



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

triglav

www.triglav.eu
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Unaudited Interim Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2020 to 30 June 2020



MANAGEMENT BOARD:

President: Andrej Slapar

Members: Uroš Ivanc

Tadej Čoroli

Barbara Smolnikar

David Benedek

Marica Makoter

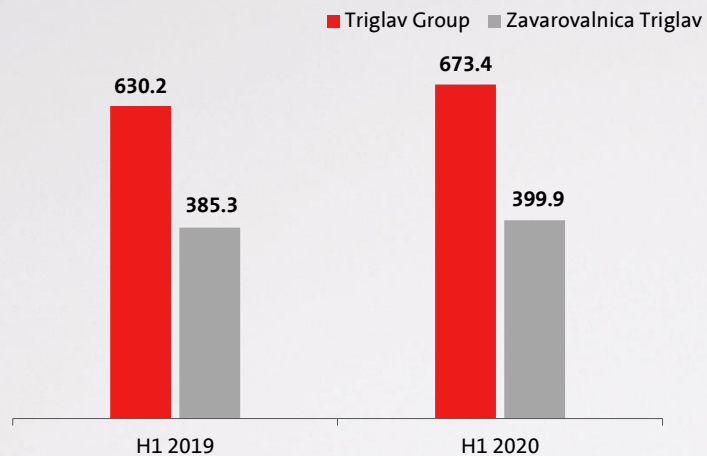
Ljubljana, August 2020

Credit rating

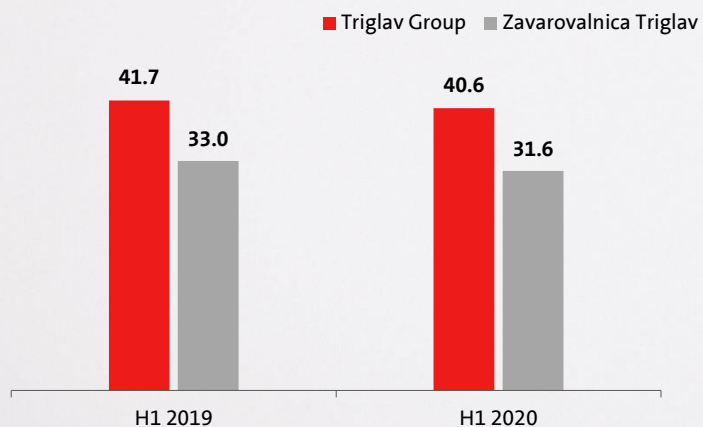
"A"

of the Triglav Group
with a stable
medium-term
outlook

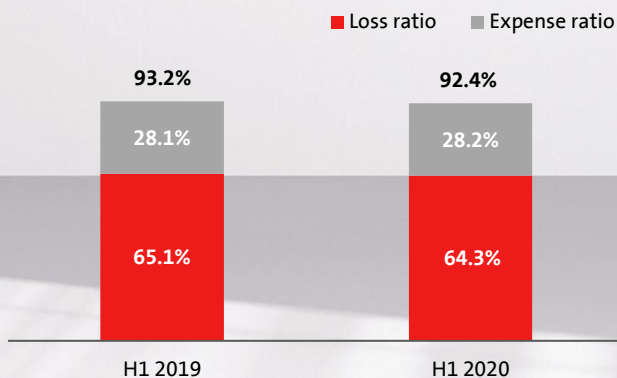
Gross written premium for insurance, co-insurance and reinsurance contracts in EUR million



Net profit before tax in EUR million



Combined ratio of the Triglav Group



Dear shareholders, business partner and colleagues,



In the first half of 2020, we operated in the challenging conditions caused by the COVID-19 pandemic at a global level. The Triglav Group gave priority to protecting the health of its employees, clients, partners and other stakeholders, which remains our concern in the future. In these difficult times, we have continued to pursue our sustainability goals and integration into the environment in which we operate, which we have expressed also through donations to healthcare professionals and other service providers in the field during the pandemic.

When the epidemic was declared in our markets, we successfully activated the Group's business continuity plan. We are pleased with how quickly and efficiently we have been able to adapt to change. We provided our services to clients using already developed strategic solutions (for example, an omni-channel sales approach, digital and other solutions for remote business), which was received very well. This situation gave additional impetus to other planned development activities and we assess that we have made an important step towards the Group's digital transformation.

Our operations remain profitable as outlined in our strategy. The Triglav Group generated a consolidated profit of EUR 40.6 million before tax in the first half of 2020. Its 3% decrease compared to the same period last year is primarily the result of the deteriorating situation in the financial markets and partly of major CAT events (the earthquake in Zagreb, hailstorms in Slovenia) and other one-off events (the increase in claims provisions due to the decision of the Supreme Court of the Republic of Croatia).

The impact of premium income on the half-year results was positive, while the combined ratio of the Group stood at a favourable 92.4% as at the reporting date. The Group recorded a 7% increase in written premium relative to the preceding year (EUR 673.4 million), with an average premium growth of 4% in the Slovene market and 8% in the markets outside Slovenia. Organic premium growth continued in the markets outside Slovenia, its share in total written premium reaching 18.3% as at 30 June 2020. Premium growth was achieved in all three insurance segments: 17% growth in health insurance, 6% in non-life insurance and 3% in life and pension insurance.

We are regularly monitoring the situation caused by the COVID-19 pandemic and assessing the effects on the Group's operations. We assess that the annual written premium and the combined ratio of the Group will be within the planned figures (around EUR 1.2 billion and below 95% respectively), whereas annual profit before tax, originally planned between EUR 95 million and 105 million, will be lower by 10–25% than planned.

Our mission is to build a safer future, which we have continued to actively pursue throughout this year, when we are celebrating the 120th anniversary of Triglav in these extraordinary circumstances. Our stakeholders have stood by us, for which we thank them – clients for their trust, shareholders for their support, partners for their cooperation, and employees for their effort, dedication and energy.

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 at the end.

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BUSINESS REPORT

1. Financial highlights in the first half of 2020

1.1 Financial highlights of the Triglav Group

	in EUR million		
	H1 2020	H1 2019	Index 2020/2019
Gross written premium from insurance, co-insurance and reinsurance contracts	673.4	630.2	107
Net premium income	523.1	491.8	106
Gross claims paid*	330.8	334.8	99
Net claims incurred	338.3	330.1	102
Insurance business gross operating expenses	133.5	133.3	100
Profit before tax	40.6	41.7	97
Net profit	33.5	34.7	97
Net profit attributable to the controlling company	33.4	34.6	96
	30 June 2020	31 December 2019	Index 2020/2019
Insurance technical provisions	3,008.2	2,878.9	104
Equity	814.7	792.0	103
Equity attributable to the controlling company	812.2	789.5	103
Number of employees	5,231	5,281	99

*Gross claims paid include gross claims paid from inward reinsurance

Key performance indicators of the Triglav Group

	H1 2020	H1 2019
ROE annualised	8.5%	9.6%
Loss ratio	64.3%	65.1%
Expense ratio	28.2%	28.1%
Combined ratio	92.4%	93.2%
Ratio of gross operating expenses to gross written premium	19.8%	21.2%

1.2 Financial highlights of Zavarovalnica Triglav

	in EUR million		
	H1 2020	H1 2019	Index 2020/2019
Gross written premium from insurance, co-insurance and reinsurance contracts	399.9	385.3	104
Net premium income	283.2	276.5	102
Gross claims paid*	194.2	191.9	101
Net claims incurred	187.8	182.8	103
Gross operating expenses	88.7	90.1	98
Profit before tax	31.6	33.0	96
Net profit	26.4	27.6	96
	30 June 2020	31 December 2019	Index 2020/2019
Insurance technical provisions	2,200.1	2,149.0	102
Equity	605.2	580.5	104
Number of employees	2,245	2,253	100

*Gross claims paid include gross claims paid from inward reinsurance

Key performance indicators of Zavarovalnica Triglav

	H1 2020	H1 2019
ROE annualised	9.1%	10.3%
Loss ratio	55.5%	58.5%
Expense ratio	32.1%	30.3%
Combined ratio	87.6%	88.8%
Ratio of gross operating expenses to gross written premium	22.2%	23.4%

1.3 Performance of the Triglav Group in 2020 under the changed business conditions

In the first half of the year, the Group regularly monitored the impact of the COVID-19 pandemic on the situation and planned operations. In April this year, based on the analysis of scenarios, it published likely effects on the planned performance categories on an annual basis.

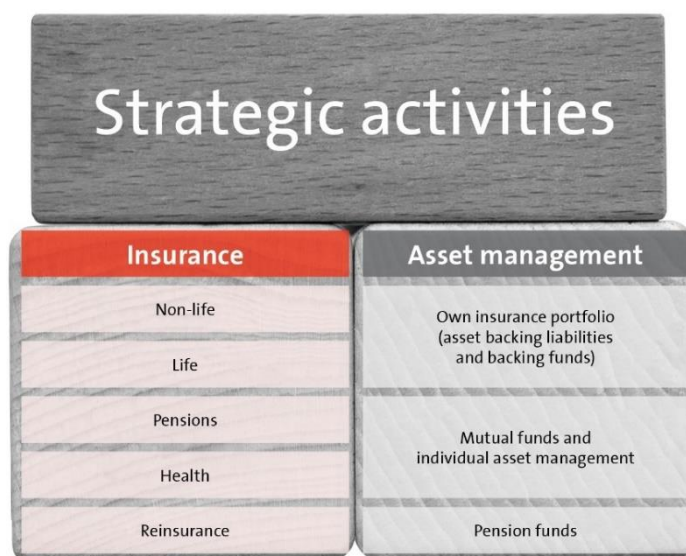
As at the reporting date, there is still a high level of uncertainty about the impact of the pandemic on the economy and international financial markets, which remain highly volatile. In view of the above, the Company re-examined the bases and assumptions of the 2020 plan on the basis of which the following estimates have been made:

- **Insurance premium** – it is estimated that its volume will be as originally planned, i.e. around EUR 1.2 billion;
- **Combined ratio** – it is estimated that it will remain below 95% as originally planned;
- The high level of uncertainty prevents the Company from giving a relatively reliable **annual profit guidance (profit before tax)** this year, which was planned between EUR 95 million and 105 million. The Company confirms its assessment made in April that the annual profit before tax will be 10–25% lower than planned.

It was assessed that the Group's insurance and investment portfolios are sufficiently resilient and that its capital position is appropriate to effectively cope with risks arising from the COVID-19 pandemic.

1.4 Activities, markets and position of the Triglav Group

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



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

The insurance business of the Group comprises:

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

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

The Triglav Group members directly involved in or supporting the Group's core business lines

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

1.5 Composition of the Triglav Group

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

The Triglav Group as at 30 June 2020

Parent company: ▪ Zavarovalnica Triglav d.d.

Subsidiaries:

- Pozavarovalnica Triglav Re d.d., Ljubljana

- Triglav, Zdravstvena zavarovalnica d.d., Koper

- Triglav, pokojninska družba d.d., Ljubljana

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

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

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

- Triglav Avtoservis, družba za storitve in trgovino d.o.o., Ljubljana

- Triglav, Upravljanje nepremičnin d.d., Ljubljana
 - Triglav, upravljanje nekretninama d.o.o., Zagreb
 - Triglav, upravljanje nekretninama d.o.o., Podgorica
 - Hotel Grad Podvin d.o.o., Ljubljana
 - HGP Rest, investicije d.o.o., Ljubljana
 - HGP Grad, investicije d.o.o., Ljubljana

- Triglav penzisko društvo a.d., Skopje

- Vse bo v redu, Zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti

Associates:

- Triglavko, zavarovalno zastopniška družba d.o.o., Ljubljana

- TRIGAL, upravljanje naložb in svetovalne storitve d.o.o., Ljubljana
 - Ljubljanica, finančne storitve d.o.o., Ljubljana
 - ALFI PD d.o.o., Ljubljana

- Nama, trgovsko podjetje d.d., Ljubljana

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

- ZTSR, dejavnost holdingov d.o.o., Ljubljana

- Diagnostični center Bled d.o.o., Bled
 - MTC Fontana d.o.o., Maribor
 - Medi Cons d.o.o., Bled
 - Gastromedica d.o.o., Murska Sobota
 - Internistična GE ambulanta d.o.o., Bled
 - Cardial d.o.o., Ljubljana
-

Changes in the Triglav Group in the first half of 2020:

- The Croatian regulator (HANFA) rejected the issue of authorisation to acquire a majority stake in the Croatian pension insurance company Raiffeisen Mirovinsko osiguravajuće društvo by the Triglav Group. This was one of the conditions precedent for the validity of the agreement concluded in April 2018 between Triglav INT, holdinška družba d.d. and Raiffeisen Bank Austria d.d., Zagreb as the seller.
- In the first half of 2020, Triglav INT d.d. acquired a 0.26% participating interest in Triglav Osiguruvanje a.d., Skopje from non-controlling interest holders, thereby becoming its 80.68% owner. The consideration totalled MAK 2,014,932 or EUR 32,729.
- Through in cash contribution of EUR 13.5 million, Zavarovalnica Triglav increased the capital of its associate ZTSR d.o.o., thereby maintaining its 50.0% participating interest.
- ZTSR d.o.o., in which Zavarovalnica Triglav d.d. and Sava Re d.d. each hold a 50% participating interest, completed the acquisition procedure of the healthcare service provider Diagnostični center Bled d.o.o. on 19 March 2020.
- Lovćen Osiguranje a.d. increased the capital of its subsidiary Lovćen Auto d.d. through in cash contribution of EUR 300,000, thus remaining a 100% owner of said company.
- Triglav INT d.d. increased the capital of its subsidiary Triglav Osiguranje a.d., Banja Luka through in cash contribution of BAM 3,912,000 or EUR 2,000,174, thus retaining its 100% participating interest in said company.

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

1.6 Strategy of the Triglav Group

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

MISSION

Building a safer future.

VALUES

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

VISION OF THE TRIGLAV GROUP

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

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

KEY STRATEGIC GUIDELINES

Key strategic guidelines

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

Client focus and development of related services

Developing cooperative and agile organisation and culture

Implementation of the Triglav Group Strategy in the first six months of 2020

In accordance with the Triglav Group Strategy, a number of activities planned for this period were implemented, despite the fact that the period was marked by the COVID-19 pandemic. The achievement of the set short-term objectives was pursued with an even more positive attitude and greater intensity in a cooperative and responsible manner.

Individual activities and implemented measures were aimed at:

- supporting long-term stability of operations and risk management;
- strengthening business management and transferring best practices among the Group members;
- adjusting the implementation of processes to the digital method of work and doing business;
- developing and redesigning products and services;
- upgrading client relationships and thus improving client experience;

- strengthening sales and marketing cooperation, both at the Group level and externally with new cooperation/partnerships;
- achieving synergies in the field of IT;
- communicating and checking the understanding and implementation of the strategy;
- adjusting the internal organisation in view of changes in the environment and boosting the reputation of both the parent company and the Triglav Group.

