	0	0	0	<b>0</b>
Purchase/disposal of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Changes in consolidation area	0	-3,186,938	0	-2,428,901	0	0	0	0	0	0	0	0	-5,615,839	-4,132,264	<b>-9,748,103</b>
<b>As at 30 September 2017</b>	<b>73,701,392</b>	<b>50,301,752</b>	<b>592,269</b>	<b>18,413,645</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>284,300,001</b>	<b>91,033,152</b>	<b>160,432,141</b>	<b>51,763,738</b>	<b>-3,003,601</b>	<b>727,535,252</b>	<b>6,952,704</b>	<b>734,487,956</b>

Zavarovalnica Triglav	Reserves form profit							in EUR	
	Share capital	Share premium	Legal and statutory reserves	Credit risk reserves	Other reserves from profit	Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
<b>As at 1 January 2018</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>314,300,000</b>	<b>67,250,264</b>	<b>25,563,172</b>	<b>32,521,950</b>	<b>571,412,305</b>
Comprehensive income for the period from 1 January 2018 to 30 September 2018	0	0	0	0	0	-16,725,622	0	51,264,041	<b>34,538,419</b>
Allocation to net profit/loss brought forward	0	0	0	0	0	0	32,521,950	-32,521,950	<b>0</b>
Dividend payment	0	0	0	0	0	0	-56,837,870	0	<b>-56,837,870</b>
<b>As at 30 September 2018</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>314,300,000</b>	<b>50,524,642</b>	<b>1,247,252</b>	<b>51,264,041</b>	<b>549,112,854</b>
<b>As at 1 January 2017</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>284,300,000</b>	<b>64,890,318</b>	<b>44,688,278</b>	<b>37,733,602</b>	<b>563,389,117</b>
Comprehensive income for the period from 1 January 2017 to 30 September 2017	0	0	0	0	0	-296,471	0	45,839,157	45,542,686
Allocation to net profit/loss brought forward	0	0	0	0	0	0	37,733,602	-37,733,602	<b>0</b>
Dividend payment	0	0	0	0	0	0	-56,837,870	0	-56,837,870
<b>As at 30 September 2017</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>284,300,000</b>	<b>64,593,846</b>	<b>25,584,011</b>	<b>45,839,157</b>	<b>552,093,933</b>

in EUR

	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2018	Q1-3 2017	Q1-3 2018	Q1-3 2017
<b>A. OPERATING CASH FLOW</b>				
<b>a. Income statement items</b>	<b>88,187,029</b>	<b>70,054,431</b>	<b>42,887,660</b>	<b>30,336,076</b>
Net written premium for the period	760,149,260	718,720,745	431,874,003	412,191,588
Investment income (excluding financial income)	15,729,386	16,650,613	8,732,959	9,141,915
Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables	29,158,192	27,557,728	7,913,604	7,404,373
Net claims paid	-474,966,097	-460,363,302	-282,789,956	-282,936,137
Bonuses and rebates paid	-6,151,996	-4,973,386	-5,453,689	-4,139,588
Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	-164,805,429	-165,062,078	-94,549,068	-87,891,368
Investment expenses (excluding depreciation charge and financial expenses)	-6,942,857	-8,184,126	-3,658,426	-5,173,314
Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	-53,904,479	-44,294,649	-11,696,096	-10,418,492
Corporate income tax and other taxes excluded from operating expenses	-10,078,951	-9,997,114	-7,485,671	-7,842,900
<b>b. Changes in net current assets-operating balance sheet items</b>	<b>-53,528,644</b>	<b>-40,434,087</b>	<b>-32,849,345</b>	<b>-23,594,769</b>
Movements in receivables from direct insurance operations	-37,982,222	-18,500,337	-26,027,604	-10,135,681
Movements in receivables from reinsurance operations	-3,607,857	-6,281,051	-2,643,191	-7,206,159
Movements in other receivables from (re)insurance operations	-8,099,796	-2,545,717	-1,228,049	550,952
Movements in other receivables and assets	-1,153,311	-13,210,282	1,524	337,883
Movements in deferred tax assets	-1,942,883	-648,642	0	0
Movements in inventories	-135,053	290,222	-62,682	-47,100
Movements in debts from direct insurance operations	-5,313,385	630,294	549,914	434,522
Movements in debts from reinsurance operations	4,304,191	-3,430,710	-684,668	-142,664
Movements in operating debts	-1,808,366	494,944	790	-498,839
Movements in other liabilities (excluding unearned premiums)	2,135,727	1,448,442	-2,755,378	-6,887,683
Movements in deferred tax liabilities	74,311	1,318,750	0	0
<b>c. Net cash from/ (used in) operating activities (a + b)</b>	<b>34,658,385</b>	<b>29,620,344</b>	<b>10,038,315</b>	<b>6,741,307</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			<b>0</b>	<b>0</b>
<b>a. Cash inflows from investing activities</b>	<b>751,133,616</b>	<b>910,127,636</b>	<b>611,599,378</b>	<b>757,705,510</b>
Cash inflows from interest from investing activities	42,763,458	52,353,502	30,917,232	39,963,518
Cash inflows from dividends received and profit sharing	3,793,524	8,302,639	7,221,166	7,265,191
Cash inflows from the disposal of intangible assets	0	0	0	0
Cash inflows from the disposal of property, plant and equipment	6,284,354	2,803,858	5,520,161	443,174
Cash inflows from the disposal of financial investments	698,292,280	846,667,637	567,940,819	710,033,627
- Cash inflows from the disposal of investments in subsidiaries and associates	0	0	0	3,015,580
- Other cash inflows from disposal of financial investments	698,292,280	846,667,637	567,940,818	707,018,048
<b>b. Cash outflows from investing activities</b>	<b>-676,691,707</b>	<b>-866,301,326</b>	<b>-523,605,909</b>	<b>-695,669,201</b>
Cash outflows for the purchase of intangible assets	-4,129,919	-2,985,361	-2,076,097	-1,872,599
Cash outflows for the purchase of property, plant and equipment	-11,228,371	-4,317,304	-6,312,632	-2,101,964
Cash outflows for the purchase of financial investments	-661,333,417	-858,998,661	-515,217,180	-691,694,638
- Cash outflows for the purchase of investments in subsidiaries and associates	-11,608,136	-7,899,993	-20,728,038	-5,472,080
- Other cash outflows to acquire financial investments	-649,725,281	-851,098,668	-494,489,142	-686,222,558
<b>c. Net cash from/ (used in) investing activities (a + b)</b>	<b>74,441,909</b>	<b>43,826,310</b>	<b>87,993,469</b>	<b>62,036,309</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			<b>0</b>	<b>0</b>
<b>a. Cash inflows from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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>b. Cash outflows from financing activities</b>	<b>-58,123,127</b>	<b>-60,353,620</b>	<b>-58,081,823</b>	<b>-58,097,663</b>
Cash outflows for paid interest	-1,227,366	-1,227,366	-1,227,366	-1,227,366
Cash outflows for purchase of treasury shares	0	-2,349,109	0	0
Cash outflows for capital repayment	0	0	0	0
Cash outflows for payments of long-term financial liabilities	0	0	0	0
Cash outflows for payments of short-term financial liabilities	0	0	0	0
Cash outflows from dividends paid and profit sharing	-56,895,761	-56,777,145	-56,854,457	-56,870,297
<b>c. Net cash from/ (used in) financing activities (a + b)</b>	<b>-58,123,127</b>	<b>-60,353,620</b>	<b>-58,081,823</b>	<b>-58,097,663</b>
<b>D. Closing balance of cash and cash equivalents</b>	<b>129,394,568</b>	<b>78,871,376</b>	<b>75,464,707</b>	<b>38,333,599</b>
<b>E1. Net cash flow for the period</b>	<b>50,977,167</b>	<b>13,093,034</b>	<b>39,949,961</b>	<b>10,679,953</b>
<b>E3. Foreign exchange differences</b>	<b>-446</b>	<b>63,868</b>	<b>0</b>	<b>0</b>
<b>F. Opening balance of cash and cash equivalents</b>	<b>78,417,847</b>	<b>65,714,474</b>	<b>35,514,746</b>	<b>27,653,646</b>

## 2. Selected notes to the financial statements

### 2.1 Statement of compliance

The financial statements for the period from 1 January 2018 to 30 September 2018 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

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

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

The financial statements for the period from 1 January 2018 to 30 September 2018 have not been audited.

### 2.2 Significant accounting policies and estimates

The same accounting policies as for the preparation of the annual financial statements for 2017 were used for the preparation of the financial statements for the period from 1 January 2018 to 30 September 2018.

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

The tax expense calculation for the period from 1 January 2018 to 30 September 2018 was made by applying the average effective tax rate of 2017.