The fulfilment of the strategy in the reporting period was reviewed by assessing the effectiveness of its implementation. Through effective strategic control aimed at implementing the strategy it is determined how effectively is the outlined path being pursued. Individual strategic initiatives and activities were reviewed and adjusted to the changes in the internal and external environments by employing a dynamic approach.

The assessment of the implementation and realisation of the strategy as regards all three set strategic guidelines is positive and encouraging in the first half of 2020. The selection of significant results and the contribution to the realisation of an individual guideline are presented below.

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

- In the first half of 2020, gross written premium rose by 7% at the Group level, earning profit before tax of EUR 40.6 million, down by 3% compared to the same period last year.
- The Group focused on pursuing the objectives related to financial stability, capital adequacy and profitability, both at the level of an individual Group member and at the Group level: by promptly analysing the impact of the COVID-19 pandemic, the effects on business were assessed and appropriate action was taken.
- The Group seized opportunities on new target markets by establishing new partnerships and upgrading existing partnerships in various fields.
- The Group carried out activities aimed at not only achieving synergy effects at the Group level but also strengthening the competitive position of each Group member.
- Cost optimisation and ensuring an effective risk management, capital management and asset liability management system were pursued, both at the level of an individual Group member and at the Group level.

2. Client focus and development of related services

- Processes and methods of work were adjusted to the new crisis in the environment (the COVID-19 pandemic): the Group continued to operate uninterruptedly and effectively adapted its remote business. In this way, the Group contributed to achieving a higher level of digitalisation and thus further increased client satisfaction.
 - New opportunities in related services were sought, while the existing ones were upgraded with the aim of providing a complete and personalised client service.
 - The Group redesigned the existing and developed new products: clients were offered an even wider choice of insurance products, with a focus on life and health insurance products.
 - The Group upgraded the development of the client bonus system and the client management system, as well as strengthened the assistance model, which provides clients with an even broader range of services.
 - The modern ways and channels of communication were strengthened with both the existing and potential clients, with the aim of ensuring high responsiveness, reliability and transparency of day-to-day operations.
 - Due diligence investigations relating to compliance were conducted, especially in the field of personal data protection during a crisis/emergency situation.
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3. Developing cooperative and agile organisation and culture

- In its operations, the Group pursued key values (responsiveness, simplicity and reliability), especially responsiveness in relation to all stakeholders.
 - The employees' digital skills were considerably improved, thus promoting the philosophy of agility and a change-oriented approach.
 - Intergenerational cooperation, teamwork and transfer of know-how were promoted through various activities, in addition to increasing the awareness about healthy lifestyle and work practices, which was even more important during the crisis.
 - The Group focused on strengthening its 2020 core competence, i.e. responsibility, and on realising the desired organisational culture.
 - The Group continued to develop and strengthen employees' skills, especially leadership skills, through the system of individual and group coaching, and promote the internal mobility of employees within the Group.
-

1.7 Significant events in the reporting period

Significant events the half of 2020 included:

- The Triglav Group's operations in the first half of 2020 were influenced by the COVID-19 pandemic. The business continuity plan was activated and all necessary measures were taken to curb the spread of infection, protect employees, clients and other stakeholders, and ensure the implementation of key business processes. The situation caused by the pandemic is regularly monitored and the effects on the Group's operations are assessed amid the continued uncertain and volatile business environment. After the re-verification of the assumptions and bases of the 2020 plan, it was assessed that the Group's insurance and investment portfolios are sufficiently resilient and that its capital position is appropriate to effectively cope with increased risks arising from the COVID-19 pandemic. See sections *1.3 Performance of the Triglav Group in 2020 under the changed business conditions* and *6.1 Risk management* for more information.
- The Triglav Group's operations in the first six months were influenced by major CAT events, particularly the Zagreb earthquake. See *Section 4.1 The macroeconomic environment and environmental impact on the Company's operations* for more information.
- The shareholders adopted the resolution proposed by the Management Board and the Supervisory Board that accumulated profit for 2019 remain undistributed. See sections *2.1 General Meeting of Shareholders* and *3.5 Dividend policy* for more details.
- The General Meeting of Shareholders re-appointed Igor Stebernak a Supervisory Board member – shareholder representative. See *Section 2.3 Composition of the Supervisory Board* for more information.
- Nataša Damjanovič, a Supervisory Board member of Zavarovalnica Triglav, resigned as a Supervisory Board member of Zavarovalnica Triglav on 18 June 2020. See *Section 2.3 Composition of the Supervisory Board* for more information.
- On 29 July 2020, the central part of Slovenia was hit by a strong storm with wind, hail and heavy rainfall. Most of the damage was caused by hail on cars and buildings north of Ljubljana (Domžale, Vir, Rodica, Trzin, Kamnik). Several thousand claims are expected to be reported, but the total amount of damage cannot yet be estimated at the moment. This major CAT event will impact the financial statements in the next reporting period, but it is assessed that thanks to the effective reinsurance protection it will not significantly affect the fulfilment of the annual profit plan.

2. Governance of the Triglav Group

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

Two-tier governance of Zavarovalnica Triglav



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

1.1 General Meeting of Shareholders

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

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

The Management Board and the Supervisory Board drew up their proposal taking into account the Insurance Supervision Agency's call regarding the dividend payment with the aim of ensuring the medium-term sustainable target capital adequacy of the Group, as set out in the Company's dividend policy. See sections 3.5 *Dividend policy* for more details

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

At the General Meeting of Shareholders, VZMD announced an action to set aside all adopted resolutions.

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

1.2 Composition of the Management Board

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

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

1.3 Composition of the Supervisory Board

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

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

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

Nataša Damjanovič, a Supervisory Board member of Zavarovalnica Triglav d.d., resigned as a Supervisory Board member of Zavarovalnica Triglav d.d. on 18 June 2020 due to commitments related to her new employment. Her resignation will take effect and her term of office will end upon the expiry of a three-month notice period in accordance with paragraph two of Article 21 of Articles of Association of Zavarovalnica Triglav d.d., i.e. on 18 September 2020, or earlier if a new member of the Supervisory Board is appointed before the expiry of the notice period.

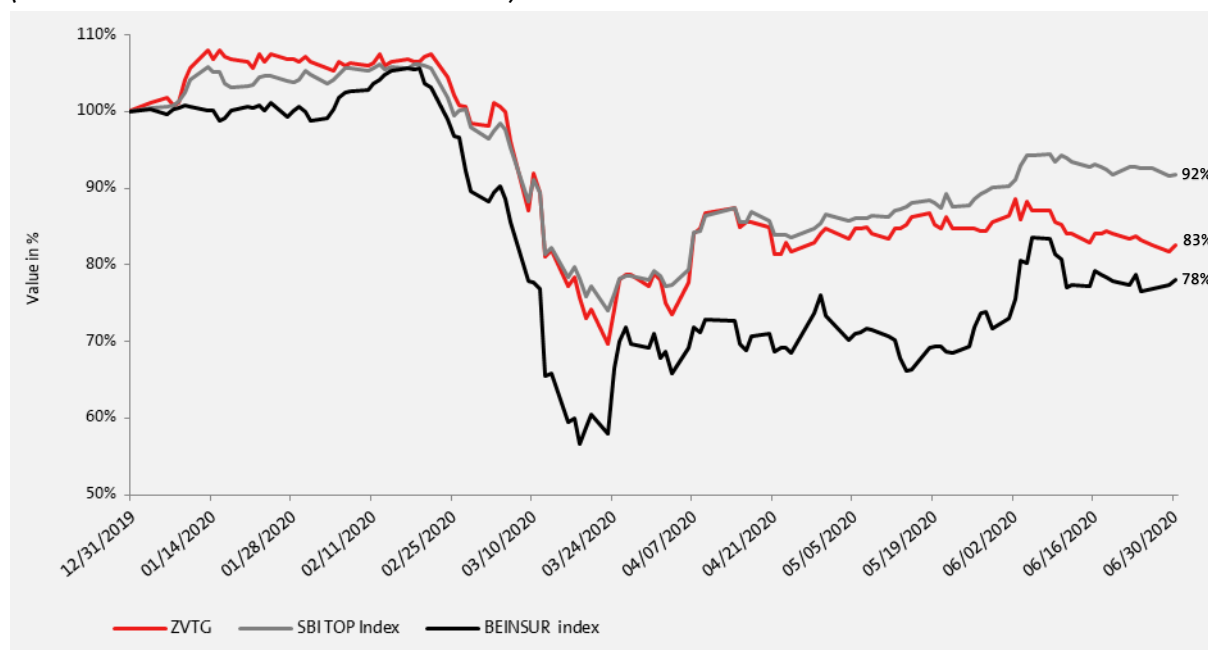
3. The share and the shareholders of Zavarovalnica Triglav

3.1 The share of Zavarovalnica Triglav

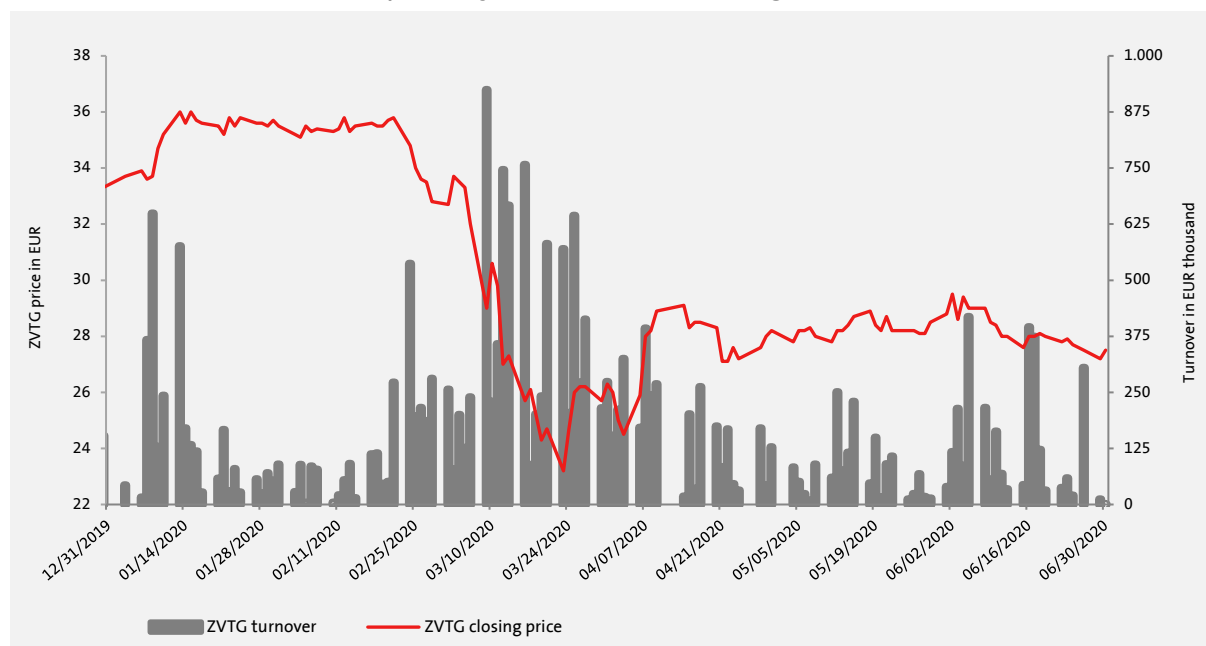
In February, the novel coronavirus pandemic caused a global stock market crash, which also affected the Ljubljana Stock Exchange and the price of Zavarovalnica Triglav's share. Over a few weeks, it dropped sharply and on 23 March 2020 reached its lowest value of EUR 23.2 or 35% less than the value on the baseline date before the crash on 21 February 2020. The value of the Slovene stock exchange index SBI TOP fell by 30% in this period, while the BEINSUR sectoral index decreased by as much as 44% (the index consists of 33 shares of insurance companies at the global level). From April to the end of the first half of the year, trading and the share price of ZVTG were affected by the calls from the Slovene insurance sector regulator regarding the payment of dividends for 2019 and the General Meeting of Shareholders (see *Section 1.5* for details). In the first half of 2020, ZVTG share lost 17% of its baseline value as at 31 December 2019, whereas the BEINSUR sectoral index fell by 22% over the same period and the Slovene stock exchange index SBI TOP by 8%.

The ZVTG share has remained one of the three most liquid shares on the Ljubljana Stock Exchange this year. Its average daily turnover in the first six months amounted to EUR 174 thousand, which is 28% more than the 2019 annual daily average. One third of total share turnover was performed by its liquidity provider. In terms of market capitalisation, Zavarovalnica Triglav was the fourth largest Slovene listed company as at the reporting date (EUR 625 million).

Movements in the ZVTG share price and in the value of the SBI TOP and BEINSUR indices in H1 2020 (baseline date: 31 December 2019 = 100)



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



The Company is committed to transparently operating and informing its shareholders, investors and analysts. This seems all the more important in the situation the Company is facing this year. All key information is regularly published in Slovene and English on its website www.triglav.eu. During the pandemic, investor relations activities were adapted to restrictions and maintaining contact remotely. Emphasis is placed on meetings via video conferences (webcasts) of the Ljubljana Stock Exchange. Investors may contact the Company for further information via email and conference calls.