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

### 2.3 Seasonal operations

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

## **2.4 Segmental analysis of the Triglav Group operations**

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
BY SEGMENT**

30 September 2018

	Non-life	Life	Health	Other	TOTAL NON- CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
<b>ASSETS</b>	<b>1,849,629,886</b>	<b>2,021,187,439</b>	<b>58,403,463</b>	<b>195,302,974</b>	<b>4,124,523,762</b>	<b>-371,476,359</b>	<b>3,753,047,403</b>
Intangible assets	80,528,731	3,339,602	1,236,698	2,774,634	87,879,665	0	87,879,665
Property, plant and equipment	92,592,840	10,199,595	1,455,582	8,247,533	112,495,550		112,495,550
Deferred tax assets	11,869,029	183,128	188,489	269,835	12,510,481		12,510,481
Investment property	48,079,463	2,362,060	0	34,743,582	85,185,105	5,363,971	90,549,076
Investments in subsidiaries	126,180,341	15,104,174	0	75,771,460	217,055,975	-217,055,975	0
Investments in associates	11,489,216	569,984	0	1,769,457	13,828,657	0	13,828,657
Financial assets	984,552,632	1,925,374,345	47,273,474	45,796,406	3,002,996,857	-25,541,638	2,977,455,219
Financial investments:	984,552,632	1,477,247,031	47,273,474	45,796,406	2,554,869,543	-25,541,638	2,529,327,905
- loans and deposits	89,006,137	82,305,922	339,107	12,598,204	184,249,370	-20,392,393	163,856,977
- held to maturity	0	198,165,612	0	0	198,165,612	0	198,165,612
- available for sale	886,493,105	762,728,412	46,934,367	33,198,202	1,729,354,086	-4,649,706	1,724,704,380
- recognised at fair value through profit and loss	9,053,390	434,047,085	0	0	443,100,475	-499,539	442,600,936
Unit-linked insurance assets	0	448,127,314	0	0	448,127,314	0	448,127,314
Reinsurers' share of technical provisions	197,005,991	12,817	1,555,550	0	198,574,358	-98,938,830	99,635,528
Receivables	238,174,885	5,140,949	5,528,646	8,594,183	257,438,663	-35,214,852	222,223,811
- receivables from direct insurance operations	117,989,469	659,014	4,791,359	45,062	123,484,904	-175,115	123,309,789
- receivables from reinsurance and co-insurance operations	81,104,286	9,234	105,967	0	81,219,487	-32,068,996	49,150,491
- current tax receivables	848,569	154	0	46,231	894,954	0	894,954
- other receivables	38,232,561	4,472,547	631,320	8,502,890	51,839,318	-2,970,741	48,868,577
Other assets	4,027,002	111,346	120,999	629,442	4,888,789	-89,035	4,799,754
Cash and cash equivalents	55,129,756	58,789,439	1,044,025	14,431,348	129,394,568	0	129,394,568
Non-current assets held for sale	0	0	0	2,275,094	2,275,094	0	2,275,094
<b>EQUITY AND LIABILITIES</b>	<b>1,849,629,886</b>	<b>2,021,187,439</b>	<b>58,403,463</b>	<b>195,302,974</b>	<b>4,124,523,762</b>	<b>-371,476,359</b>	<b>3,753,047,403</b>
Equity	591,154,169	153,027,303	33,163,862	173,718,891	951,064,225	-214,676,180	736,388,045
Controlling interests	591,154,169	153,027,303	33,163,862	173,718,891	951,064,225	-217,211,530	733,852,695
- share capital	114,718,513	48,091,866	25,822,144	102,410,383	291,042,906	-217,341,514	73,701,392
- share premium	43,048,225	13,658,827	0	20,674,548	77,381,600	-26,630,677	50,750,923
- reserves from profit	283,812,741	47,163,394	344,643	1,743,966	333,064,744	927,125	333,991,869
- 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	51,626,031	10,257,388	1,102,641	15,862,812	78,848,872	-1,560,157	77,288,715
- net profit brought forward	51,025,361	24,526,783	3,190,158	25,290,204	104,032,506	38,387,557	142,420,063
- net profit for the year	48,975,868	10,000,307	2,704,276	7,771,660	69,452,111	-10,971,265	58,480,846
- currency translation differences	-2,052,570	-671,262	0	-34,682	-2,758,514	-22,599	-2,781,113
Non-controlling interests	0	0	0	0	0	2,535,350	2,535,350
Subordinated liabilities	10,775,654	9,833,316	1,500,000	0	22,108,970	-6,649,246	15,459,724
Insurance technical provisions	1,062,225,000	1,380,723,669	17,001,430	0	2,459,950,099	-94,405,405	2,365,544,694
- unearned premiums	350,609,128	400,145	3,095,395	0	354,104,668	-22,301,264	331,803,404
- mathematical provisions	0	1,353,721,673	0	0	1,353,721,673	4,000,000	1,357,721,673
- claims provisions	684,592,033	21,292,638	10,799,338	0	716,684,009	-74,842,865	641,841,144
- other insurance technical provisions	27,023,839	5,309,213	3,106,697	0	35,439,749	-1,261,276	34,178,473
Insurance technical provisions for unit-linked insurance contracts	0	446,385,692	0	0	446,385,692	0	446,385,692
Employee benefits	10,772,954	2,056,439	480,519	630,118	13,940,030	0	13,940,030
Other provisions	1,601,656	1,085,234	89,095	368,172	3,144,157	0	3,144,157
Deferred tax liabilities	11,932,584	4,244,549	0	3,723,036	19,900,169	0	19,900,169
Other financial liabilities	24,557,192	8,639,381	73,937	1,214,507	34,485,017	-2,307,380	32,177,637
Operating liabilities	75,964,140	8,626,687	2,323,750	126,962	87,041,539	-32,548,960	54,492,579
- liabilities from direct insurance operations	11,770,869	8,488,382	1,880,032	0	22,139,283	-459,479	21,679,804
- liabilities from reinsurance and co-insurance operations	62,520,072	138,305	152,894	0	62,811,271	-32,089,481	30,721,790
- current tax liabilities	1,673,199	0	290,824	126,962	2,090,985	0	2,090,985
Other liabilities	60,646,537	6,565,169	3,770,870	15,521,288	86,503,864	-20,889,188	65,614,676
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
BY SEGMENT**

31 December 2017

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

## STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

30 September 2018

	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
<b>ASSETS</b>	<b>3,697,237,756</b>	<b>427,286,006</b>	<b>4,124,523,762</b>	<b>-371,476,359</b>	<b>3,753,047,403</b>
Intangible assets	70,979,899	16,899,766	87,879,665	0	87,879,665
Property, plant and equipment	73,944,044	38,551,506	112,495,550	0	112,495,550
Deferred tax assets	12,098,468	412,013	12,510,481	0	12,510,481
Investment property	73,290,220	11,894,885	85,185,105	5,363,971	90,549,076
Investments in subsidiaries	209,482,218	7,573,757	217,055,975	-217,055,975	0
Investments in associates	13,828,657	0	13,828,657	0	13,828,657
Financial assets	2,766,257,049	236,739,808	3,002,996,857	-25,541,638	2,977,455,219
Financial investments:	2,337,421,375	217,448,168	2,554,869,543	-25,541,638	2,529,327,905
- loans and deposits	138,786,709	45,462,661	184,249,370	-20,392,393	163,856,977
- held to maturity	182,002,854	16,162,758	198,165,612	0	198,165,612
- available for sale	1,581,645,826	147,708,260	1,729,354,086	-4,649,706	1,724,704,380
- recognised at fair value through profit and loss	434,985,986	8,114,489	443,100,475	-499,539	442,600,936
Unit-linked insurance assets	428,835,674	19,291,640	448,127,314	0	448,127,314
Reinsurers' share of technical provisions	164,188,417	34,385,941	198,574,358	-98,938,830	99,635,528
Receivables	195,613,992	61,824,671	257,438,663	-35,214,852	222,223,811
- receivables from direct insurance operations	85,188,963	38,295,941	123,484,904	-175,115	123,309,789
- receivables from reinsurance and co-insurance operations	72,187,203	9,032,284	81,219,487	-32,068,996	49,150,491
- current tax receivables	605,172	289,782	894,954	0	894,954
- other receivables	37,632,654	14,206,664	51,839,318	-2,970,741	48,868,577
Other assets	2,860,146	2,028,643	4,888,789	-89,035	4,799,754
Cash and cash equivalents	113,937,873	15,456,695	129,394,568	0	129,394,568
Non-current assets held for sale	756,773	1,518,321	2,275,094	0	2,275,094
<b>EQUITY AND LIABILITIES</b>	<b>3,697,237,756</b>	<b>427,286,006</b>	<b>4,124,523,762</b>	<b>-371,476,359</b>	<b>3,753,047,403</b>
Equity	837,305,446	113,758,779	951,064,225	-214,676,180	736,388,045
Controlling interests	837,305,446	113,758,779	951,064,225	-217,211,530	733,852,695
- share capital	193,083,890	97,959,016	291,042,906	-217,341,514	73,701,392
- share premium	75,825,057	1,556,543	77,381,600	-26,630,677	50,750,923
- reserves from profit	322,984,278	10,080,466	333,064,744	927,125	333,991,869
- treasury share reserves	0	0	0	364,680	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	70,189,499	8,659,373	78,848,872	-1,560,157	77,288,715
- net profit brought forward	110,175,705	-6,143,199	104,032,506	38,387,557	142,420,063
- net profit for the year	65,047,017	4,405,094	69,452,111	-10,971,265	58,480,846
- currency translation differences	0	-2,758,514	-2,758,514	-22,599	-2,781,113
Non-controlling interests	0	0	0	2,535,350	2,535,350
Subordinated liabilities	22,108,970	0	22,108,970	-6,649,246	15,459,724
Insurance technical provisions	2,221,378,298	238,571,801	2,459,950,099	-94,405,405	2,365,544,694
- unearned premiums	274,441,878	79,662,790	354,104,668	-22,301,264	331,803,404
- mathematical provisions	1,289,299,596	64,422,077	1,353,721,673	4,000,000	1,357,721,673
- claims provisions	626,051,553	90,632,456	716,684,009	-74,842,865	641,841,144
- other insurance technical provisions	31,585,271	3,854,478	35,439,749	-1,261,276	34,178,473
Insurance technical provisions for unit-linked insurance contracts	427,332,471	19,053,221	446,385,692	0	446,385,692
Employee benefits	12,139,127	1,800,903	13,940,030	0	13,940,030
Other provisions	2,177,003	967,154	3,144,157	0	3,144,157
Deferred tax liabilities	18,531,782	1,368,387	19,900,169	0	19,900,169
Other financial liabilities	29,730,701	4,754,316	34,485,017	-2,307,380	32,177,637
Operating liabilities	67,035,473	20,006,066	87,041,539	-32,548,960	54,492,579
- liabilities from direct insurance operations	14,210,331	7,928,952	22,139,283	-459,479	21,679,804
- liabilities from reinsurance and co-insurance operations	50,825,779	11,985,492	62,811,271	-32,089,481	30,721,790
- current tax liabilities	1,999,363	91,622	2,090,985	0	2,090,985
Other liabilities	59,498,485	27,005,379	86,503,864	-20,889,188	65,614,676
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0



## STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

31 December 2017

	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
<b>ASSETS</b>	<b>3,614,478,901</b>	<b>402,552,981</b>	<b>4,017,031,882</b>	<b>-342,355,689</b>	<b>3,674,676,193</b>
Intangible assets	64,429,076	14,411,536	78,840,612	0	78,840,612
Property, plant and equipment	73,583,739	37,626,698	111,210,437	0	111,210,437
Deferred tax assets	13,357,451	411,664	13,769,115	0	13,769,115
Investment property	76,402,270	12,241,242	88,643,512	5,363,971	94,007,483
Investments in subsidiaries	195,617,238	7,275,780	202,893,018	-202,893,018	0
Investments in associates	6,449,324	0	6,449,324	0	6,449,324
Financial assets	2,830,737,860	239,918,694	3,070,656,554	-32,569,806	3,038,086,748
Financial investments:	2,399,932,370	220,488,140	2,620,420,510	-32,569,806	2,587,850,704
- loans and deposits	111,821,768	40,850,478	152,672,246	-27,420,759	125,251,487
- held to maturity	203,560,517	17,830,059	221,390,576	0	221,390,576
- available for sale	1,663,292,719	156,680,708	1,819,973,427	-4,649,527	1,815,323,900
- recognised at fair value through profit and loss	421,257,366	5,126,895	426,384,261	-499,520	425,884,741
Unit-linked insurance assets	430,805,490	19,430,554	450,236,044	0	450,236,044
Reinsurers' share of technical provisions	141,119,147	23,982,963	165,102,110	-81,286,534	83,815,576
Receivables	145,898,870	48,828,707	194,727,577	-30,849,223	163,878,354
- receivables from direct insurance operations	59,122,562	26,749,924	85,872,486	-149,994	85,722,492
- receivables from reinsurance and co-insurance operations	62,936,521	7,779,467	70,715,988	-25,776,286	44,939,702
- current tax receivables	4,457	27,754	32,211	0	32,211
- other receivables	23,835,330	14,271,562	38,106,892	-4,922,943	33,183,949
Other assets	2,245,426	1,797,910	4,043,336	-121,079	3,922,257
Cash and cash equivalents	63,881,727	14,536,120	78,417,847	0	78,417,847
Non-current assets held for sale	756,773	2,521,667	2,278,440	0	2,278,440
<b>EQUITY AND LIABILITIES</b>	<b>3,614,478,901</b>	<b>402,552,981</b>	<b>4,017,031,882</b>	<b>-342,355,689</b>	<b>3,674,676,193</b>
Equity	842,431,956	112,712,330	955,144,286	-198,498,603	756,645,683
Controlling interests	842,431,956	112,712,330	955,144,286	-205,306,042	749,838,244
- share capital	183,918,127	96,397,709	280,315,836	-206,614,444	73,701,392
- share premium	75,913,505	1,556,543	77,470,048	-27,066,392	50,403,656
- reserves from profit	322,949,553	9,356,482	332,306,035	1,101,038	333,407,073
- fair value reserve	88,222,900	8,838,235	97,061,135	-1,662,899	95,398,236
- net profit brought forward	128,992,839	-3,904,867	125,087,972	35,560,020	160,647,992
- net profit for the year	42,435,032	3,152,627	45,587,659	-6,453,704	39,133,955
- currency translation differences	0	-2,684,399	-2,684,399	-169,661	-2,854,060
Non-controlling interests	0	0	0	6,807,439	6,807,439
Subordinated liabilities	22,108,180	0	22,108,180	-6,649,048	15,459,132
Insurance technical provisions	2,139,794,923	222,126,698	2,361,921,621	-79,220,595	2,282,701,026
- unearned premiums	223,888,442	69,047,539	292,935,981	-14,823,262	278,112,719
- mathematical provisions	1,269,100,045	62,098,363	1,331,198,408	1,856,981	1,333,055,389
- claims provisions	617,489,746	87,238,281	704,728,027	-66,254,314	638,473,713
- other insurance technical provisions	29,316,690	3,742,515	33,059,205	0	33,059,205
Insurance technical provisions for unit-linked insurance contracts	430,052,242	19,492,322	449,544,564	0	449,544,565
Employee benefits	11,920,963	2,058,880	13,979,843	0	13,979,843
Other provisions	2,351,028	1,443,619	3,794,647	0	3,794,647
Deferred tax liabilities	24,957,195	1,439,384	26,396,579	0	26,396,579
Other financial liabilities	10,009,188	5,415,316	15,424,504	-9,835,123	5,589,381
Operating liabilities	64,669,856	11,273,259	75,943,115	-26,561,513	49,381,602
- liabilities from direct insurance operations	15,840,323	3,655,225	19,495,548	-620,225	18,875,323
- liabilities from reinsurance and co-insurance operations	47,201,500	7,497,946	54,699,446	-25,941,288	28,758,158
- current tax liabilities	1,628,033	120,088	1,748,121	0	1,748,121
Other liabilities	66,183,370	26,591,173	92,774,543	-21,590,808	71,183,735
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