Key figures for Zavarovalnica Triglav's share in H1 2020 (in EUR)

Items	30 June 2020
Maximum closing price	36.00
Minimum closing price	23.20
Closing price	27.50
Book value per share (parent company)*	26.62
Book value per share (consolidated data)*	35.73
Net earnings per share (consolidated data)**	1.47
Market capitalisation	625,216,570
Average daily trading volume	173,640
No. of shares	22,735,148
The percentage of floating stock***	30.8%
Traded on	Ljubljana Stock Exchange - LjSE
ISIN code	SI0021111651
Ticker symbol	ZVTG
Bloomberg	ZVTG SV
Reuters	ZVTG.LJ
Credit rating (S&P Global Ratings, AM Best)	»A«, stable medium-term outlook

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

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

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

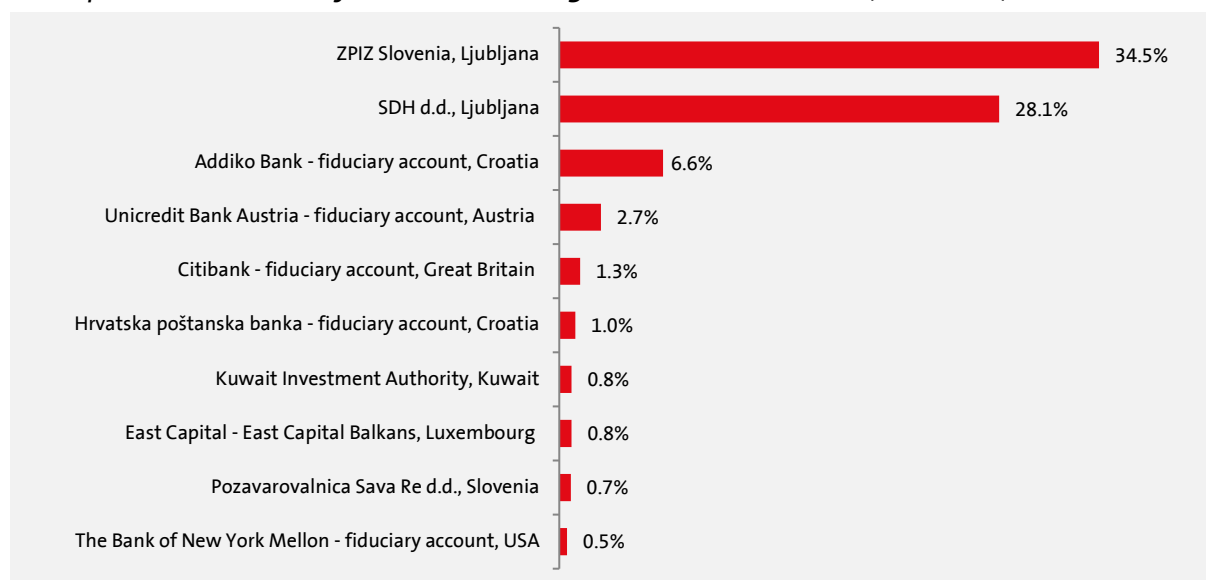
3.2 Equity

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

3.3 Shareholder structure

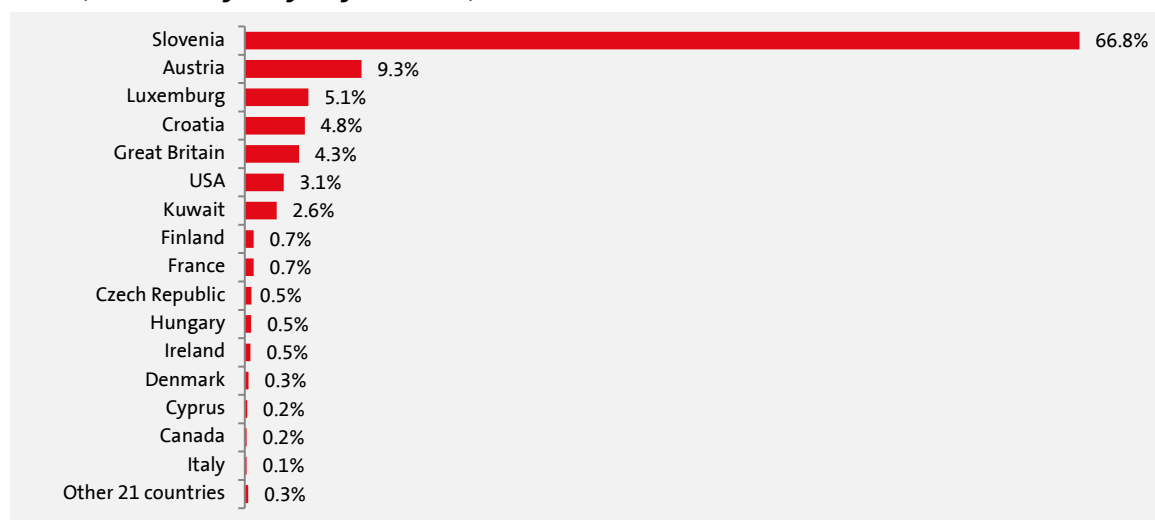
Compared to the 2019 year-end, the structure of top ten largest shareholders of Zavarovalnica Triglav and their total ownership stake (77%) did not change. The stakes of the top two shareholders remained unchanged, whereas some other largest shareholders slightly adjusted their stakes.

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



The Company's share of the free float, i.e. the shares held by the shareholders with less than a 5% ownership stake, stood at 30.8%. The share is stable and the ownership of these shares is globally dispersed among shareholders from 37 countries.

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



According to the share register, Zavarovalnica Triglav had 13,168 shareholders as at 30 June 2020. In terms of the country of origin and legal status (natural person or legal entity), there were no significant changes in the shareholder structure. The ownership stake of Slovenian shareholders, mostly natural persons, who have continued to intensively and actively trade in ZVTG shares in 2020, increased by 0.5 percentage point. International shareholders, which held 17% of the shares as at 30 June 2020, consisted of 57 international institutional investors, 25 of which with fiduciary accounts with client shares.

Shareholder structure of Zavarovalnica Triglav as at 30 June 2020

	Total	Domestic	International	Legal entities	Individuals
Number of shares	22,735,148	18,901,297	3,833,851	20,055,646	2,679,502
Number of shareholders	13,168	12,801	367	485	12,683
Number of shares - percentage	100.0%	83.1%	16.9%	88.2%	11.8%
Number of shareholders - percentage	100.0%	97.2%	2.8%	3.7%	96.3%

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

3.4 Credit rating

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

3.5 Dividend policy

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

The capital management strategic objectives and the dividend policy criteria

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

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

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

Even in difficult conditions in 2020, Zavarovalnica Triglav does not modify its dividend policy, which pursues the above-mentioned goals in a balanced manner. In their proposal regarding the distribution of accumulated profit for 2019 in the amount of EUR 60.5 million, the Management Board and the Supervisory Board took into account the calls of the Insurance Supervision Agency (hereinafter: the ISA), the regulator of the Slovenian insurance market. Due to the pandemic, the ISA issued two calls addressed to insurers, taking into account the recommendations and actions of EU regulators and authorities (EIOPA and IAIS) to ensure the solvency and capital adequacy of insurance companies in the EU. In its first call, the ISA called upon the insurers to suspend the payout of dividends from accumulated profit and not to undertake any irrevocable commitment to pay out dividends by 1 October 2020. In its second call, the ISA stated that it expects their shareholders to withhold the payment of dividends at least by 1 October 2020. In accordance therewith, the Management Board and the Supervisory

Board of Zavarovalnica Triglav proposed to the General Meeting of Shareholders of Zavarovalnica Triglav held on 2 June 2020 that accumulated profit remain undistributed and thus allocated for the future payment of dividends or for other purposes in accordance with the General Meeting of Shareholders' resolution. The shareholders adopted the proposed resolution.

3.6 Bonds

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

Bond of Zavarovalnica Triglav

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

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

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

The year 2020 will be marked by the COVID-19 pandemic and its historical consequences. The sharp decline in activity of the global economy, which was recorded in March and especially in April, revealed the full extent of the recession. Business confidence indicators, orders indicators and, consequently, industrial production indicators fell. International trade shrunk severely. The sentiment and household consumption also declined. Despite extensive government packages of economic stimulus worldwide, unemployment began to rise, with a particularly high increase in unemployment recorded in the United States and, to a lesser extent, in Europe. With the gradual easing of measures to curb the spread of the virus, the situation began to normalise slowly and with uncertainty towards the end of the second quarter. In early June, most European Union members reopened their borders. In its summer publication for the euro area, the European Commission predicted an 8.7% drop and 6.1% economic growth for 2020 and 2021, respectively. According to forecasts, the Slovenian economy is expected to have a similar macroeconomic situation and growth trend. In its June publication, IMAD announced a 7.6% drop, followed by a 4.5% increase. Inflation in both the euro area and Slovenia will remain close to zero percent in 2020 and rise to almost one percent in 2021. In their forecasts, institutions point out the high level of uncertainty, mainly related to the future development of the epidemic and the mass use of an effective medication or vaccine.

In addition to the pandemic, financial markets were affected by a historic drop and negative value of futures oil prices in April, a massive outbreak of protests in the United States in May and, last but not least, an extensive economic policy intervention throughout the spread of the virus. In the first quarter, the US Federal Reserve (Fed) reduced the key interest rate range to 0.0–0.25% in two steps and pledged, among other things, unlimited government bond purchase. In June, the Fed expressed its expectation that the key interest rate range would not change for at least another two years. The European Central Bank (ECB), which has not changed its interest rate policy and outlook, has taken a number of quantitative measures. The most important was the pandemic emergency purchase programme (PEPP) adopted in March, which the ECB increased at its June meeting. To contain the crisis, governments also responded with fiscal measures, but over time they will record a sharp increase in budget expenditure and public debt. Attention was also drawn by the extensive European Reconstruction Fund, the details of which are still subject to intergovernmental coordination. In early March, the required yield on a ten-year German bond reached –0.91% within a day due to the sudden withdrawal of investors to the safest investments and a sharp drop in the oil price. It then moved close to its final value of –0.46%, which is 0.27 percentage point below the baseline value at the beginning of the year. Following a steep rise, the required yields on low-rated bonds declined in the second quarter of the year, especially as regards Italian bonds. The required yields on Slovenian bonds also decreased. The required yield on the 10-year bond reached 0.38%, which is nevertheless 10 basis points higher than at the end of 2019. In the second quarter, corporate bond and stock market indices almost entirely offset the high losses recorded in the first quarter. The American S&P and the German DAX, which lost over 30% of their value from the beginning of the year to mid-March, recorded a relatively low, 4.0% and 7.1% loss respectively. A slightly higher, 8.2% loss was recorded by the Slovenian SBI in the same period.

The Group's operations were impacted by major CAT events in the total estimated amount of EUR 12.2 million. It is estimated that the earthquake in Zagreb caused EUR 6.7 million in gross

claims, hail storms in the first half of February in Slovenia resulted in claims of EUR 5.0 million (of which claims of EUR 3.3 million were reported and settled), while hail caused damage to crops resulting in claims of EUR 540 thousand at the Macedonian and Croatian insurers.

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

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

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

In the first half of 2020, insurance companies collected **4.7% more** gross written insurance, co-insurance and reinsurance premiums (the calculation does not take into account internal transfers of assets for the payment of pension annuities), or EUR 1,389.7 million. **Non-life insurance premium** achieved a 6.9% growth and a 74.8% share. Excluding **health insurance**, which experienced a higher premium growth (11.9%), non-life premium growth would be 4.8%. Health and real property insurance (fire and natural disaster insurance and other non-life insurance) contributed the most to the increase in non-life insurance premium. **Life insurance premium** dropped by 1.4% due to lower premiums of life and unit-linked life insurance.

The Slovene insurance market continues to be highly concentrated, with the four largest insurers holding a 76.5% market share, which is the same as in the corresponding period last year. With a 28.8% market share (compared to 29.0% in the respective period of 2019), **Zavarovalnica Triglav** remained the market leader, followed by Zavarovalnica Sava (19.2% market share). **The Triglav Group** (the parent company, Triglav, Zdravstvena zavarovalnica and Triglav, pokojninska družba) increased its market share by 0.4 percentage point to 37.0%.

The Triglav Group's insurance subsidiaries held a 37.0% market share in the Slovene insurance market at the end of the first half of 2020.

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

- non-life insurance (excluding health insurance): 43.8% (a decrease of 0.1 percentage point);
- life insurance: 29.8% (an increase of 0.7 percentage point);
- health insurance: 30.1% (an increase of 1.4 percentage point).

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

- non-life insurance: 30.0% (a decrease of 0.7 percentage point);
- life insurance: 25.2% (an increase of 0.6 percentage point).

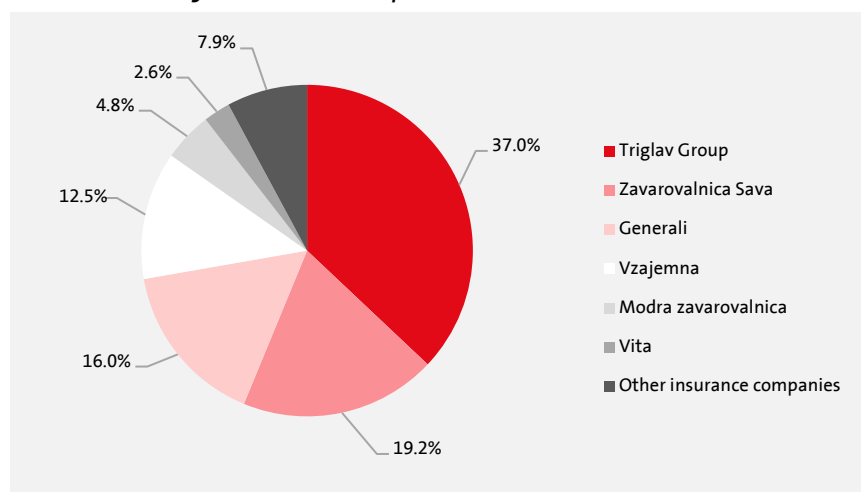
The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 29.9% (an increase of 1.3 percentage point).

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

- supplementary voluntary pension insurance (SVPI): 19.7% (market leader).

Market share of insurance companies in Slovenia in H1 2020



Source: Slovenian Insurance Association

Market share and market position of the Triglav Group insurance companies in H1 2020

Market	Market share	Market share trend	Ranked in 2020	Ranked in 2019
Slovenia	37.0%	↑ + 0.4-percentage point	1	1
Croatia	5.6%	↑ + 0.6-percentage point	7	8
Serbia*	7.3%	↑ + 0.6-percentage point	5	5
Montenegro	38.9%	↑ + 0.1-percentage point	1	1
Bosnia and Herzegovina**	7.8%	↑ + 0.1-percentage point	6	6
- Federation of BiH*	10.2%	↑ + 1.5-percentage point	5	7
- Republic of Srpska**/**	5.5%	↑ + 0.2-percentage point	8	9
North Macedonia*	12.7%	↓ - 1.4-percentage point	1	1

* Data for January-March 2020

** Data for January-December 2019

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

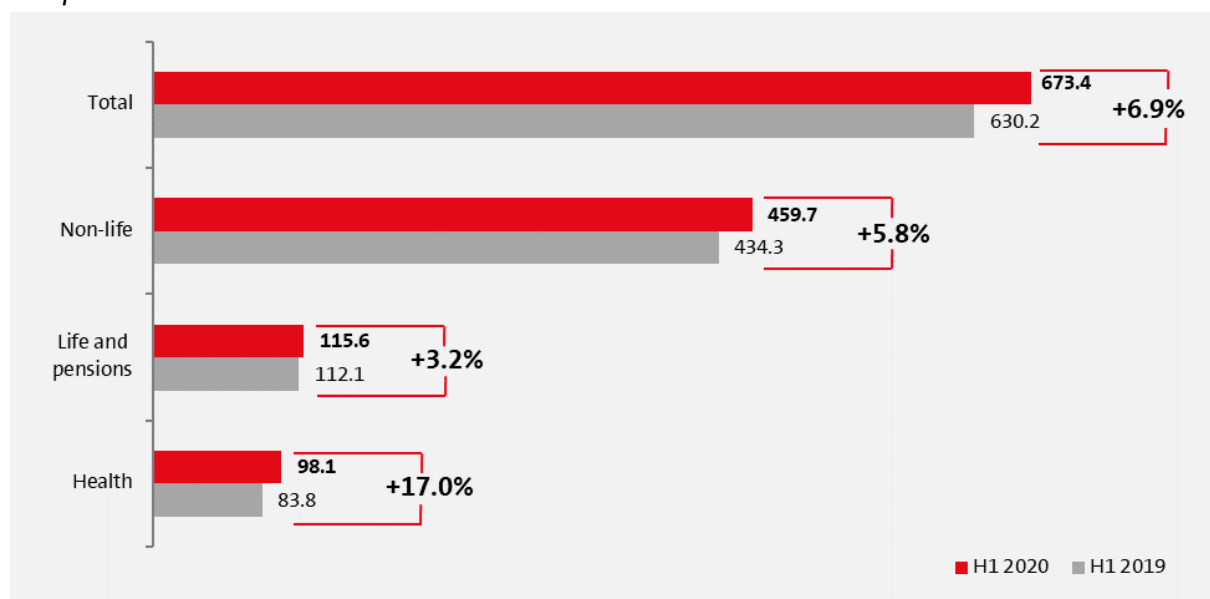
4.3 Gross written insurance, co-insurance and reinsurance premiums

The Triglav Group posted a total of EUR 673.4 million in consolidated gross written insurance, coinsurance and reinsurance premiums, an increase of 7% relative to the corresponding period last year. The impact of the COVID-19 pandemic was reflected in the change in the structure of insurance premium and the reduction of premium or lower premium growth of some insurance classes (more details below). Premium by segment:

The Triglav Group recorded a 7% growth in gross written insurance, coinsurance and reinsurance premiums.

- **non-life insurance:** EUR 459.7 million (index 106);
- **life and pension insurance:** EUR 115.6 million (index 103);
- **health insurance:** EUR 98.1 million (index 117).

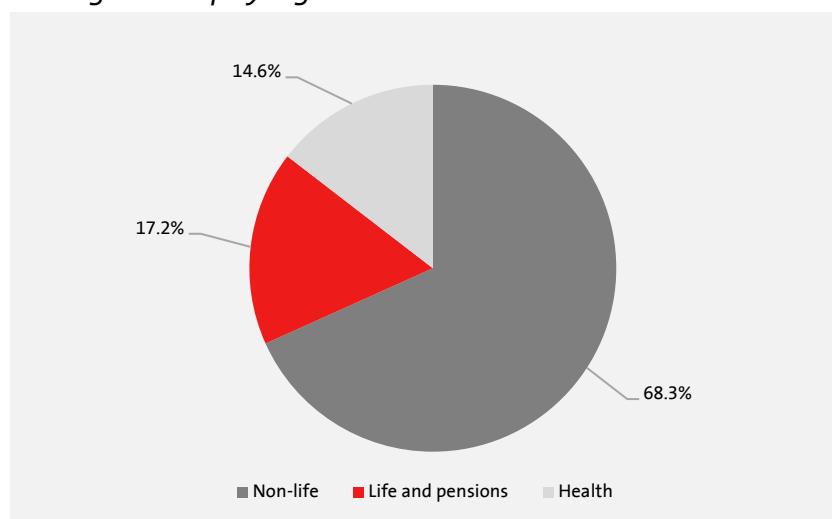
Consolidated gross written insurance, co-insurance and reinsurance premiums in H1 2020 compared to H1 2019



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

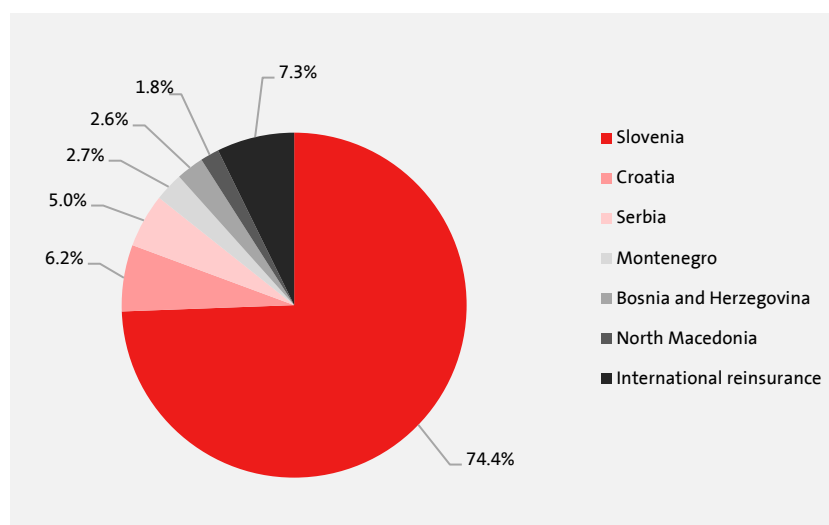
- non-life insurance: 68.3% (H1 2019: 68.9%);
- life and pension insurance: 17.2% (H1 2019: 17.8%); and
- health insurance: 14.6% (H1 2019: 13.3%).

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



The Group continues to increase the share of insurance premium written on markets outside of Slovenia, which grew by 0.2 percentage point compared to the same period the year before. A total of 74.4% of consolidated gross written premium was charged in the Slovene insurance market, 18.3% of the premium was booked in markets outside Slovenia, while international reinsurance premium accounted for 7.3% 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	Share	
	H1 2020	H1 2019	H1 2020/ H1 2019	H1 2020	H1 2019
Slovenia	501,098,528	482,164,115	104	74.4%	76.5%
Croatia	42,017,086	38,996,939	108	6.2%	6.2%
Serbia	33,907,534	29,950,999	113	5.0%	4.8%
Montenegro	18,078,952	18,083,062	100	2.7%	2.9%
Bosnia and Herzegovina	17,444,085	15,232,694	115	2.6%	2.4%
North Macedonia	11,895,289	11,806,662	101	1.8%	1.9%
International reinsurance	48,948,828	33,982,865	144	7.3%	5.4%
Total	673,390,302	630,217,336	107	100.0%	100.0%

Premium growth was recorded in most insurance markets with the exception of the Montenegrin market, where the premium remained at approximately the same level as in 2019 (see the overview by insurance company in the table below). Premium growth in the Slovene market was 4%, while in markets outside Slovenia it stood at 8%. The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) booked EUR 638.1 million in non-consolidated gross written premium, up by 6% relative to the same period last year.

A higher volume of operations and high growth in gross reinsurance premium was recorded by Pozavarovalnica Triglav Re. It posted a total of EUR 114.6 million in gross written reinsurance premium, an increase of 22% compared to the preceding year. Pozavarovalnica Triglav Re recorded the highest growth in other damage to property insurance (transactions within the Group), marine insurance (high growth in transactions outside of the Group) and motor vehicle insurance (motor vehicle liability insurance and land motor vehicle insurance in transactions within the Group). In transactions outside of the Group, premium growth was 44% as a result of organic growth of renewed transactions from the preceding year, the increase in shares in some contracts and partly of amended methodology (all premium from non-proportional contracts is recorded in full and appropriate provisions for the corresponding unearned premium are made). The reinsurer recorded the highest premium growth in the markets of Japan, Israel, Hong Kong and Australia. Transactions with the Triglav Group experienced a 9% premium growth.

Gross written insurance, co-insurance and reinsurance premiums in H1 2020 by insurance company of the Triglav Group

Insurance company	Gross written premium			Index			Share
	Non-life	Life and pensions	Total	Non-life	Life and pensions	Total	H1 2020
Zavarovalnica Triglav*	311,785,082	88,081,037	399,866,119	105	101	104	62.7%
Triglav, Zdravstvena zavarovalnica	98,604,336		98,604,336	117	0	117	15.5%
Triglav, pokojninska družba		16,222,995	16,222,995	0	99	99	2.5%
Triglav Osiguranje, Zagreb	38,106,488	3,911,084	42,017,572	109	98	108	6.6%
Triglav Osiguranje, Belgrade	30,910,034	2,997,681	33,907,715	110	153	113	5.3%
Lovćen Osiguranje, Podgorica	15,976,345		15,976,345	97	0	97	2.5%
Triglav Osiguranje, Sarajevo	9,078,795	5,488,415	14,567,210	103	150	117	2.3%
Triglav Osiguranje, Banja Luka	2,914,979		2,914,979	103	0	103	0.5%
Triglav Osiguruvanje, Skopje	11,472,793		11,472,793	100	0	100	1.8%
Lovćen životna osiguranja, Podgorica		2,102,607	2,102,607	0	131	131	0.3%
Triglav Osiguruvanje Život, Skopje		422,496	422,496	0	146	146	0.1%
Total	518,848,852	119,226,315	638,075,167	107	104	106	100.0%
Pozavarovalnica Triglav Re	114,605,105		114,605,105	122	0	122	
Consolidation eliminations	-75,699,224	-3,590,746	-79,289,970	124	124	124	
Total consolidated	557,754,733	115,635,569	673,390,302	108	103	107	

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

4.3.1 Non-life insurance

In the **non-life insurance** segment, the Triglav Group insurance subsidiaries charged EUR 518.8 million in non-consolidated written premium, an increase of 7% relative to the corresponding period in 2019. Premium growth was recorded in most non-life insurance classes, with the exception of accident and credit insurance.

In total written premium, the share of **motor vehicle insurance** premium (comprehensive car insurance and motor vehicle liability insurance), the largest insurance class (a 28.9% share), decreased by 1.3 percentage point, while premium growth was 2%. The Group generated EUR 97.4 million in **motor vehicle liability insurance** premium, up by 2% relative to the preceding year. Due to the consequences of the pandemic, most insurance subsidiaries recorded a decline in insurance premium, with the exception of the parent company and Triglav Osiguranje, Belgrade. A 7% growth in Zavarovalnica Triglav was achieved mainly through effective sales of insurance to corporate clients, while the drop in premium was recorded by insurance sold to retail clients.

The Group collected EUR 87.0 million in **comprehensive car insurance** premium, an increase of 1% compared to the year before. Most insurance subsidiaries recorded a decrease in insurance premium due to non-renewal of insurance or lower insurance coverage of some major policyholders and lower sales of new cars. High growth was achieved by Triglav Osiguranje, Belgrade (index 111) with effective sales through leasing companies and agencies and effective sales to major policyholders. The parent company achieved 4% growth.

Real property insurance premium (fire and natural disaster insurance and other damage to property insurance) rose by as much as 13% to EUR 136.4 million, thereby increasing its share in total written premium to 21.4%. A 16% premium growth was recorded in other damage to property insurance and an 8% premium growth in fire and natural disaster insurance. All insurance subsidiaries recorded high premium growth; the highest growth by attracting new policyholders and increasing the scope of insurance coverage with existing policyholders was achieved by Triglav Osiguranje, Zagreb (index 144), Lovćen Osiguranje and Triglav Osiguranje, Sarajevo (index 128), and Triglav Osiguruvanje, Skopje (index 127). The Croatian insurer also

achieved premium growth in animal insurance and crop insurance. An 8% growth was recorded by the parent company (a 77% share in total written premium), primarily by attracting new policyholders and projects, increasing the scope of insurance coverage and partly through a different premium charging dynamics.

A 17% growth was seen in **health insurance**, where the Group wrote EUR 103.3 million in premium. The majority (EUR 98.6 million) was charged by Triglav, Zdravstvena zavarovalnica, which also recorded a 17% increase in written premium, predominantly as a result of last year's average premium growth. The majority of its premium was accounted for by supplemental health insurance, in addition to being successful in the sale of additional health insurance products. Most other insurance subsidiaries selling health insurance products also recorded high premium growth.

In **general liability insurance**, the Group recorded a 5% premium growth or EUR 32.1 million in nominal terms. Zavarovalnica Triglav, accounting for 77% of total premium, saw a 3% growth in written premium compared to the preceding year (high growth in product liability insurance and in different types of professional liability insurance). Premium growth was generated by most other insurance subsidiaries by attracting new policyholders and increasing the scope of insurance coverage with existing policyholders.

Accident insurance accounted for 3.2% of total written premium or EUR 20.4 million in nominal terms, having decreased by 4% compared to the year before. With the exception of Triglav Osiguranje, Skopje (index 110), a decrease in written premium was seen in all other insurance subsidiaries.

Credit insurance premium amounted to EUR 12.0 million, down by 21% (representing 1.9% of total written premium). Zavarovalnica Triglav's written premium, which accounted for 74% of total written premium, declined by 25%. The main reason for this trend is the lower volume of consumer loan insurance, which was influenced by the Bank of Slovenia's measures to limit retail lending, changes in the credit policy of some banks and the consequences of the pandemic (less lending by banks). A drop in premium was recorded by Triglav Osiguranje, Zagreb (a lower volume of loans of a policyholder due to the pandemic) and Lovćen Osiguranje (premium decrease in loan protection insurance covering loss of employment, accidental death or disability).

Premium from **other non-life insurance** (representing 4.7% of total written premium) increased by 9% to EUR 30.1 million. High premium growth was recorded by Triglav Osiguranje, Zagreb (index 143) and Triglav Osiguranje, Skopje (index 117). Triglav Osiguranje, Zagreb generated high premium growth predominantly through fruitful partnership with one of the agencies with regard to marine insurance and by attracting new policyholders in suretyship insurance. Triglav Osiguranje, Skopje achieved good results primarily by acquiring new policyholders and increasing the scope of insurance coverage of miscellaneous financial loss insurance with existing policyholders.

4.3.2 Life and pension insurance

The Triglav Group insurance subsidiaries charged a total of EUR 119.2 million in non-consolidated gross written premium from **life and pension insurance**. Although it was difficult to take out new life insurance policies in the second half of March and in April due to the pandemic (insurance was sold only in banks), premium growth reached 4%. Life and pension insurance accounted for 18.7% of total non-consolidated gross written premium, down by 0.5 percentage point compared to the preceding year.

Life insurance premium (traditional life, annuity, pension annuity and voluntary pension insurance) grew by 4%. With EUR 53.6 million, it accounted for 45.0% of total life and pension insurance premium. Strong premium growth was seen in Triglav Osiguranje, Sarajevo (effective sales via bank and agency sales channels), Triglav Osiguranje, Belgrade (effective sales via the bank sales channel), Lovćen životna osiguranja (effective sales of group loan protection insurance covering death via the bank sales channel) and Triglav Osiguruvanje Život, Skopje (effective sales via own sales channel). The parent company's premium was 3% lower than the preceding year.

Unit-linked life insurance premium (life insurance linked to the units of investment funds) increased by 4% compared to the preceding year. With EUR 57.3 million, this insurance class accounted for 48.0% of total written life and pension insurance premium. Zavarovalnica Triglav achieved 6% premium growth and Triglav Osiguranje, Zagreb 7% premium growth (increased sales through one of the banks). Triglav, pokojninska družba's written premium was 1% lower.

Capital redemption insurance (supplemental voluntary pension insurance) generated EUR 8.4 million or 7.0% of total life and pension insurance premium. The 2% growth resulted from large supplemental voluntary pension insurance premium payments at the parent company.