## CONSOLIDATED INCOME STATEMENT BY SEGMENT

Q1-3 2018

	Non-life	Life	Health	Other	TOTAL
<b>NET PREMIUM INCOME</b>	<b>433,236,339</b>	<b>165,068,783</b>	<b>105,512,458</b>	<b>0</b>	<b>703,817,580</b>
- gross written premium	549,138,877	165,075,089	105,971,319	0	820,185,285
- ceded written premium	-83,917,263	-45,406	0	0	-83,962,669
- change in unearned premium reserve	-31,985,275	39,100	-458,861	0	-32,405,036
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>202,505</b>	<b>0</b>	<b>0</b>	<b>600,523</b>	<b>803,028</b>
- profit on equity investments accounted for using the equity method	202,505	0	0	600,523	803,028
- other income from investments in subsidiaries and associates	0	0	0	0	0
<b>INCOME FROM INVESTMENTS</b>	<b>28,041,359</b>	<b>51,865,595</b>	<b>519,209</b>	<b>60,429</b>	<b>80,486,592</b>
- interest income calculated using the effective interest method	12,340,338	28,086,622	489,836	42,150	40,958,946
- gains on disposals	11,216,565	6,713,490	29,358	0	17,959,413
- other income from investments	4,484,456	17,065,483	15	18,279	21,568,233
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>22,926,016</b>	<b>77,783</b>	<b>31,692</b>	<b>0</b>	<b>23,035,491</b>
- fees and commission income	12,498,741	51,449	0	0	12,550,190
- other income from insurance operations	10,427,275	26,334	31,692	0	10,485,301
<b>OTHER INCOME</b>	<b>5,514,061</b>	<b>60,995</b>	<b>59,233</b>	<b>20,980,122</b>	<b>26,614,411</b>
<b>NET CLAIMS INCURRED</b>	<b>253,210,467</b>	<b>127,580,921</b>	<b>90,827,895</b>	<b>0</b>	<b>471,619,283</b>
- gross claims settled	284,003,377	125,744,538	85,631,654	0	495,379,569
- reinsurers' share	-27,098,784	0	0	0	-27,098,784
- changes in claims provisions	-3,694,126	1,836,383	866,801	0	-990,942
- equalisation scheme expenses for supplementary health insurance	0	0	4,329,440	0	4,329,440
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>331,268</b>	<b>34,381,904</b>	<b>834,761</b>	<b>0</b>	<b>35,547,933</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>-3,002,010</b>	<b>0</b>	<b>0</b>	<b>-3,002,010</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>6,056,631</b>	<b>52,402</b>	<b>0</b>	<b>0</b>	<b>6,109,033</b>
<b>CHANGE IN FINANCIAL CONTRACT LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSES</b>	<b>135,923,413</b>	<b>25,286,844</b>	<b>9,888,206</b>	<b>0</b>	<b>171,098,463</b>
- acquisition costs	99,084,752	14,380,461	3,392,035	0	116,857,248
- other operating costs	36,838,661	10,906,383	6,496,171	0	54,241,215
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>7,062</b>	<b>138,253</b>	<b>0</b>	<b>0</b>	<b>145,315</b>
- loss on investments accounted for using the equity method	7,062	138,253	0	0	145,315
- other expenses from financial assets and liabilities	0	0	0	0	0
<b>EXPENSES FROM INVESTMENTS</b>	<b>8,408,866</b>	<b>20,187,611</b>	<b>37,273</b>	<b>55,533</b>	<b>28,689,283</b>
- loss on impairment of investments	891,199	315,688	0	0	1,206,887
- loss on disposal of investments	3,610,257	4,442,036	7,554	53,723	8,113,570
- other expenses from investments	3,907,410	15,429,887	29,719	1,810	19,368,826
<b>OTHER INSURANCE EXPENSES</b>	<b>23,170,205</b>	<b>235,117</b>	<b>427,332</b>	<b>0</b>	<b>23,832,654</b>
<b>OTHER EXPENSES</b>	<b>9,091,172</b>	<b>1,879,151</b>	<b>2,087</b>	<b>19,883,582</b>	<b>30,855,992</b>
- expenses from financing	423,815	423,506	0	3,091	850,412
- other expenses	8,667,357	1,455,645	2,087	19,880,491	30,005,580
<b>PROFIT BEFORE TAX</b>	<b>53,721,196</b>	<b>10,332,963</b>	<b>4,105,038</b>	<b>1,701,959</b>	<b>69,861,156</b>
Income tax expense	7,936,111	1,788,284	290,824	1,042,537	11,057,756
<b>NET PROFIT FOR THE PERIOD</b>	<b>45,785,085</b>	<b>8,544,679</b>	<b>3,814,214</b>	<b>659,422</b>	<b>58,803,400</b>
Net profit/loss attributable to the controlling company	45,469,590	8,533,607	3,814,214	663,435	58,480,846
Net profit/loss attributable to the non-controlling interest holders	315,495	11,072	0	-4,013	322,554

## CONSOLIDATED INCOME STATEMENT BY SEGMENT

Q1-3 2017

	Non-life	Life	Health	Other	TOTAL
<b>NET PREMIUM INCOME</b>	<b>404,870,988</b>	<b>163,027,685</b>	<b>96,156,957</b>	<b>0</b>	<b>664,055,630</b>
- gross written premium	517,546,898	162,999,344	96,536,166	0	777,082,408
- ceded written premium	-79,278,096	-39,055	0	0	-79,317,151
- change in unearned premium reserve	-33,397,814	67,396	-379,209	0	-33,709,627
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>71,086</b>	<b>0</b>	<b>0</b>	<b>95,097</b>	<b>166,183</b>
- profit on equity investments accounted for using the equity method	71,086	0	0	95,097	166,183
- other income from investments in subsidiaries and associates	0	0	0	0	0
<b>INCOME FROM INVESTMENTS</b>	<b>29,069,814</b>	<b>67,561,710</b>	<b>766,148</b>	<b>586,835</b>	<b>97,984,507</b>
- interest income calculated using the effective interest method	14,725,886	28,489,656	521,655	30,923	43,768,120
- gains on disposals	10,039,631	13,572,736	244,090	10,176	23,866,633
- other income from investments	4,304,297	25,499,318	403	545,736	30,349,754
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>22,617,105</b>	<b>118,858</b>	<b>30,988</b>	<b>0</b>	<b>22,766,951</b>
- fees and commission income	13,096,512	86,469	0	0	13,182,981
- other income from insurance operations	9,520,593	32,389	30,988	0	9,583,970
<b>OTHER INCOME</b>	<b>4,922,163</b>	<b>51,926</b>	<b>21,231</b>	<b>19,826,962</b>	<b>24,822,282</b>
<b>NET CLAIMS INCURRED</b>	<b>248,452,591</b>	<b>138,958,536</b>	<b>81,746,035</b>	<b>0</b>	<b>469,157,162</b>
- gross claims settled	252,187,448	137,943,139	77,250,876	0	467,381,463
- reinsurers' share	-15,335,538	-300	0	0	-15,335,838
- changes in claims provisions	11,600,681	1,015,697	12,550	0	12,628,928
- equalisation scheme expenses for supplementary health insurance	0	0	4,482,609	0	4,482,609
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>851,926</b>	<b>39,763,114</b>	<b>1,023,595</b>	<b>0</b>	<b>41,638,635</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>-6,202,637</b>	<b>0</b>	<b>0</b>	<b>-6,202,637</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>4,955,791</b>	<b>13,876</b>	<b>0</b>	<b>0</b>	<b>4,969,667</b>
<b>OPERATING EXPENSES</b>	<b>128,917,685</b>	<b>23,926,914</b>	<b>8,363,819</b>	<b>0</b>	<b>161,208,418</b>
- acquisition costs	92,969,148	13,949,180	2,514,792	0	109,433,120
- other operating costs	35,948,537	9,977,734	5,849,027	0	51,775,298
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>69,134</b>	<b>43,510</b>	<b>0</b>	<b>210,328</b>	<b>322,972</b>
- loss on investments accounted for using the equity method	69,133	43,510	0	210,328	322,972
- other expenses from financial assets and liabilities	1	0	0	0	0
<b>EXPENSES FROM INVESTMENTS</b>	<b>10,691,894</b>	<b>12,553,188</b>	<b>92,241</b>	<b>109,958</b>	<b>23,447,281</b>
- loss on impairment of investments	50,748	21,612	0	0	72,360
- loss on disposal of investments	3,781,284	4,695,033	64,910	107,474	8,648,701
- other expenses from investments	6,859,862	7,836,543	27,331	2,484	14,726,220
<b>OTHER INSURANCE EXPENSES</b>	<b>21,402,398</b>	<b>200,725</b>	<b>340,827</b>	<b>0</b>	<b>21,943,950</b>
<b>OTHER EXPENSES</b>	<b>8,455,175</b>	<b>1,641,228</b>	<b>994</b>	<b>18,672,597</b>	<b>28,769,994</b>
- expenses from financing	845,996	455,274	0	2,156	1,303,426
- other expenses	7,609,179	1,185,953	994	18,670,441	27,466,568
<b>PROFIT BEFORE TAX</b>	<b>37,754,564</b>	<b>19,861,726</b>	<b>5,407,813</b>	<b>1,516,011</b>	<b>64,540,114</b>
Income tax expense	8,610,727	2,373,628	325,839	914,059	12,224,253
<b>NET PROFIT FOR THE PERIOD</b>	<b>29,143,837</b>	<b>17,488,098</b>	<b>5,081,974</b>	<b>601,952</b>	<b>52,315,861</b>
Net profit/loss attributable to the controlling company	28,834,244	17,295,969	5,081,974	551,551	51,763,738
Net profit/loss attributable to the non-controlling interest holders	309,593	192,129	0	50,401	552,123

in EUR

**CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA**

	<b>Q1-3 2018</b>		
	<b>Slovenia</b>	<b>Other</b>	<b>TOTAL</b>
<b>NET PREMIUM INCOME</b>	<b>574,205,134</b>	<b>129,612,446</b>	<b>703,817,580</b>
- gross written premium	670,131,888	150,053,397	820,185,285
- ceded written premium	-69,826,350	-14,136,319	-83,962,669
- change in unearned premium reserve	-26,100,404	-6,304,632	-32,405,036
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>803,028</b>	<b>0</b>	<b>803,028</b>
- profit on equity investments accounted for using the equity method	803,028	0	803,028
- other income from investments in subsidiaries and associates	0	0	0
<b>INCOME FROM INVESTMENTS</b>	<b>73,759,387</b>	<b>6,727,205</b>	<b>80,486,592</b>
- interest income calculated using the effective interest method	35,999,073	4,959,873	40,958,946
- gains on disposals	17,299,779	659,634	17,959,413
- other income from investments	20,460,535	1,107,698	21,568,233
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>18,718,213</b>	<b>4,317,278</b>	<b>23,035,491</b>
- fees and commission income	11,677,576	872,614	12,550,190
- other income from insurance operations	7,040,637	3,444,664	10,485,301
<b>OTHER INCOME</b>	<b>21,689,132</b>	<b>4,925,279</b>	<b>26,614,411</b>
<b>NET CLAIMS INCURRED</b>	<b>394,951,391</b>	<b>76,667,892</b>	<b>471,619,283</b>
- gross claims settled	416,704,903	78,674,666	495,379,569
- reinsurers' share	-22,427,075	-4,671,709	-27,098,784
- changes in claims provisions	-3,655,877	2,664,935	-990,942
- equalisation scheme expenses for supplementary health insurance	4,329,440	0	4,329,440
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>33,298,116</b>	<b>2,249,817</b>	<b>35,547,933</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-2,547,711</b>	<b>-454,299</b>	<b>-3,002,010</b>
<b>EXPENSES FOR BONUS AND DISCOUNTS</b>	<b>5,229,085</b>	<b>879,948</b>	<b>6,109,033</b>
<b>CHANGE IN FINANCIAL CONTRACT LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSES</b>	<b>122,318,818</b>	<b>48,779,645</b>	<b>171,098,463</b>
- acquisition costs	82,509,332	34,347,916	116,857,248
- other operating costs	39,809,486	14,431,729	54,241,215
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>145,315</b>	<b>0</b>	<b>145,315</b>
- loss on investments accounted for using the equity method	145,315	0	145,315
- other expenses from financial assets and liabilities	0	0	0
<b>EXPENSES FROM INVESTMENTS</b>	<b>26,481,818</b>	<b>2,207,465</b>	<b>28,689,283</b>
- loss on impairment of investments	1,191,870	15,017	1,206,887
- loss on disposal of investments	7,807,147	306,423	8,113,570
- other expenses from investments	17,482,801	1,886,025	19,368,826
<b>OTHER INSURANCE EXPENSES</b>	<b>19,241,555</b>	<b>4,591,099</b>	<b>23,832,654</b>
<b>OTHER EXPENSES</b>	<b>23,643,883</b>	<b>7,212,109</b>	<b>30,855,992</b>
- expenses from financing	799,523	50,889	850,412
- other expenses	22,844,360	7,161,220	30,005,580
<b>PROFIT BEFORE TAX</b>	<b>66,412,624</b>	<b>3,448,532</b>	<b>69,861,156</b>
Income tax expense	10,975,744	82,012	11,057,756
<b>NET PROFIT FOR THE PERIOD</b>	<b>55,436,880</b>	<b>3,366,520</b>	<b>58,803,400</b>
Net profit/loss attributable to the controlling company	55,441,866	3,038,980	58,480,846
Net profit/loss attributable to the non-controlling interest holders	-4,986	327,540	322,554

in EUR

**CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA**

	<b>Q1-3 2017</b>		
	<b>Slovenia</b>	<b>Other</b>	<b>TOTAL</b>
<b>NET PREMIUM INCOME</b>	<b>545,506,878</b>	<b>118,548,752</b>	<b>664,055,630</b>
- gross written premium	638,692,435	138,389,973	777,082,408
- ceded written premium	-66,012,653	-13,304,498	-79,317,151
- change in unearned premium reserve	-27,172,904	-6,536,723	-33,709,627
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>166,183</b>	<b>0</b>	<b>166,183</b>
- profit on equity investments accounted for using the equity method	166,183	0	166,183
- other income from investments in subsidiaries and associates	0	0	0
<b>INCOME FROM INVESTMENTS</b>	<b>89,044,660</b>	<b>8,939,847</b>	<b>97,984,507</b>
- interest income calculated using the effective interest method	37,598,312	6,169,808	43,768,120
- gains on disposals	23,366,344	500,289	23,866,633
- other income from investments	28,080,004	2,269,750	30,349,754
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>18,599,258</b>	<b>4,167,693</b>	<b>22,766,951</b>
- fees and commission income	11,912,042	1,270,939	13,182,981
- other income from insurance operations	6,687,216	2,896,754	9,583,970
<b>OTHER INCOME</b>	<b>19,481,695</b>	<b>5,340,587</b>	<b>24,822,282</b>
<b>NET CLAIMS INCURRED</b>	<b>406,153,032</b>	<b>63,004,130</b>	<b>469,157,162</b>
- gross claims settled	404,929,546	62,451,917	467,381,463
- reinsurers' share	-10,907,182	-4,428,656	-15,335,838
- changes in claims provisions	7,648,059	4,980,869	12,628,928
- equalisation scheme expenses for supplementary health insurance	4,482,609	0	4,482,609
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>37,945,813</b>	<b>3,692,822</b>	<b>41,638,635</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-6,730,616</b>	<b>527,979</b>	<b>-6,202,637</b>
<b>EXPENSES FOR BONUS AND DISCOUNTS</b>	<b>4,135,869</b>	<b>833,798</b>	<b>4,969,667</b>
<b>CHANGE IN FINANCIAL CONTRACT LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSES</b>	<b>115,884,156</b>	<b>45,324,262</b>	<b>161,208,418</b>
- acquisition costs	78,451,254	30,981,866	109,433,120
- other operating costs	37,432,902	14,342,396	51,775,298
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>322,972</b>	<b>0</b>	<b>322,972</b>
- loss on investments accounted for using the equity method	322,972	0	322,972
- other expenses from financial assets and liabilities	0	0	0
<b>EXPENSES FROM INVESTMENTS</b>	<b>21,482,277</b>	<b>1,965,004</b>	<b>23,447,281</b>
- loss on impairment of investments	0	72,360	72,360
- loss on disposal of investments	8,648,572	129	8,648,701
- other expenses from investments	12,833,705	1,892,515	14,726,220
<b>OTHER INSURANCE EXPENSES</b>	<b>17,178,931</b>	<b>4,765,019</b>	<b>21,943,950</b>
<b>OTHER EXPENSES</b>	<b>21,832,654</b>	<b>6,937,340</b>	<b>28,769,994</b>
- expenses from financing	1,057,425	246,001	1,303,426
- other expenses	20,775,229	6,691,338	27,466,568
<b>PROFIT BEFORE TAX</b>	<b>54,593,587</b>	<b>9,946,527</b>	<b>64,540,114</b>
Income tax expense	12,143,596	80,657	12,224,253
<b>NET PROFIT FOR THE PERIOD</b>	<b>42,449,991</b>	<b>9,865,870</b>	<b>52,315,861</b>
Net profit/loss attributable to the controlling company	42,286,158	9,477,580	51,763,738
Net profit/loss attributable to the non-controlling interest holders	163,833	388,290	552,123

## 2.5 Segmental analysis of Zavarovalnica Triglav's operations

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

in EUR

STATEMENT OF FINANCIAL POSITION BY SEGMENT	30 September 2018			31 December 2017		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
<b>ASSETS</b>	<b>1,268,836,784</b>	<b>1,571,778,373</b>	<b>2,840,615,157</b>	<b>1,234,239,636</b>	<b>1,571,072,810</b>	<b>2,805,312,446</b>
Intangible assets	62,694,627	3,185,985	65,880,612	56,888,236	2,898,047	59,786,283
Property, plant and equipment	59,677,119	8,298,065	67,975,184	58,868,140	8,658,635	67,526,775
Deferred tax assets	11,497,052	143,092	11,640,144	12,623,125	340,249	12,963,374
Investment property	43,948,208	1,220,309	45,168,517	46,974,353	1,240,048	48,214,401
Investments in subsidiaries	118,792,669	13,145,998	131,938,667	109,621,939	8,545,998	118,167,937
Investments in associates	16,959,355	0	16,959,355	10,002,047	0	10,002,047
Financial assets	681,451,182	1,512,085,673	2,193,536,856	754,881,568	1,523,724,547	2,278,606,115
Financial investments:	681,451,182	1,102,325,305	1,783,776,487	754,881,568	1,106,116,588	1,860,998,156
- loans and deposits	49,054,270	60,932,076	109,986,346	39,631,423	51,797,172	91,428,595
- held to maturity	0	158,952,579	158,952,579	0	166,993,807	166,993,807
- available for sale	630,744,678	683,205,651	1,313,950,329	713,379,512	687,273,476	1,400,652,988
- recognised at fair value through profit and loss	1,652,234	199,234,999	200,887,233	1,870,633	200,052,133	201,922,766
Unit-linked insurance assets	0	409,760,368	409,760,368	0	417,607,959	417,607,959
Reinsurers' share of technical provisions	100,221,104	12,147	100,233,251	85,295,285	32,360	85,327,645
Receivables	126,524,098	2,910,190	129,434,288	84,107,305	3,102,644	87,209,949
- receivables from direct insurance operations	79,990,084	401,939	80,392,023	54,345,318	386,535	54,731,853
- receivables from reinsurance and co-insurance operations	16,523,750	9,234	16,532,984	13,786,820	102,972	13,889,792
- current tax receivables	0	0	0	0	0	0
- other receivables	30,010,264	2,499,017	32,509,281	15,975,167	2,613,137	18,588,304
Other assets	2,319,622	63,955	2,383,577	1,990,130	3,044	1,993,174
Cash and cash equivalents	44,751,748	30,712,959	75,464,707	12,987,508	22,527,238	35,514,746
<b>EQUITY AND LIABILITIES</b>	<b>1,268,836,784</b>	<b>1,571,778,373</b>	<b>2,840,615,157</b>	<b>1,234,239,636</b>	<b>1,571,072,810</b>	<b>2,805,312,446</b>
Equity	453,867,082	95,245,772	549,112,854	469,422,357	101,989,948	571,412,305
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
- reserves from profit	273,448,752	45,513,891	318,962,643	273,448,752	45,513,891	318,962,643
- fair value reserve	44,389,783	6,134,858	50,524,642	57,662,938	9,587,325	67,250,264
- net profit brought forward	1,247,252	0	1,247,252	25,295,403	267,769	25,563,172
- net profit for the year	43,095,777	8,168,264	51,264,041	21,329,746	11,192,204	32,521,950
Subordinated liabilities	10,775,654	9,833,316	20,608,970	10,775,525	9,832,655	20,608,180
Insurance technical provisions	706,142,429	1,031,653,560	1,737,795,989	668,287,155	1,018,822,112	1,687,109,267
- unearned premiums	235,493,348	363,288	235,856,636	196,121,894	406,291	196,528,185
- mathematical provisions	0	1,006,191,558	1,006,191,558	0	994,737,498	994,737,498
- claims provisions	448,910,609	19,822,116	468,732,725	450,789,937	18,440,963	469,230,900
- other insurance technical provisions	21,738,472	5,276,598	27,015,070	21,375,324	5,237,360	26,612,684
Insurance technical provisions for unit-linked insurance contracts	0	407,120,191	407,120,191	0	416,250,767	416,250,767
Employee benefits	9,008,886	1,917,875	10,926,761	8,819,152	1,881,311	10,700,463
Other provisions	804,474	111,700	916,174	613,261	111,700	724,961
Deferred tax liabilities	10,496,543	5,659,846	16,156,389	13,609,999	8,654,428	22,264,427
Other financial liabilities	19,984,511	7,501,896	27,486,407	1,845,184	0	1,845,184
Operating liabilities	20,965,669	7,096,311	28,061,980	21,083,190	6,656,860	27,740,050
- liabilities from direct insurance operations	4,944,618	6,959,561	11,904,179	4,821,731	6,532,534	11,354,265
- liabilities from reinsurance and co-insurance operations	14,428,380	136,750	14,565,130	15,125,471	124,326	15,249,797
- current tax liabilities	1,592,671	0	1,592,671	1,135,988	0	1,135,988
Other liabilities	36,791,536	5,637,906	42,429,442	39,783,813	6,873,029	46,656,842