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

Insurance class	Gross written premium		Index	Share
	H1 2020	H1 2019	H1 2020/ H1 2019	H1 2020
Accident insurance	20,433,225	21,296,314	96	3.2%
Health insurance	103,341,841	88,328,852	117	16.2%
Comprehensive car insurance	87,044,575	86,298,835	101	13.6%
Real property insurance	136,416,986	120,667,166	113	21.4%
Motor liability insurance	97,401,895	95,104,728	102	15.3%
General liability insurance	32,125,770	30,713,346	105	5.0%
Credit insurance	11,957,940	15,123,553	79	1.9%
Other non-life insurance	30,126,618	27,532,953	109	4.7%
Non-life insurance	518,848,850	485,065,747	107	81.3%
Life insurance	53,601,304	51,541,106	104	8.4%
Unit-linked life insurance*	57,261,060	55,256,146	104	9.0%
Capital redemption insurance	8,363,953	8,206,157	102	1.3%
Life and pensions insurance	119,226,317	115,003,409	104	18.7%
Total	638,075,167	600,069,156	106	100.0%

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

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

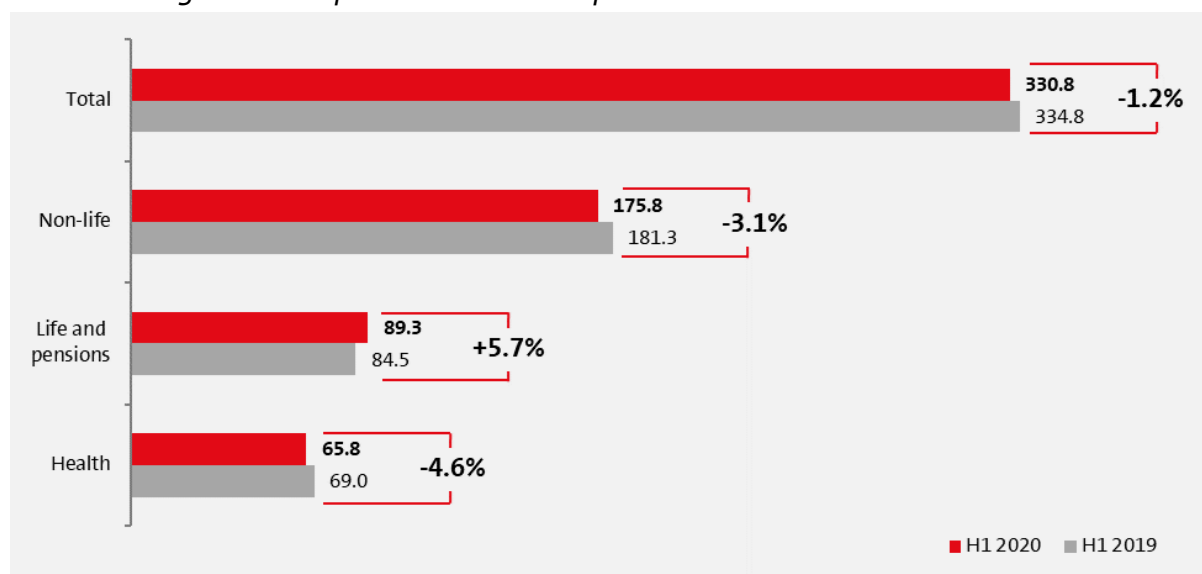
Insurance class	Gross written premium		Index	Share
	H1 2020	H1 2019	H1 2020/ H1 2019	H1 2020
Accident insurance	13,854,567	14,195,894	98	3.5%
Health insurance	624,004	353,643	176	0.2%
Comprehensive car insurance	74,203,092	71,643,167	104	18.6%
Real property insurance	104,739,861	96,585,239	108	26.2%
Motor liability insurance	63,546,371	59,399,285	107	15.9%
General liability insurance	25,101,207	24,271,979	103	6.3%
Credit insurance	8,856,846	11,844,707	75	2.2%
Other non-life insurance	20,850,790	19,872,405	105	5.2%
Non-life insurance	311,776,738	298,166,319	105	78.0%
Life insurance	40,221,176	41,486,710	97	10.1%
Unit-linked life insurance	39,495,908	37,416,993	106	9.9%
Capital redemption insurance	8,363,953	8,206,157	102	2.1%
Life and pensions insurance	88,081,037	87,109,860	101	22.0%
Total	399,857,775	385,276,179	104	100.0%

4.4 Gross claims paid

In the reporting period, the Triglav Group posted a total of EUR 330.8 million in consolidated gross claims paid (including claim handling expenses, income from collected subrogation receivables and gross claims paid from inward reinsurance), a decrease of 1% relative to the corresponding period last year. Gross claims paid in the **life and pension insurance** segment grew by 6% to EUR 89.3 million. Gross claims paid in the **non-life insurance** segment declined by 3% to EUR 175.8 million, primarily as a result of fewer claims incurred and reported, while in the **health insurance** segment they decreased by 5% to EUR 65.8 million due to fewer health services provided.

Gross claims paid decreased by 1% compared to the preceding year.

Consolidated gross claims paid in H1 2020 compared to H1 2019



The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) posted a total of EUR 313.2 million in non-consolidated gross claims paid, down by 2%. Most insurance subsidiaries recorded a decline in gross claims paid, whereas growth in gross claims paid was

recorded only by Triglav Osiguruvanje Život, Skopje (index 2,951), Triglav Osiguranje, Belgrade (index 118) and the parent company (index 101).

Gross claims paid by Pozavarovalnica Triglav Re totalled EUR 33.6 million, an increase of 12% compared to the preceding year. A 19% growth in gross claims paid was seen in transactions with the Group and an 8% growth in transactions outside the Group. Higher gross claims paid in the Group mainly resulted from the payment of a major claim from general liability insurance in the facultative contract with the parent company. The increase in gross claims paid in transactions outside the Group was predominantly a result of marine insurance claims paid in the South Korean market and the payment of larger comprehensive motor vehicle insurance claims under the French non-life insurance contract.

Gross claims paid in H1 2020 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index		Share	
	Non-life	Life and pensions	Total	Non-life	Life and pensions	Total	H1 2020
Zavarovalnica Triglav*	115,878,485	78,287,984	194,166,469	97	108	101	62.0%
Triglav, Zdravstvena zavarovalnica	65,735,929		65,735,929	95	0	95	21.0%
Triglav, pokojninska družba		7,281,527	7,281,527	0	97	97	2.3%
Triglav Osiguranje, Zagreb	14,210,580	2,490,281	16,700,861	77	85	78	5.3%
Triglav Osiguranje, Belgrade	10,053,896	1,735,975	11,789,871	121	104	118	3.8%
Lovćen Osiguranje, Podgorica	6,882,897		6,882,897	97	0	97	2.2%
Triglav Osiguranje, Sarajevo	3,153,399	1,350,244	4,503,643	59	128	70	1.4%
Triglav Osiguranje, Banja Luka	700,270		700,270	81	0	81	0.2%
Triglav Osiguruvanje, Skopje	4,062,167		4,062,167	87	0	87	1.3%
Lovćen životna osiguranja, Podgorica		1,196,890	1,196,890	0	94	94	0.4%
Triglav Osiguruvanje Život, Skopje		177,463	177,463	0	2,951	2,951	0.1%
Total	220,677,623	92,520,364	313,197,987	95	106	98	100.0%
Pozavarovalnica Triglav Re	33,567,098		33,567,098	112	0	112	
Consolidation eliminations	-12,716,225	-3,245,607	-15,961,832	98	128	103	
Total - consolidated	241,528,496	89,274,757	330,803,253	96	106	99	

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

4.4.1 Non-life insurance

Non-consolidated gross claims paid in **non-life insurance** amounted to EUR 220.7 million, down by 5% relative to the preceding year. The profit level in the reporting period was also affected by some major loss events, which is described in greater detail in *Section 4.1 The macroeconomic environment and environmental impact on the operations*.

In **health insurance**, gross claims paid fell by 4% to EUR 67.6 million, representing 21.6% of total gross claims paid. The majority (EUR 65.7 million) was accounted for by gross claims paid of Triglav, Zdravstvena zavarovalnica, which decreased by 5%. The main reason for their decrease is the lower number of health services provided under both supplemental and additional health insurance due to the pandemic. Equalisation scheme expenses declined by 3% to EUR 3.1 million.

Gross claims paid in **motor vehicle liability insurance** totalled EUR 44.1 million, down by 8% relative to the corresponding period in 2019. They represented 14.1% of the Group's total gross claims paid. The pandemic resulted in a smaller number of reported claims and therefore all insurance subsidiaries, except Triglav Osiguranje, Belgrade (index 108), recorded a decline in gross claims paid.

Gross claims paid in **comprehensive car insurance** totalled EUR 42.2 million, down by 11% relative to the preceding year. They represented 13.5% of the Group's total gross claims paid.

Most insurance subsidiaries in this insurance class recorded a decline in gross claims paid due to a lower number of claims reported. Growth was recorded only by Triglav Osiguranje, Belgrade (index 133) due to an increased size of the portfolio.

In **real property insurance**, gross claims paid amounted to EUR 33.6 million, down by 6% compared to the year before (representing 10.7% of total gross claims paid). The highest decrease due to last year's payments of some large claims was recorded by Triglav Osiguranje, Sarajevo (index 20) and Triglav Osiguranje, Zagreb (index 58). The majority of the remaining insurance subsidiaries recorded lower gross claims paid.

Gross claims paid in **general liability insurance** amounted to EUR 9.4 million, up by 8% compared to the year before. This increase was primarily a result of an 8% rise in gross claims paid by the parent company (which accounted for 90% of the gross claims paid by the Group in this insurance class) due to the payment of a large claim in directors and officers liability insurance. Gross claims paid went up also in Lovćen Osiguranje and Triglav Osiguranje, Sarajevo.

Gross claims paid in **accident insurance** decreased by 23% to EUR 8.9 million. The decline in gross claims paid was primarily a result of lower gross claims paid in Zavarovalnica Triglav (lower payouts in group accident insurance and AO-plus insurance), Triglav Osiguranje, Sarajevo (lower growth in group accident insurance claims) and Lovćen Osiguranje (lower payouts in accident insurance for pensioners and in professional liability accident insurance).

Gross claims paid in **credit insurance** rose by 77% to EUR 4.2 million. Gross claims paid increased sharply in Zavarovalnica Triglav (index 148), which represents the majority of claims in this insurance class (75%), Triglav Osiguranje, Belgrade and Triglav Osiguranje, Zagreb. In the parent company, growth in gross claims paid was mainly a result of higher payouts in export credit insurance and domestic trade credit insurance (growth in claims from international programmes carried out in subsidiaries) and in consumer loan insurance and credit insurance for small businesses (the claims result was very favourable in the same period last year).

Gross claims paid from **other non-life insurance** went up by 20% to EUR 10.6 million. High growth in gross claims paid was recorded in most insurance subsidiaries, except in Triglav Osiguranje, Zagreb (index 67) and Triglav Osiguranje, Sarajevo (index 92). Gross claims paid by the parent company (high growth of roadside assistance claims), Lovćen Osiguranje (growth of marine insurance claims) and Triglav Osiguranje, Belgrade (growth of assistance insurance and marine insurance claims due to some major claims paid) contributed the most to the high growth.

4.4.2 Life and pension insurance

Non-consolidated gross claims paid in the **life and pension insurance** segment grew by 6% to EUR 92.5 million. Their share in total non-consolidated claims paid increased by 2.4 percentage points to 29.5%.

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, pension annuity and voluntary pension insurance), amounting to EUR 62.1 million, an increase of 32% compared to the preceding year. High growth in gross claims paid was seen in Zavarovalnica Triglav (payouts of mathematical provisions on capitalised traditional life insurance policies and payouts due to surrenders), Triglav Osiguranje, Sarajevo and Triglav Osiguranje Život, Skopje (higher payouts due to maturity).

Gross claims paid from **unit-linked life insurance** amounted to EUR 27.5 million, down by 26% relative to 2019. Lower payouts due to surrenders and maturity were the main reason for lower gross claims paid in the parent company (index 68) and lower payouts due to maturity in Triglav

Osiguranje, Zagreb (index 88). Gross claims paid of Triglav, pokojninska družba were down by 3%.

Gross claims paid in **capital redemption insurance** (supplemental voluntary pension insurance) decreased by 7%, primarily as a result of lower payouts due to insurance transfers in the parent company.

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

Insurance class	Gross claims paid		Index	Share
	H1 2020	H1 2019	H1 2020/ H1 2019	H1 2020
Accident insurance	8,947,386	11,685,700	77	2.9%
Health insurance	67,603,932	70,575,066	96	21.6%
Comprehensive car insurance	42,238,945	47,204,510	89	13.5%
Real property insurance	33,635,019	35,816,401	94	10.7%
Motor liability insurance	44,140,216	47,993,196	92	14.1%
General liability insurance	9,353,367	8,668,570	108	3.0%
Credit insurance	4,165,048	2,354,065	177	1.3%
Other non-life insurance	10,593,712	8,814,479	120	3.4%
Non-life insurance	220,677,625	233,111,987	95	70.5%
Life insurance	62,059,771	46,888,706	132	19.8%
Unit-linked life insurance*	27,541,659	36,976,429	74	8.8%
Capital redemption insurance	2,918,933	3,137,899	93	0.9%
Life and pensions insurance	92,520,363	87,003,034	106	29.5%
Total	313,197,988	320,115,021	98	100.0%

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

Gross claims paid of Zavarovalnica Triglav by insurance class

Insurance class	Gross claims paid		Index	Share
	H1 2020	H1 2019	H1 2020/ H1 2019	H1 2020
Accident insurance	4,807,030	6,843,558	70	2.5%
Health insurance	55,977	92,682	60	0.0%
Comprehensive car insurance	35,010,301	38,594,322	91	18.0%
Real property insurance	27,013,418	24,643,125	110	13.9%
Motor liability insurance	29,571,750	32,654,595	91	15.2%
General liability insurance	8,439,890	7,840,922	108	4.3%
Credit insurance	3,134,665	2,120,533	148	1.6%
Other non-life insurance	7,845,455	6,523,517	120	4.0%
Non-life insurance	115,878,486	119,313,254	97	59.7%
Life insurance	55,722,822	40,667,566	137	28.7%
Unit-linked life insurance	19,646,228	28,794,044	68	10.1%
Capital redemption insurance	2,918,933	3,137,899	93	1.5%
Life and pensions insurance	78,287,983	72,599,509	108	40.3%
Total	194,166,469	191,912,763	101	100.0%

4.5 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group amounted to EUR 148.4 million, an increase of 1% relative to the preceding year. **Insurance business expenses** totalled EUR 133.5 million, remaining at approximately the same level as the year before (index 100). The share of insurance business operating expenses in gross written premium dropped by 1.3 percentage point to 19.8%.

The share of insurance business operating expenses in written premium dropped to 19.8%.

Operating expenses by insurance segment increased by 5% (EUR 19.6 million) in the **life and pension insurance** segment, in the **non-life insurance** segment they remained at approximately the same level as in 2019 (EUR 106.5 million), whereas in the **health insurance** segment they declined by 14% (EUR 7.5 million).

Non-insurance business expenses rose by 6% to EUR 14.9 million, primarily due to the strengthening of the asset management activity (the merger of ALTA Skladi with Triglav Skladi and the establishment of Triglav penzisko društvo, Skopje).

Acquisition costs (fees and commissions) increased by 6% to EUR 27.2 million mostly due their growth in Triglav Osiguranje, Zagreb, Triglav Osiguranje, Sarajevo and Lovćen Osiguranje. Increased acquisition costs primarily resulted from the higher number of concluded insurance policies and the increased volume of written premium from insurance policies taken out via external sales channels (brokers, agencies and banks). The 14% increase in depreciation costs in the amount of EUR 10.0 million was predominantly the consequence of higher depreciation costs of computer equipment in the parent company and higher depreciation costs at Triglav Skladi due to the merger of ALTA Skladi.

At 50.7%, labour costs accounted for the largest portion of total expenses, amounting to EUR 79.2 million, up by 3% relative to the preceding year. This increase is predominantly a result of the higher number of employees in Triglav Osiguranje, Belgrade, the merger of ALTA Skladi with Triglav Skladi and higher labour costs at Zavarovalnica Triglav. The latter were mainly influenced by a change in the salary model, redeployment of most employees from the subsidiary Triglav INT to the parent company and higher payments to insurance agents due to increased sale of insurance products. Costs of services provided by natural persons other than sole traders decreased by 13%. With a 0.3% share in total expenses, they amounted to EUR 526 thousand. Other operating expenses dropped by 8% to EUR 39.4 million. The highest decrease was recorded in the costs of representation, advertising and trade shows, and reimbursement of work-related expenses, whereas the costs of payment transactions and banking services (an increase in Triglav Skladi due to the merger of ALTA Skladi) and other costs of material and energy went up (mainly due to the purchase of protective equipment).

Acquisition costs represented 60.2% (the largest share) of total gross operating expenses of the insurance business broken down by functional group. Other operating expenses represented 27.9%, claim handling costs 10.2% and asset management costs 1.7% of total gross operating expenses of the insurance business.

Gross operating expenses of the Triglav Group in H1 2020 by nature

Operating expenses by nature	Gross operating expenses		Index	Share
	H1 2020	H1 2019	H1 2020/ H1 2019	H1 2020
Acquisition costs (fees and commissions)	27,192,563	25,679,541	106	17.4%
Costs of goods sold	4,756	160,274	3	0.0%
Depreciation of operating assets	10,022,089	8,796,776	114	6.4%
Labour costs	79,224,205	77,196,593	103	50.7%
- wages and salaries	54,345,525	52,559,736	103	34.7%
- social securities and pension insurance costs	12,077,488	11,930,661	101	7.7%
- other labour costs	12,801,192	12,706,196	101	8.2%
Costs of services provided by natural persons other than SPs together with pertaining taxes	526,320	602,946	87	0.3%
Other operating expenses	39,437,246	42,891,444	92	25.2%
- costs of entertainment, advertising, trade shows	7,076,171	8,707,425	81	4.5%
- costs of material and energy	4,245,059	3,959,244	107	2.7%
- maintenance costs	7,161,882	7,355,842	97	4.6%
- travel expenses	1,668,038	2,895,333	58	1.1%
- costs of intellectual and personal services	2,371,271	2,602,857	91	1.5%
- non-income-related costs, excluding insurance	1,485,992	1,788,676	83	1.0%
- costs of transport and communication services	2,450,753	2,725,877	90	1.6%
- costs of insurance premiums	604,882	692,129	87	0.4%
- payment transaction costs and banking services	4,616,510	3,585,665	129	3.0%
- rents	2,180,050	2,115,703	103	1.4%
- costs of services of professional training	397,471	684,004	58	0.3%
- other costs of services	5,179,167	5,772,069	90	3.3%
- long-term employee benefits	0	6,620	0	0.0%
Total	156,407,179	155,327,574	101	100.0%
Consolidation eliminations	-7,960,124	-7,994,132	100	
Total consolidated	148,447,055	147,333,442	101	

Gross operating expenses of Zavarovalnica Triglav in H1 2020 by nature

Operating expenses by nature	Gross operating expenses		Index	Share
	H1 2020	H1 2019	H1 2020/ H1 2019	H1 2020
Acquisition cost (fees and commissions)	13,818,397	14,594,607	95	15.6%
Depreciation of operating assets	5,869,916	5,399,835	109	6.6%
Labour costs	52,130,932	51,204,718	102	58.7%
- wages and salaries	35,843,021	34,772,625	103	40.4%
- social securities and pension insurance costs	5,988,535	5,905,610	101	6.7%
- other labour costs	10,299,376	10,526,483	98	11.6%
Costs of services provided by natural persons other than SPs, including related taxes	105,678	159,678	66	0.1%
Other operating costs	16,809,070	18,779,883	90	18.9%
- costs of entertainment, advertising, trade shows	2,793,192	3,636,104	77	3.1%
- costs of material and energy	1,866,396	1,667,506	112	2.1%
- maintenance costs	4,197,956	4,528,303	93	4.7%
- reimbursement of labour-related costs	1,148,122	1,756,241	65	1.3%
- costs of intellectual and personal services	809,683	733,065	110	0.9%
- non-income related costs, excluding insurance	501,985	847,068	59	0.6%
- costs of transport and communication services	1,339,726	1,501,725	89	1.5%
- costs for insurance premiums	174,037	286,852	61	0.2%
- payment transaction costs and banking services	674,167	861,540	78	0.8%
- rents	1,377,421	1,140,606	121	1.6%
- costs of professional training services	244,259	405,263	60	0.3%
- other costs of services	1,682,126	1,415,610	119	1.9%
Total	88,733,993	90,138,721	98	100.0%

4.6 Reinsurance

In the first half of 2019, the **Triglav Group** allocated EUR 93.7 million of reinsurance and coinsurance premiums to external equalisation, up by 22% relative to the corresponding period last year. Reinsurance premium growth was primarily a result of the increased volume of non-life insurance premium and inward reinsurance. Reinsurance premium accounted for 13.9% of total gross written insurance and coinsurance premiums. The reinsurers' share in gross claims settled of EUR 15.8 million (index 110) was received from reinsurance.

In the reporting period, **Zavarovalnica Triglav** allocated EUR 79.4 million of reinsurance and coinsurance premiums to external equalisation, an increase of 16% compared to the same period in 2019. Reinsurance premium accounted for 19.8% of total gross written premium. The reinsurers' and coinsurers' share in gross claims settled of EUR 16.0 million (index 129) was received from reinsurance and coinsurance.

4.7 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured persons. As at 30 June 2020, the **Triglav Group** formed gross insurance technical provisions of EUR 3,008.2 million, an increase of 4% relative to 31 December 2019.

Total gross insurance technical provisions of the Triglav Group amounted to EUR 3,008.2 million.

The amount of gross insurance technical provisions increased in **non-life insurance** (index 113) and **health insurance** (index 178), whereas in **life and pension insurance** gross insurance technical insurance remained at approximately the same level as at 31 December 2019 (index 100). As at the reporting date, **Zavarovalnica Triglav** allocated EUR 2,200.1 million to gross insurance technical provisions, up by 2% compared to the 2019 year-end.

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

- **Gross unearned premium** was 27% higher and amounted to EUR 423.3 million. Unearned premium from non-life insurance increased at the same rate (index 127) to EUR 419.1 million, unearned premium from life insurance rose by 14% to EUR 3.8 million and unearned premium from health and pension insurance grew by 3% to EUR 456 thousand. The movement of gross unearned premium corresponds to the movement and duration of gross written premium and the nature of underwritten risks.
- **Gross claims provisions** increased by 5% to EUR 644.0 million. They are formed for covering claims incurred but not settled by the end of the accounting period. Claims provisions from non-life insurance totalled EUR 605.8 million (index 104), those from life and pension insurance equalled EUR 22.1 million (index 106) and those from health insurance amounted to EUR 16.1 million (index 111).
- **Mathematical provisions** amounted to EUR 1,880.0 million and were at a level approximately equal to the 2019 year-end (index 100). Mathematical provisions for the guarantee fund backing life insurance totalled EUR 1,415.7 million (index 101), while insurance technical provisions for unit-linked life insurance contracts amounted to EUR 464.3 million. They fell by 4% due to the drop in the price of fund units.
- **Provisions for bonuses and discounts** rose by 21% to EUR 23.9 million as a result of additional insurance technical provisions created due to the pandemic.
- **Other insurance technical provisions** grew by 69% to EUR 37.0 million, the highest increase being recorded by Triglav, Zdravstvena zavarovalnica (index 496). The increase is mainly the consequence of additional provisions for unexpired risks due to the pandemic.

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

	Gross insurance technical provisions		Index
	30 June 2020	31 December 2019	2020/2019
Unearned premiums	423,345,988	332,510,935	127
Mathematical provisions	1,880,022,569	1,889,382,583	100
Claims provisions	643,960,590	615,398,744	105
Provisions for bonuses and discounts	23,895,727	19,683,771	121
Other insurance technical provisions	37,013,633	21,894,138	169
Total	3,008,238,507	2,878,870,171	104

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

	Gross insurance technical provisions		Index
	30 June 2020	31 December 2019	2020/2019
Unearned premiums	296,264,879	232,791,056	127
Mathematical provisions	1,438,059,341	1,455,824,397	99
Claims provisions	429,763,311	428,320,763	100
Provisions for bonuses and discounts	23,215,232	19,065,148	122
Other insurance technical provisions	12,787,473	13,012,868	98
Total	2,200,090,236	2,149,014,232	102

4.8 Structure of financial investments

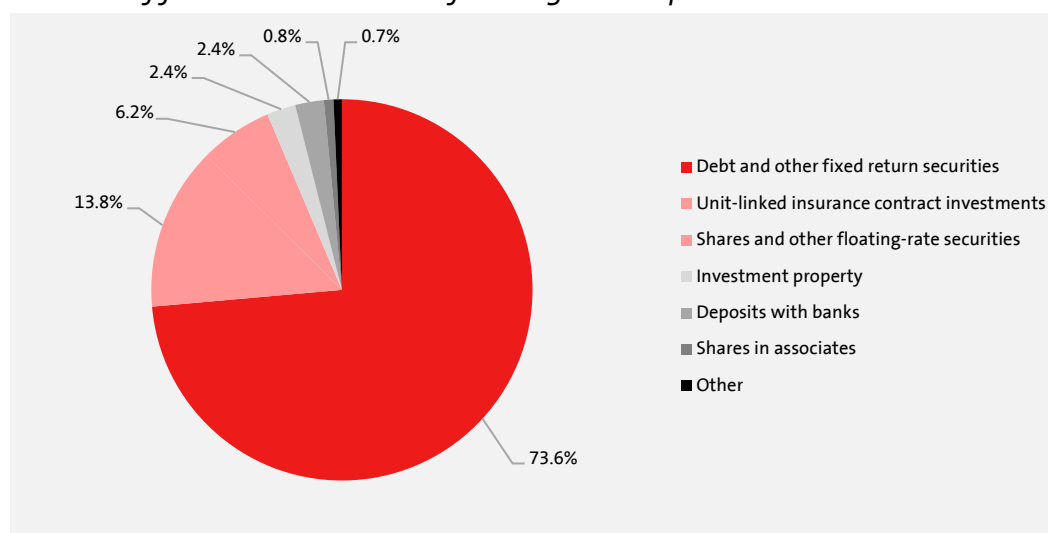
Amid this year's challenging situation of the pandemic and the condition of the financial markets, the Triglav Group continues to pursue a somewhat conservative investment policy, focusing on investment security and liquidity governed by adequate profitability. The structure of the portfolio remains similarly conservative as at the end of 2019, while actively making minor adjustments to the shares of individual investment grades in order to maintain both adequate diversification and appropriate security of the whole investment portfolio. As a precaution, the share of cash increased by 33% to EUR 101.0 million as at 30 June 2020, which, however, is not disclosed as part of financial investments. Bonds invested in developed markets account for the largest share (73.6%) in the financial investments portfolio. Most have a high credit rating, as 88.1% of bond investments are rated BBB and above.

Financial investments of **the Triglav Group** including investment property and investments in associates amounted to EUR 3,317.1 million as at 30 June 2020. Their value decreased by 5% in the first quarter of 2020, and in the second quarter, after the pandemic shock in the financial markets subsided, it returned to approximately the same value as at the end of 2019 (index 100). Their share in the Group's total assets declined by 3.0 percentage points to 81.2%.

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

	Financial investments		Index	Share	
	30 June 2020	31 December 2019	2020/2019	30 June 2020	31 Dec. 2019
Investment property	81,099,529	79,921,480	101	2.4%	2.4%
Shares in associates	26,809,503	13,154,379	204	0.8%	0.4%
Shares and other floating-rate securities	205,344,578	207,202,683	99	6.2%	6.3%
Debt and other fixed return securities	2,441,224,290	2,423,949,186	101	73.6%	73.1%
Loans given	5,389,413	5,161,148	104	0.2%	0.2%
Deposits with banks	80,599,401	88,402,963	91	2.4%	2.7%
Other financial investments	6,663,593	6,712,517	99	0.2%	0.2%
Financial investments of reinsurance companies in reinsurance contracts with cedents	11,037,581	8,602,454	128	0.3%	0.3%
Derivative financial instruments	289,518	0	0	0.0%	0.0%
Unit-linked insurance contract investments	458,637,555	482,031,288	95	13.8%	14.5%
Total	3,317,094,961	3,315,138,098	100	100.0%	100.0%

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



The total value of the largest investment grade, i.e. debt and other fixed-return securities, rose by 1%, while their share in the total portfolio grew by 0.5 percentage point to 73.6%. The share of equity investments, including investments in funds, decreased by 0.1 percentage point to 6.2%. The share of investments in associates rose by 0.4 percentage point as a result of the capital increase in ZTSR due to the acquisition of Diagnostični Center Bled. The share of unit-linked insurance contract investments declined by 0.7 percentage point, primarily due to a drop in prices. The shares of other financial investments did not change significantly.

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

The largest share (59.3%) in the Group's bond portfolio **by issuer sector** was accounted for by government bonds. Compared to the 2019 year-end, their share did not significantly change, whereas their volume increased by 1%. Financial bonds accounted for a 20.9% share and corporate bonds for a 19.8% share.

Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index	Share	
	30 June 2020	31 December 2019	2020/2019	30 June 2020	31 Dec. 2019
Government	1,446,470,247	1,429,886,787	101	59.3%	59.0%
Financial	510,369,200	517,025,272	99	20.9%	21.3%
Corporate	483,352,226	475,884,757	102	19.8%	19.6%
Shared	1,032,617	1,152,369	90	0%	0%
Total	2,441,224,291	2,423,949,186	101	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The Group's bond investment portfolio is of good quality, its investments are globally diversified and mostly consists of investments in debt securities with a **high credit rating**. As much as 88.1% of debt securities in the portfolio have an investment grade credit rating of at least "BBB" (vs. 87.5% as at 31 December 2019).