in EUR

INCOME STATEMENT BY SEGMENT	Q1-3 2018			Q1-3 2017		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
<b>NET PREMIUM INCOME</b>	<b>280,621,792</b>	<b>128,758,909</b>	<b>409,380,701</b>	<b>259,990,195</b>	<b>129,337,694</b>	<b>389,327,889</b>
- gross written premium	380,649,195	128,999,452	509,648,647	358,258,488	129,743,595	488,002,083
- ceded written premium	-77,490,922	-283,722	-77,774,644	-75,351,671	-458,824	-75,810,495
- change in unearned premium reserve	-22,536,481	43,179	-22,493,302	-22,916,622	52,923	-22,863,699
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>5,077,705</b>	<b>0</b>	<b>5,077,705</b>	<b>5,367,519</b>	<b>0</b>	<b>5,367,519</b>
- profit on equity investments accounted for using the equity method	0	0	0	0	0	0
- other income from investments in subsidiaries and associates	5,077,705	0	5,077,705	5,367,519	0	5,367,519
<b>INCOME FROM INVESTMENTS</b>	<b>21,292,356</b>	<b>40,299,529</b>	<b>61,591,885</b>	<b>20,970,270</b>	<b>53,773,369</b>	<b>74,743,639</b>
- interest income calculated using the effective interest method	7,690,506	20,190,919	27,881,425	8,590,480	20,683,240	29,273,720
- gains on disposals	10,320,570	6,674,496	16,995,066	8,835,900	13,018,692	21,854,592
- other income from investments	3,281,280	13,434,114	16,715,394	3,543,890	20,071,437	23,615,327
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>20,549,247</b>	<b>116,137</b>	<b>20,665,384</b>	<b>21,566,773</b>	<b>121,609</b>	<b>21,688,382</b>
- fees and commission income	12,973,385	96,785	13,070,170	14,265,981	100,643	14,366,624
- other income from insurance operations	7,575,862	19,352	7,595,214	7,300,792	20,966	7,321,758
<b>OTHER INCOME</b>	<b>6,016,356</b>	<b>3,087,750</b>	<b>9,104,106</b>	<b>4,883,234</b>	<b>3,075,268</b>	<b>7,958,502</b>
<b>NET CLAIMS INCURRED</b>	<b>164,478,557</b>	<b>111,987,738</b>	<b>276,466,295</b>	<b>161,165,499</b>	<b>125,108,927</b>	<b>286,274,426</b>
- gross claims settled	196,304,651	110,623,636	306,928,287	176,056,018	124,324,717	300,380,735
- reinsurers' share	-24,100,891	-37,440	-24,138,331	-17,275,315	-169,284	-17,444,599
- changes in claims provisions	-7,725,203	1,401,542	-6,323,661	2,384,796	953,494	3,338,290
- equalisation scheme expenses for supplementary health insurance	0	0	0	0	0	0
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>363,148</b>	<b>21,211,697</b>	<b>21,574,845</b>	<b>857,496</b>	<b>24,010,294</b>	<b>24,867,790</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>-8,958,516</b>	<b>-8,958,516</b>	<b>0</b>	<b>-11,835,134</b>	<b>-11,835,134</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>5,453,689</b>	<b>0</b>	<b>5,453,689</b>	<b>4,139,588</b>	<b>0</b>	<b>4,139,588</b>
<b>CHANGE IN FINANCIAL CONTRACT LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSES</b>	<b>89,357,664</b>	<b>23,163,112</b>	<b>112,520,776</b>	<b>84,780,822</b>	<b>22,286,293</b>	<b>107,067,115</b>
- acquisition costs	65,897,987	15,284,288	81,182,275	62,700,276	15,386,239	78,086,515
- other operating costs	23,459,677	7,878,824	31,338,501	22,080,546	6,900,054	28,980,600
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>4,548</b>	<b>0</b>	<b>4,548</b>	<b>3,761</b>	<b>0</b>	<b>3,761</b>
- loss on investments accounted for using the equity method	0	0	0	0	0	0
- other expenses from financial assets and liabilities	4,548	0	4,548	3,761	0	3,761
<b>EXPENSES FROM INVESTMENTS</b>	<b>6,413,116</b>	<b>12,777,766</b>	<b>19,190,882</b>	<b>8,357,471</b>	<b>8,398,071</b>	<b>16,755,542</b>
- loss on impairment of investments	885,859	306,011	1,191,870	0	0	0
- loss on disposal of investments	3,241,614	4,361,549	7,603,163	3,627,869	4,593,303	8,221,172
- other expenses from investments	2,285,643	8,110,206	10,395,849	4,729,602	3,804,768	8,534,370
<b>OTHER INSURANCE EXPENSES</b>	<b>8,231,811</b>	<b>249,682</b>	<b>8,481,493</b>	<b>5,272,419</b>	<b>182,035</b>	<b>5,454,454</b>
<b>OTHER EXPENSES</b>	<b>8,681,845</b>	<b>1,874,299</b>	<b>10,556,144</b>	<b>8,217,914</b>	<b>1,554,478</b>	<b>9,772,392</b>
- expenses from financing	490,454	444,444	934,898	737,068	454,390	1,191,458
- other expenses	8,191,391	1,429,855	9,621,246	7,480,846	1,100,088	8,580,934
<b>PROFIT BEFORE TAX</b>	<b>50,573,078</b>	<b>9,956,547</b>	<b>60,529,625</b>	<b>39,983,021</b>	<b>16,602,976</b>	<b>56,585,997</b>
Income tax expense	7,477,301	1,788,283	9,265,584	8,373,211	2,373,629	10,746,840
<b>NET PROFIT FOR THE PERIOD</b>	<b>43,095,777</b>	<b>8,168,264</b>	<b>51,264,041</b>	<b>31,609,810</b>	<b>14,229,347</b>	<b>45,839,157</b>



## **2.6 Significant items of the statement of financial position**

### **Intangible assets**

In the reporting period, the carrying amount of intangible assets of the Triglav Group increased by EUR 9 million, mainly as the result of the increase in the long-term deferred acquisition costs amounting to EUR 10 million. In the reporting period, new purchases of intangible assets equalled EUR 4.2 million. In the first three quarters of 2018, amortisation reached EUR 5.1 million.

In the reporting period, the carrying amount of intangible assets of Zavarovalnica Triglav increased by EUR 6.1 million. In the separate financial statements, the change as well mainly refers to the increase in long-term deferred acquisition costs. New purchases of other intangible assets in the amount of EUR 2.1 million primarily relate to the purchase of licences and software. In the first three quarters of 2018 amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 3.7 million.

### **Property, plant and equipment**

In the first three quarters of 2018, the carrying amount of property, plant and equipment of the Triglav Group increased by EUR 1.3 million. In the first three quarters of 2018, Triglav Group acquired new property, plant and equipment worth EUR 8.1 million and sold it in the carrying amount of EUR 212 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 5.6 million.

In the reporting period, the carrying amount of property, plant and equipment of Zavarovalnica Triglav increased by EUR 450 thousand. In the first three quarters of 2018, Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 5.1 million. In the reporting period, depreciation of property, plant and equipment amounted to EUR 3.5 million.