Debt securities of the Triglav Group by credit rating

Credit rating	Debt securities		Index	Share	
	30 June 2020	31 December 2019	2020/2019	30 June 2020	31 Dec. 2019
AAA	275,891,404	247,171,318	112	11.3%	10.2%
AA	339,723,432	329,308,659	103	13.9%	13.6%
A	741,657,994	761,757,966	97	30.4%	31.4%
BBB	792,857,245	782,946,517	101	32.5%	32.3%
Below BBB	204,202,653	187,505,686	109	8.4%	7.7%
Not rated	86,891,562	115,259,039	75	3.6%	4.8%
Total	2,441,224,291	2,423,949,186	101	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

In terms of **issuer country**, the majority of the portfolio is accounted for by debt securities of issuers from the countries with a high credit rating, which ensures the Group appropriate security and liquidity. Certain changes in exposure to individual countries are a result of price fluctuations and tactical adjustments of some positions.

Debt securities of the Triglav Group by issuer country

Country of issuer	Debt securities		Index	Share	
	30 June 2020	31 December 2019	2020/2019	30 June 2020	31 Dec. 2019
Slovenia	400,682,041	432,899,974	93	16.4%	17.9%
Germany	265,225,841	174,349,263	152	10.9%	7.2%
France	188,090,417	236,839,255	79	7.7%	9.8%
Spain	158,719,701	128,363,769	124	6.5%	5.3%
USA	128,604,096	108,397,196	119	5.3%	4.5%
Italy	112,865,802	138,469,634	82	4.6%	5.7%
Netherlands	110,425,005	167,277,688	66	4.5%	6.9%
Croatia	104,692,920	103,869,838	101	4.3%	4.3%
International financial institutions	84,464,244	60,596,923	139	3.5%	2.5%
Austria	72,376,782	33,634,748	215	3.0%	1.4%
Other	815,077,443	839,250,897	97	33.4%	34.6%
Total	2,441,224,291	2,423,949,186	101	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

Equity investments, which comprise shares and other variable-return securities and investments in associates, represent 7.0% of the Group's total portfolio, up by 0.4 percentage point relative to 31 December 2019. Their value is 5% higher, primarily due to the capital increase of ZTSR and value correction of equity investments. Equity investments also include the category *other funds*, which comprises mostly alternative funds. Their share is increasing and represents 25.8% of equity investments.

Equity investments of the Triglav Group by investment type

Equity investment type	Equity investments		Index	Share	
	30 June 2020	31 December 2019	2020/2019	30 June 2020	31 Dec. 2019
Shares	95,998,254	79,449,680	121	41.4%	36.1%
Equity funds	50,836,439	56,504,953	90	21.9%	25.6%
Bond funds	21,893,771	17,653,170	124	9.4%	8.0%
Money market funds	3,443,416	11,117,584	31	1.5%	5.0%
Other funds	59,982,201	55,631,676	108	25.8%	25.2%
Total	232,154,081	220,357,062	105	100.0%	100.0%

Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index	Share	
	30 June 2020	31 December 2019	2020/2019	30 June 2020	31 Dec. 2019
Slovenia	86,624,211	69,483,453	125	37.3%	31.5%
Developed markets	124,888,576	130,100,465	96	53.8%	59.0%
Developing markets	12,817,845	13,094,408	98	5.5%	5.9%
Balkans	7,823,449	7,678,736	102	3.4%	3.5%
Total	232,154,081	220,357,062	105	100.0%	100.0%

Zavarovalnica Triglav's financial investments including investment property amounted to EUR 2,528.3 million, a decrease of 1% relative to the 2019 year-end.

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

	Financial investments		Index	Share	
	30 June 2020	31 December 2019	2020/2019	30 June 2020	31 Dec. 2019
Investment property	45,651,438	46,091,135	99	1.8%	1.8%
Investments in subsidiaries and associates	166,492,692	152,992,693	109	6.6%	6.0%
Shares and other floating rate securities	114,565,958	107,310,068	107	4.5%	4.2%
Debt and other fixed return securities	1,749,907,459	1,760,076,254	99	69.2%	69.2%
Loans given	10,644,972	10,726,466	99	0.4%	0.4%
Deposits with banks	29,999,536	30,229,076	99	1.2%	1.2%
Other financial investments	3,845,817	3,865,518	99	0.2%	0.2%
Derivative financial instruments	289,518	0	0	0.0%	0.0%
Unit-linked insurance contract investments	406,930,889	433,758,610	94	16.1%	17.0%
Total	2,528,328,279	2,545,049,820	99	100.0%	100.0%

4.9 Asset management

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

- own insurance portfolio: EUR 2,858 million (index 104),
- mutual funds and discretionary mandate assets: EUR 1,062 million (index 96).

Asset management market

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

shares on stock exchanges and the increase in uncertainty, which affected the behaviour of investors. The value of discretionary mandate assets managed by asset management companies amounted to EUR 1.2 billion as at 30 June 2020, an increase of 22% relative to the 2019 year-end.

Triglav Skladi consolidated its dominant position with a 34.1% market share among asset management companies in the Slovenian mutual fund segment (compared to 33.9% as at 31 December 2019). Its market share in the discretionary mandate segment was 6.8%, down by 1.5 percentage point relative to the 2019 year-end.

The subsidiary Triglav Skladi manages 36 mutual funds and 10 investment combinations under two umbrella funds (Triglav vzajemni skladi and Alta). It also manages 3 investment funds in Croatia and provides discretionary mandate services. In Bosnia and Herzegovina, the company holds a participating interest in PROF-IN asset management company. As at the reporting date, Triglav Skladi managed assets of EUR 979.4 million in mutual funds, a decrease of 4% relative to the 2019 year-end. The amount of assets under management was primarily influenced by the situation on the capital markets. The value of net assets under management decreased by EUR 51.1 million due to the capital markets and increased by EUR 11.4 million due to net inflows. Discretionary mandate assets remained at approximately the same level as at the 2019 year-end and amounted to EUR 82.5 million (net inflows amounted to EUR 4.7 million and the market effect was negative in the same amount).

5. Financial result and financial position

5.1 Financial result

In the first half of 2020, the Triglav Group posted **profit before tax of EUR 40.6 million**, a decrease of 3% relative to the same period last year. Profit before tax was lower primarily as a result of reduced rates of return on investment and major CAT events (see *Section 4.1 The macroeconomic environment and environmental impact on the Company's operations* for more information). **Net profit** amounted to **EUR 33.5 million**, also having decreased by 3% compared to the preceding year. Compared to the year before, **annualised net return on equity** decreased by 1.1 percentage point to 8.5%.

In the first six months, the Triglav Group posted profit before tax of EUR 40.6 million.

Zavarovalnica Triglav posted **profit before tax** of EUR 31.6 million, down by 4% relative to the corresponding period of 2019. The Company's **net profit** declined by 4% to EUR 26.4 million.

The Triglav Group's combined ratio was 92.4%. It was down by 0.7 percentage point compared to the corresponding period last year, primarily as a result of higher growth in net premium income and lower growth in operating expenses. The combined ratio shows the profitability of operations in the non-life and health insurance segments. Any value of this ratio below 100 means that the non-life and health insurance portfolios as the core business (excluding return on investments) are earning a profit.

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

Insurance company	H1 2020	H1 2019	Change
Zavarovalnica Triglav	87.6%	88.8%	-1.1 p.p.
Triglav, Zdravstvena zavarovalnica	95.8%	101.5%	-5.7 p.p.
Pozavarovalnica Triglav Re	97.3%	93.4%	3.9 p.p.
Triglav Osiguranje, Zagreb	119.8%*	103.2%	16.6 p.p.
Triglav Osiguranje, Belgrade	84.4%	96.0%	-11.6 p.p.
Lovćen Osiguranje, Podgorica	90.8%	93.6%	-2.8 p.p.
Triglav Osiguranje, Sarajevo	92.7%	99.0%	-6.3 p.p.
Triglav Osiguranje, Banja Luka	97.9%	108.3%	-10.5 p.p.
Triglav Osiguruvanje, Skopje	99.4%	104.5%	-5.0 p.p.
The Triglav Group	92.4%	93.2%	-0.7 p.p.

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

Net premium income increased by 6% to EUR 523.1 million. Net premium income from health insurance grew by 17%, from non-life insurance by 5%, and from life and pension insurance by 2%. Net premium income is comprised of gross written premium in the amount of EUR 673.4 million (index 107), less written premium ceded to reinsurance and coinsurance in the amount of EUR 93.7 million (index 122) and adjusted by the change in net unearned premium of EUR – 56.7 million (index 92).

Net claims incurred grew by 2% to EUR 338.2 million. Net claims incurred in health insurance fell by 5%, primarily due to lower gross claims paid (see *Section 4.4.1* for more details). Net claims incurred increased by 7% in life and pension insurance and by 4% in non-life insurance. Net claims incurred are comprised of gross claims paid in the amount of EUR 330.8 million (index 99) less reinsurers' and coinsurers' shares in gross claims paid in the amount of EUR 15.8 million (index 110), adjusted by the change in claims provisions of EUR 20.1 million (vs. EUR 6.4 million

in 2019) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 3.1 million (index 97).

Income from investments, including income from investments in associates, decreased by 53% to EUR 48.2 million. Income from investments in associates declined by 64% to EUR 360 thousand, while income from investments dropped by 53% to EUR 47.8 million. Interest income was down by 18% to EUR 22.3 million, whereas gains on disposal of investments increased by 40% to EUR 16.7 million as a result of an active investment management policy and coordination with new investment policies that pursue cash flows on the liabilities side as much as possible. Other income from investments declined to EUR 8.8 million (vs. EUR 63.4 million in the same period of 2019). Other income from investments comprise changes in the fair value of EUR 4.1 million (vs. EUR 16.2 million in 2019), other financial income in the amount of EUR 2.8 million (index 87), dividends of EUR 648 thousand (index 73) and net unrealised gains on unit-linked life insurance assets, which totalled EUR 1.3 million (vs. EUR 43.1 million in 2019). The latter decreased mainly due to high corrections in equity funds, to which the majority of policyholders' investments under these insurance contracts are tied.

Expenses from investments, including expenses from investments in associates, increased to EUR 53.4 million (vs. EUR 9.1 million in the corresponding period of the preceding year). Expenses from investments in associates amounted to EUR 175 thousand and expenses from investments totalled EUR 53.2 million (vs. EUR 9.0 million in 2019). Losses on disposals amounted to EUR 4.3 million (index 98), impairments of equity investments equalled EUR 973 thousand (index 409) and other expenses from investments totalled EUR 47.9 million (vs. EUR 4.4 million in 2019). Other expenses from investments comprise net unrealised losses on unit-linked life insurance assets totalling EUR 29.0 million (vs. EUR 156 thousand in 2019), changes in the fair value of EUR 13.1 million (vs. EUR 1.4 million in 2019) and other financial expenses in the amount of EUR 5.8 million (index 206).

Return on investment of the Triglav Group (excluding unit-linked life insurance contract investments) represents the difference between income and expenses from financial assets and reached EUR 24.0 million (vs. EUR 47.5 million in the corresponding period of 2019). Reasons for the lower return are connected to both income and expenses from investments. The largest part of the decrease is a result of higher net expenses from the change in fair value and lower net interest income.

Return on investment declined predominantly due to higher net expenses from the change in fair value and lower net interest income.

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

Change in other insurance technical provisions amounted to EUR 25.4 million and was lower than in the preceding year (EUR 48.1 million), predominantly due to the decline in mathematical provisions (EUR 10.6 million). As part of other insurance technical provisions, provisions for unexpired risks of health insurance contracts increased due to the pandemic (EUR 14.7 million). **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR –20.2 million (vs. EUR 41.3 million in the same period last year) due to the decrease in the value of fund units. **Expenses for bonuses and discounts** rose by 68% to EUR 9.5 million as a result of additional provisions created due to the COVID-19 pandemic.

Operating expenses (acquisition costs and other operating expenses) totalled EUR 117.7 million, down by 1%. Acquisition costs increased by 1%, whereas other operating expenses fell by 4%. The growth of total insurance business operating expenses (all functional cost groups) was

behind gross written premium growth, which decreased the ratio of expenses to written premium by 1.3 percentage point to 19.8%.

Other insurance income, excluding fees and commissions, totalled EUR 7.4 million, down by 5% predominantly due to lower interest income from subrogation receivables in the parent company and last year's reversal of impairments of receivables in Lovćen Osiguranje. **Other insurance expenses**, excluding fees and commissions, increased by 61% and amounted to EUR 15.3 million, mostly due to the higher assets for prevention in the parent company (purchase of protective equipment) and ceded fees and commissions for active transactions in Pozavarovalnica Triglav Re. **Net fee and commission income** climbed by 25% to EUR 1.4 million.

Other income increased by 9%, totalling EUR 19.3 million, primarily due to the merger of ALTA Skladi with Triglav Skladi. The 9% increase in **other expenses** (EUR 19.4 million) was mainly a result of higher other expenses in Triglav Skladi due to the merger of ALTA Skladi and higher interest expenses from the bonds issued by the parent company (see *Section 3.6 Bonds* for more information).