### **Investment property**

The book value of investment property of the Group decreased by EUR 3.5 million. In the reporting period, the Group purchased investment property in the amount of EUR 1.3 million and sold it in the carrying amount of EUR 4.9 million. In the first three quarters of 2018, amortisation of investment property of the Group amounted to EUR 1.1 million.

In the first three quarters of 2018, the book value of investment property of Zavarovalnica Triglav decreased by EUR 3 million. Decrease relates mainly to the sales of investment assets. New purchases of investment properties amounted to EUR 1.2 million, whilst depreciation of investment properties equalled EUR 640 thousand.



## Financial assets

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

in EUR

Values as at 30 September 2018	Triglav Group		Zavarovalnica Triglav	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits	163,856,977	165,501,141	109,986,346	109,727,638
Held to maturity	198,165,612	238,941,061	158,952,579	195,523,142
Available for sale	1,724,704,380	1,724,704,380	1,313,950,329	1,313,950,329
Investments recognised at fair value	442,600,936	442,600,936	200,887,233	200,887,233
Unit-linked insurance assets	448,127,314	448,522,394	409,760,368	410,136,937
<b>TOTAL</b>	<b>2,977,455,219</b>	<b>3,020,269,912</b>	<b>2,193,536,855</b>	<b>2,230,225,279</b>

in EUR

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

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

### Triglav Group

in EUR

Values as at 30 September 2018	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	117,277,921	66,564,723	183,842,644
Debt instruments	18,954,870	198,165,612	1,607,397,987	374,383,978	2,198,902,447
Derivative financial instruments	0	0	0	1,652,234	1,652,234
Unit-linked financial assets	4,320,354	0	0	443,806,961	448,127,315
Loans	144,902,107	0	28,472	0	144,930,579
<b>Total</b>	<b>168,177,331</b>	<b>198,165,612</b>	<b>1,724,704,380</b>	<b>886,407,896</b>	<b>2,977,455,219</b>

in EUR

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

## Zavarovalnica Triglav

	in EUR				
Values as at 30 September 2018	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	72,345,076	11,569,836	83,914,912
Debt instruments	6,899,821	158,952,579	1,241,605,253	187,665,163	1,595,122,816
Derivative financial instruments	0	0	0	1,652,234	1,652,234
Unit-linked financial assets	4,129,584	0	0	405,630,784	409,760,368
Loans	103,086,525	0	0	0	103,086,525
<b>Total</b>	<b>114,115,930</b>	<b>158,952,579</b>	<b>1,313,950,329</b>	<b>606,518,017</b>	<b>2,193,536,855</b>

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

### 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 30 September 2018	Level 1	Level 2	Level 3	Total
Equity securities	155,592,651	1,041	28,248,952	183,842,644
Debt securities	301,990,614	1,679,791,351	0	1,981,781,965
Derivative financial instruments	0	1,652,234	0	1,652,234
Unit-linked financial assets	389,104,204	54,702,756	0	443,806,960
<b>Total</b>	<b>846,687,469</b>	<b>1,736,147,382</b>	<b>28,248,952</b>	<b>2,611,083,803</b>

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

## Zavarovalnica Triglav

in EUR				
As at 30 September 2018	Level 1	Level 2	Level 3	Total
Equity securities	59,957,562	0	23,957,350	83,914,912
Debt securities	257,286,753	1,171,983,663	0	1,429,270,416
Derivative financial instruments	0	1,652,234	0	1,652,234
Unit-linked financial assets	355,191,514	50,439,270	0	405,630,784
Investments in associates	0	0	16,959,355	16,959,355
<b>Total</b>	<b>672,435,829</b>	<b>1,224,075,167</b>	<b>40,916,705</b>	<b>1,937,427,701</b>

in EUR				
As at 31 December 2017	Level 1	Level 2	Level 3	Total
Equity securities	102,967,036	0	32,816,954	135,783,990
Debt securities	203,481,330	1,261,439,801	0	1,464,921,131
Derivative financial instruments	0	1,870,633	0	1,870,633
Unit-linked financial assets	358,877,558	54,581,098	0	413,458,656
Investments in associates	0	0	10,002,047	10,002,047
<b>Total</b>	<b>665,325,924</b>	<b>1,317,891,532</b>	<b>42,819,001</b>	<b>2,026,036,457</b>

## Value assessment techniques and inputs used for measurement purposes

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value
<b>EXTERNAL APPRAISERS (market operator)</b>				
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
<b>BLOOMBERG BVAL</b>				
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
<b>INTERNAL APPRAISERS</b>				
Debt securities - government	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	Republic of Slovenia issuer yield curve (Bloomberg ID: I259 Curncy); credit spread between 0% and 1.1%	level 2
Debt securities - companies and financial institutions	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	Republic of Slovenia issuer yield curve (Bloomberg ID: I259 Curncy); credit spread between 0.36% and 2.7%	level 2
Equity securities	cash flow discounting	g (growth rate during constant growth period)	2.0%	level 3
		EBIT margin (constant growth period)	36.0%	
		discount rate	12.6%	
		lack of marketability discount	10% - 23%	
Investments in associates	cash flow discounting	net asset value method	Sprememba cen nepremičnin	level 3
		g (growth rate during constant growth period)	2.0%	
		net margin (constant growth period)	3.2%	
		discount rate	11.8%	
		lack of marketability discount	30.0%	

### Changes of Level 3 financial assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
<b>Opening balance as at 1 January</b>	<b>37,121,010</b>	<b>26,569,975</b>	<b>42,819,001</b>	<b>18,726,748</b>
Purchases	4,538,589	6,642,817	11,495,898	7,141,817
Disposals	-14,778,727	-24,581	-14,776,678	-24,581
Revaluations through income statement	-9,677	-26,378	0	-4,766
Revaluations through Equity	1,378,467	261,896	1,378,485	-28,203
Transfers from Level 1 and Level 2	-1,041	-11,966	0	0
Ex. rate difference	331	3,924	0	0
<b>Closing balance as at 30 september</b>	<b>28,248,952</b>	<b>33,415,687</b>	<b>40,916,706</b>	<b>25,811,015</b>

In the first nine months of 2018, financial assets classified into Level 3 decreased by EUR 14.7 million EUR due to the disposal of assets, both in the Group and the Company. In the reporting

period, the stakes in Geoplin d.o.o. and Plinhold d.o.o. were sold in the total amount of EUR 14.5 million. The sale had no effect on the income statement. The Group's acquisitions of EUR 4.5 million related to the shares of private equity funds linked to venture capital funds, real property funds and infrastructure funds. The Company made acquisitions in the amount of EUR 11.5 million, which includes the capital increase of Triglav in the amount of EUR 6.8 million. In the reporting period, the revaluation of Level 3 financial assets was performed. The revaluation of EUR 1.4 million was recognized in other comprehensive income and primarily relates to the revaluation of Gorenjska Banka d.d. shares.

### **Impairments**

In the first three quarters of 2018, losses resulting from permanent impairment of financial assets were recognised in the amount of EUR 1.2 million 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.

### **Contingent liabilities**

In the first three quarters of 2018, no potential liability for guarantees given were recognised in Zavarovalnica Triglav. In off-balance-sheet assets, Zavarovalnica Triglav increased assets for alternative investments by EUR 16.5 million and decreased assets under option contracts by EUR 17.9 million. In the reporting period, no member of the Triglav Group accepted potential liability for guarantees given.

### **Distribution of accumulated profits**

On 29 May 2018, the General Meeting of Shareholders of Zavarovalnica Triglav decided on the distribution of accumulated profit, totalling EUR 58,085,122 as at 31 December 2017. A part of the accumulated profit in the amount of EUR 56,837,870 was allocated for dividend payments, amounting to EUR 2.5 gross per share. Dividends were paid on 14 June 2018. The distribution of the remaining part of accumulated profit shall be decided on in the following years.

## **2.7 Changes in equity stakes in subsidiaries and business combinations**

### **Purchase of shares of Skupna pokojninska družba d.d. from non-controlling interest holders**

In Q3 2018, Zavarovalnica Triglav d.d. acquired a 28.13% equity stake from the non-controlling interest holders of Skupna pokojninska družba d.d., thereby becoming its 100% owner. The purchase price equalled EUR 4,600,000. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as an increase in share premium of EUR 356,586.

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

Triglav INT d.d. acquired a 0.35% equity stake from the non-controlling interest holders of Triglav Osiguranje a.d., Skopje, thereby becoming its 80.29% owner. The acquisition price of the equity stake amounted to BAM 3,132,294 or EUR 50,827. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as a decrease in share premium of EUR 8,186.

### **Capital increase of Triglav INT, d.d.**

Zavarovalnica Triglav provided additional capital to its subsidiary Triglav INT. The share capital was paid in by the in-cash contribution of EUR 4 million and financed through a debt-to-equity swap transaction of EUR 5,170,729. The total capital increase of EUR 9,170,729 was fully paid in by the sole shareholder, Zavarovalnica Triglav.

### **Capital increase of Lovćen životna osiguranja, a.d.**

Lovćen Osiguranje increased its equity stake in its subsidiary Lovćen životna osiguranja in the amount of EUR 300,000, thus remaining a 100% owner of the company.

### **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 1,150,000, thus remaining a 100% owner of the said company.

### **Capital increase of Triglav Savetovanje d.o.o., Belgrade**

Triglav Osiguranje a.d., Belgrade and Triglav Svetovanje d.o.o., Domžale increased the capital of their subsidiary Triglav Savetovanje d.o.o., Belgrade in accordance with their proportional stakes. The capital increase was raised by in-cash contributions of RSD 10,000,000. As a result, both companies maintained their stakes in the said company; 49% and 51% respectively.

### **Capital increase of Triglav d.o.o.**

By paying in EUR 6,832,309, 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 ZTSR d.o.o.**

On 25 September 2018, the company ZTSR d.o.o. was established. Its share capital is EUR 250,000. With the payment of EUR 125,000, Zavarovalnica Triglav became a 50% owner of ZTSR.

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

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

## 2.8 Related party transactions

### Revenues of the Management and Supervisory Board

In the first three quarters of 2018, the Management Board members were paid the following amounts as compensation for their work:

								in EUR	
Surname and name	Fixed salaries (gross)	Other additional payments*	Bonuses	Net pay received	Insurance premiums**	Other benefits***	Reimbursements		
Slapar Andrej	128,575	2,054	42,887	63,157	41,850	1,122	1,599		
Ivanc Uroš	122,146	1,972	40,743	58,899	29,247	639	887		
Čoroli Tadej	122,146	1,972	40,743	54,616	29,257	8,302	621		
Smolnikar Barbara	122,467	1,972	3,857	43,947	22,389	8,041	827		
Makoter Marica	121,825	1,972	40,743	56,390	29,188	4,596	557		
Jošar Benjamin	0	0	69,776	33,938	0	0	0		
<b>TOTAL</b>	<b>617,159</b>	<b>9,942</b>	<b>238,749</b>	<b>310,947</b>	<b>151,931</b>	<b>22,700</b>	<b>4,491</b>		

\* Other additional payments include holiday allowances.

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

\*\*\* Other benefits include company cars.

In the first three quarters of 2018, members of the Management Board did not receive any payments for their work in subsidiaries.

As at 30 September 2018, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

			in EUR	
Surname and name	Receivables as at 30 September 2018	Liabilities as at 30 September 2018		
Slapar Andrej	0	66,627		
Ivanc Uroš	6	63,044		
Čoroli Tadej	30	63,074		
Smolnikar Barbara	14	17,586		
Makoter Marica	16	63,080		
Jošar Benjamin	0	12,622		
<b>TOTAL</b>	<b>66</b>	<b>286,033</b>		



In the first three quarters of 2018, the Supervisory Board members and members of Committees were paid the following amounts as compensation for their work:

in EUR					
Surname and name	Compensation	Attendance fee	Reimbursements	Total gross pay	Total net pay
Stebernak Igor	18,750	2,255	0	21,005	15,277
Andoljšek Andrej	13,500	1,320	0	14,820	10,779
Tomažević Milan	13,750	1,595	0	15,345	11,160
Škerjanec Žiga	15,000	2,475	0	17,475	12,710
Damjanovič Nataša	15,000	3,355	0	18,355	13,350
Gobbo Mario	13,750	2,475	17,990	34,215	22,539
Celar Peter	12,500	1,595	0	14,095	10,251
Molan Boštjan	12,500	2,255	78	14,833	10,788
Sotošek Ivan	12,500	2,475	991	15,966	11,612
Kolenc Simon*	5,000	1,375	0	6,375	4,637
<b>Total</b>	<b>132,250</b>	<b>21,175</b>	<b>19,059</b>	<b>172,484</b>	<b>123,103</b>

\* External committee member.

As at 30 September 2018, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

in EUR		
Surname and name	Receivables as at 30 September 2018	Liabilities as at 30 September 2018
Stebernak Igor	0	2,486
Andoljšek Andrej	0	1,688
Tomažević Milan	0	1,822
Škerjanec Žiga	0	1,978
Damjanovič Nataša	0	1,978
Gobbo Mario	0	2,041
Celar Peter	0	1,665
Molan Boštjan	0	1,665
Sotošek Ivan	0	1,665
Kolenc Simon*	0	625
Štimac Dubravko	449	0
<b>TOTAL</b>	<b>449</b>	<b>17,613</b>

\* External committee member.

## Transactions with subsidiaries

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

	in EUR	
	30 September 2018	31 December 2017
Shares	131,938,667	118,167,937
Debt securities and loans	16,309,414	24,264,123
Receivables from insurers	36,736	5,568
Premium receivable from co-insurance	11,052	11,052
Premium receivable from re-insurance	4,149,418	1,914,432
Receivables from re-insurers' share in claim	7,394,231	5,257,851
Other short-term receivables from insurance operation	35,646	30,261
Short term receivables from financing	1,121,185	1,364,716
Other short-term receivables	819,299	804,607
Deffered short-term expenses	30,640	29,851
Liabilities to policy holders	208	0
Liabilities to agents and brokers	317,590	337,060
Liabilities for co-insurance premiums	15,521	12,526
Liabilities for re-insurance premiums	7,711,940	9,284,238
Liabilities for co-insurers' share in claim	13,712	13,712
Liabilities for re-insurers' share in claims	1,404,895	1,039,881
Other short-term liabilities	95,608	247,792

	in EUR	
	Q1-3 2018	Q1-3 2017
Gross written premium	12,979,568	10,231,350
Outward re-/co-insurance premium	-47,592,651	-49,977,570
Income from insurance commissions	8,940,781	10,779,330
Other income from insurance	3,699,333	3,675,481
Interest income	561,735	635,349
Income from dividends	4,442,997	4,556,549
Income from land and buildings	595,328	407,137
Other insurance income	1,357,805	1,350,334
Other income	220,974	179,410
<b>TOTAL INCOME</b>	<b>-14,794,130</b>	<b>-18,162,630</b>
Gross claims settled	6,059,101	851,665
Re-/co-insurers' share	-17,192,939	-16,370,173
Expenses for fees and commission	1,330,398	832,551
Other expenses	0	10
<b>TOTAL EXPENSES</b>	<b>-9,803,440</b>	<b>-14,685,947</b>

## Transactions with associates

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

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Shares	13,828,657	6,449,324	16,959,355	10,002,047
Receivables from insurers	3,642	1,485	3,178	994
Other short-term receivables	569	0	0	0
Liabilities to insurers	64,235	0	0	0
Liabilities to agents and brokers	10,671	18,443	10,671	18,068
Short term liabilities	2,705,677	0	0	0
Liabilities from direct insurance operations	0	270,103	0	0
Liabilities for re-insurance premiums	0	42,320	0	0
Other short - term liabilities	209	785	0	0
Accrued expenses	1,123	331	0	0

	Triglav Group		Zavarovalnica Triglav	
	Q1-3 2018	Q1-3 2017	Q1-3 2018	Q1-3 2017
Gross written premium	34,072	30,159	31,700	28,351
Income from dividends	0	0	63,345	171,405
Income from land and buildings	559	0	559	0
<b>TOTAL INCOME</b>	<b>34,631</b>	<b>30,159</b>	<b>95,604</b>	<b>199,756</b>
Gross claims settled	537	3,694	537	3,694
Acquisition costs	5,970	7,100	0	0
<b>TOTAL EXPENSES</b>	<b>6,507</b>	<b>10,794</b>	<b>537</b>	<b>3,694</b>

## Transactions with shareholders and shareholder-related companies

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

The shareholder-related companies are those in which SDH and the Republic of Slovenia together directly hold at least a 20% stake. As at 30 September 2018, there were 47 of such companies; the list is published on the SDH website (<http://sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

in EUR

	Triglav Group		Zavarovalnica Triglav	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<b>ASSETS</b>				
Shares	17,844,863	16,208,433	17,690,303	17,873,045
Debt securities and loans	86,542,076	82,710,654	59,155,030	59,960,327
Receivables from operations	15,940	10,137	15,940	10,137
Receivables from re-insurance	0	0	11,955	0
Other assets	8,307,962	3,917,302	0	0
<b>LIABILITIES</b>				
Liabilities from operations	1,019,403	1,864,579	839,385	1,553,988
Liabilities from re-insurance	0	0	30,146	0
<b>INCOME</b>	<b>Q1-3 2018</b>	<b>Q1-3 2017</b>	<b>Q1-3 2018</b>	<b>Q1-3 2017</b>
Gross written premium	18,307,757	19,697,758	18,262,886	19,291,701
Financial income	2,476,099	3,928,416	1,842,671	3,104,250
Other income	134,190	68,970	134,152	68,952
<b>EXPENSES</b>				
Gross claims settled	5,924,140	4,686,623	5,907,956	4,625,387
Financial expenses	219,359	360,114	100,009	47,618
Other expenses and costs	10,064,945	7,496,281	7,344,091	6,380,266

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 above.

## 2.9 Significant events after the reporting date

In the period from the end of the reporting period and the date of approval of the financial statements, no adjusting events occurred that would affect the prepared financial statements of Zavarovalnica Triglav nor the consolidated financial statements of Triglav Group for the first three quarters of 2018, as well as no material non-adjusting events.