Individual items in the consolidated income statement of the Triglav Group for H1 2020

	H1 2020	H1 2019	Index
Net premium income	523,073,694	491,794,282	106
Income from investments including income in subsidiaries and associates	48,194,384	103,481,549	47
Other income from insurance operations	24,944,982	20,562,809	121
Other income	19,267,365	17,669,816	109
Net claims incurred	338,251,747	330,061,096	102
Change in other insurance technical provisions (excluding ULI)	25,425,664	48,141,551	53
Change in insurance technical provisions for unit-linked insurance contracts	-20,198,745	41,330,772	
Expenses for bonuses and discounts	9,537,868	5,667,944	168
Operating expenses	117,682,546	118,594,995	99
Expenses from investments including expenses in subsidiaries and associates	53,359,503	9,096,811	587
Other insurance expenses	31,436,622	21,145,008	149
Other expenses	19,422,799	17,779,423	109
Profit before tax	40,562,421	41,690,856	97
Income tax expense	7,064,192	6,982,106	101
Net profit for the accounting period	33,498,229	34,708,750	97

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

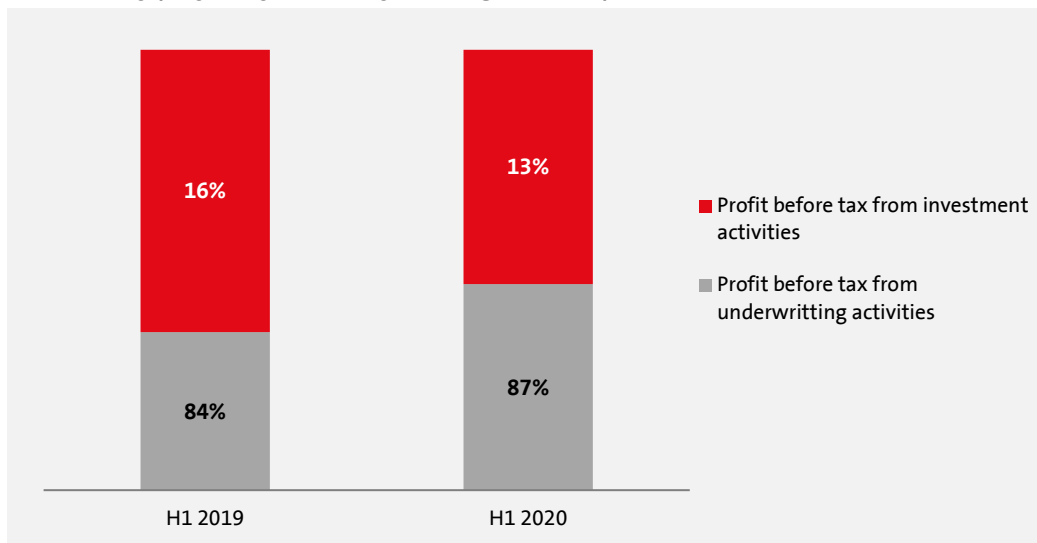
	H1 2020				H1 2019			
	Non-life	Life and pensions	Health	Total	Non-life	Life and pensions	Health	Total
Profit before tax from underwriting activities	25,528,915	4,277,881	4,808,979	34,615,775	26,313,373	7,583,207	-448,094	33,448,486
Profit before tax from investment activities	8,970,636	-3,975,077	313,710	5,309,269	10,932,859	-4,928,813	378,452	6,382,498
Profit before tax from insurance operations	34,499,551	302,804	5,122,689	39,925,044	37,246,232	2,654,394	-69,642	39,830,984
Profit before tax from non-insurance operations				637,377				1,859,872
Total profit before tax				40,562,421				41,690,856

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

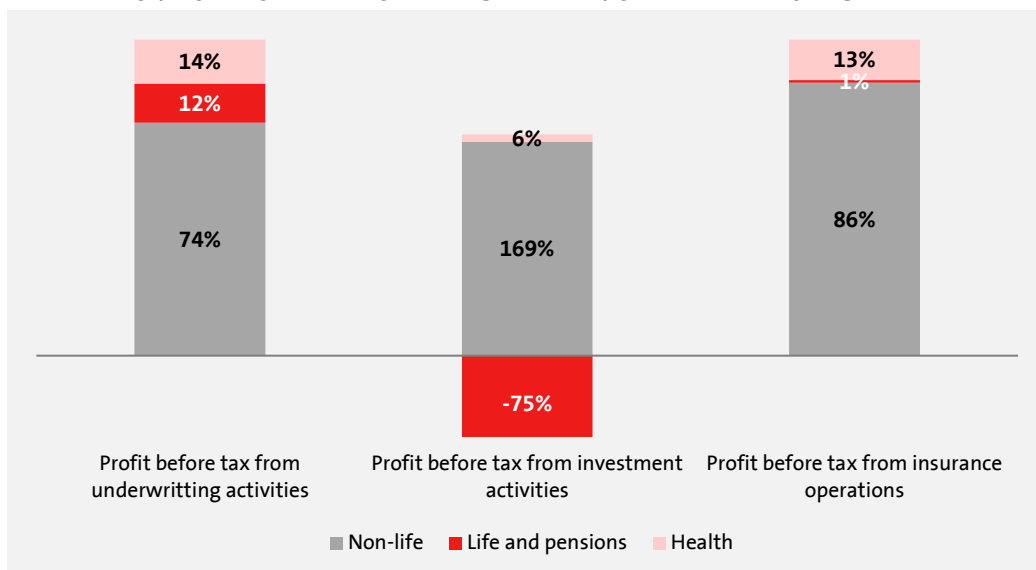
The decreased profit before tax of the non-life insurance business of the Triglav Group in the first six months of 2020 relative to the corresponding period last year primarily results from lower gains on the sale of financial assets and lower interest income. The slightly lower profit of non-life insurance from the underwriting activities was mainly a result of higher expenses for bonuses and discounts due to additional provisions created because of the pandemic and the increase in claims provisions due to the decision of the Supreme Court of the Republic of Croatia, which changes the criteria and the amounts for determining monetary compensation for non-pecuniary damages. Profit before tax in the health insurance business improved primarily due to higher growth in net premium income and lower operating expenses. The main reason for

the lower profit before tax of the Triglav Group in the life and pension insurance business is the creation of provisions in the amount of EUR 3.1 million as a result of the liability adequacy test for Triglav, pokojninska družba. At the parent company, the rates of return on investment were EUR 3.6 million higher than in the same period last year. In addition, Zavarovalnica Triglav lowered the internally set maximum interest rate used for the valuation of life insurance liabilities from 2.7% to 2.4%, which resulted in an increase in mathematical provisions by EUR 15.4 million. This is the current estimate based on information available. As a result, the Company formed additional provisions of EUR 3.1 million compared to the corresponding period of the preceding year. With a somewhat poorer insurance technical result, profit of Zavarovalnica Triglav's life insurance business is at last year's level. In the first half of 2020, other Group members performed slightly better in the life insurance segment, as their profit was EUR 0.5 million higher compared to the corresponding period last year.

Structure of profit before tax of the Triglav Group in H1 2020 and H1 2019



Structure of profit before tax of the Triglav Group for H1 2020 by segment



Individual items in the income statement of Zavarovalnica Triglav for H1 2020

	H1 2020	H1 2019	Index
Net premium income	283,210,102	276.540.639	102
Income from investments including income in subsidiaries and associates	32,662,419	77.907.444	42
Other income from insurance operations	20,732,938	17.558.628	118
Other income	3,686,177	5.496.821	67
Net claims incurred	187,831,876	182.843.532	103
Change in other insurance technical provisions (excluding ULI)	4,866,528	25.960.392	19
Change in insurance technical provisions for unit-linked insurance contracts	-23,335,482	34.844.420	
Expenses for bonuses and discounts	8,606,232	4.587.409	188
Operating expenses	76,631,015	78.911.681	97
Expenses from investments including expenses in subsidiaries and associates	37,213,496	6.963.044	534
Other insurance expenses	13,445,292	7.460.876	180
Other expense	3,450,282	2.931.078	118
Profit/loss before tax	31,582,395	33.001.101	96
Income tax expense	5,224,635	5.431.697	96
Net profit/loss for the accounting period	26,357,760	27.569.404	96

5.2 Financial position

Balance sheet total of the Triglav Group as at 30 June 2020 stood at EUR 4,085.5 million, an increase of 4% relative to 31 December 2019.

Total equity as at 30 June 2020 amounted to EUR 814.7 million, up by 3% relative to the 2019 year-end, primarily due to higher net profit brought forward. Total equity in total balance sheet liabilities fell by 0.2 percentage point to 19.9%. Equity attributable to the controlling company increased by 3% to EUR 812.2 million, while non-controlling interests grew by 1% to EUR 2.5 million. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. As a result of a decrease in the value of available-for-sale financial assets, **fair value reserve** declined by 12% to EUR 74.2 million. **Share premium** amounted to EUR 50.3 million and remained at a level approximately equal to the 2019 year-end (index 100).

Total equity grew by 3% to EUR 814.7 million as at the reporting date.

Reserves from profit in the amount of EUR 354.7 million (index 100) remained unchanged compared to 31 December 2019. They comprise other reserves from profit of EUR 334.3 million, legal and statutory reserves in the amount of EUR 19.8 million and contingency reserves of EUR 640 thousand. **Accumulated profit** reached EUR 262.7 million, up by 15%. In addition to EUR 33.4 million (index 53) in net profit for the year, it includes EUR 229.3 million of net profit brought forward (index 138). Net profit brought forward increased by EUR 63.4 million due to the transfer of net profit for the previous year.

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

Gross insurance technical provisions were 4% higher and amounted to EUR 3,008.2 million. Their share in balance sheet total increased by 0.5 percentage point to 73.6%. Mathematical provisions amounted to EUR 1,880.0 million and remained at a level approximately equal to the 2019 year-end (index 100). By contrast, an increase was seen in gross claims provisions (index 105), provisions for gross unearned premium (index 127) and other insurance technical provisions (index 146). Insurance technical provisions are discussed in greater detail in *Section 4.7*.

Other financial liabilities equalled EUR 15.8 million, up by 749% due to higher short-term liabilities from financing in Zavarovalnica Triglav, which refer to liabilities for securities purchases. Their share accounted for only 0.4% of total liabilities.

Operating liabilities grew by 20% over the 2019 year-end and amounted to EUR 80.5 million, thus representing 2.0% of total liabilities. They increased mostly on the account of liabilities from coinsurance and reinsurance operations, which rose to EUR 57.7 million (index 139).

Lease liabilities amounted to EUR 9.6 million, a decrease of 12% relative to the 2019 year-end. Lease liabilities comprise long-term lease liabilities of EUR 9.4 million and short-term lease liabilities of EUR 251 thousand.

Other provisions amounted to EUR 18.7 million and remained at a level approximately equal to the 2019 year-end (index 100). Compared to 31 December 2019, **deferred tax liabilities** fell by 5% to EUR 21.3 million, primarily due to the lower fair value reserve from investments for which deferred tax is calculated. **Other liabilities** declined by 17% to EUR 67.2 million.

The Triglav Group's financial investments in associates rose by 104% to EUR 26.8 million due to the capital increase of ZTSR in the amount of EUR 13.5 million.

Financial investments, which accounted for 67.3% of total assets, amounted to EUR 2,750.5 million and remained at a level approximately equal to the 2019 year-end (index 100). Available-for-sale financial assets, which totalled EUR 1,988.2 million, accounted for the bulk. Furthermore, EUR 490.2 million was accounted for by financial assets measured at fair value through profit or loss, EUR 164.8 million by held-to-maturity financial assets and EUR 107.4 million by deposits and loans. **Unit-linked insurance assets** amounted to EUR 458.6 million, down by 5%. The structure of financial assets is discussed in greater detail in *Section 4.8*.

Investment property was up by 1% to EUR 81.1 million.

Receivables and deferred tax assets increased by 40% to EUR 290.0 million over the 2019 year-end and accounted for 7.1% of total assets, of which receivables from direct insurance operations accounted for the bulk at EUR 162.8 million (index 154), an increase of 7% relative to 30 June 2019. Receivables from coinsurance and reinsurance operations reached EUR 81.7 million (index 141), other receivables stood at EUR 30.2 million (index 102) and current tax receivables at EUR 2.8 million (index 220). Deferred tax assets amounted to EUR 12.5 million (index 100).

Insurance technical provisions transferred to reinsurance contracts totalled EUR 136.4 million, having increased by 33%. Assets from reinsurance contracts from claims provisions were 14% higher and equalled EUR 74.2 million, while assets from unearned premium rose by 65% to EUR 60.9 million.

Property, plant and equipment totalled EUR 111.5 million, a decrease of 2% relative to 31 December 2019. **Intangible assets** amounted to EUR 112.1 million, up by 10%, primarily due to the growth of long-term deferred acquisition costs.

Non-current assets held for sale of EUR 0.8 million declined by 80% due to the sale of land and real property of Triglav, Upravljanje nepremičnin.

Right-of-use assets dropped by 11% to EUR 9.7 million. They comprise the right to use land and buildings of EUR 7.9 million (index 88), the right to use vehicles of EUR 1.7 million (index 92) and the right to use other assets of EUR 121 thousand (index 84).

Cash and cash equivalents amounted to EUR 101.0 million (index 133), whilst **other assets** totalled EUR 6.8 million (index 121). **Off-balance sheet items** amounted to EUR 199.6 million (index 97).

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

	30 June 2020	31 December 2019	Index
ASSETS	4,085,494,868	3,936,999,820	104
Intangible assets	112,079,944	101,725,725	110
Property, plant and equipment	111,508,378	114,072,290	98
Non-current assets held for sale	844,243	4,164,221	20
Investment property	81,099,529	79,921,480	101
Right of use assets	9,734,842	10,937,925	89
Investments in associates	26,809,503	13,154,379	204
Financial investments	2,750,548,374	2,740,030,952	100
Unit-linked insurance assets	458,637,556	482,031,288	95
Reinsurers' share of insurance technical provisions	136,419,946	102,747,806	133
Receivables and deferred tax assets	289,982,107	206,697,830	140
Other assets	6,841,395	5,646,149	121
Cash and cash equivalents	100,989,051	75,869,775	133
<i>Off balance sheet items</i>	<i>199,564,608</i>	<i>205,911,992</i>	<i>97</i>
EQUITY AND LIABILITIES	4,085,494,868	3,936,999,820	104
Equity	814,695,617	791,951,787	103
Subordinated liabilities	49,398,569	64,847,293	76
Insurance technical provisions	2,543,931,148	2,393,927,336	106
Insurance technical provisions for unit-linked insurance contracts	464,307,359	484,942,835	96
Other provisions	18,710,710	18,623,446	100
Deferred tax liabilities	21,305,757	22,516,692	95
Other financial liabilities	15,835,352	1,864,414	849
Operating liabilities	80,512,787	66,872,331	120
Lease liabilities	9,601,592	10,915,678	88
Other liabilities	67,195,977	80,538,008	83
<i>Off balance sheet items</i>	<i>199,564,608</i>	<i>205,911,992</i>	<i>97</i>

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

	30 June 2020	31 December 2019	Index
ASSETS	2,958,486,898	2,901,140,141	102
Intangible assets	70,355,898	61,924,273	114
Property, plant and equipment	67,136,473	68,305,684	98
Investment property	45,651,438	46,091,135	99
Right of use assets	3,821,378	4,106,316	93
Investments in subsidiaries and associates	166,492,692	152,992,692	109
Financial investments	1,909,253,260	1,912,207,382	100
Unit-linked insurance assets	406,930,888	433,758,610	94
Reinsurers' share of insurance technical provisions	108,351,416	98,433,270	110
Receivables and deferred tax assets	143,755,008	93,715,998	153
Other assets	3,790,119	3,492,671	109
Cash and cash equivalents	32,948,326	26,112,112	126
<i>Off balance sheet items</i>	<i>99,175,557</i>	<i>107,689,690</i>	<i>92</i>
EQUITY AND LIABILITIES	2,958,486,898	2,901,140,141	102
Equity	605,245,620	580,480,275	104
Subordinated liabilities	49,398,569	69,999,451	71
Insurance technical provisions	1,787,904,383	1,713,421,521	104
Insurance technical provisions for unit-linked insurance contracts	412,185,852	435,592,711	95
Other provisions	12,958,684	12,625,260	103
Deferred tax liabilities	5,744,333	5,706,679	101
Other financial liabilities	14,478,654	1,640,125	887
Operating liabilities	30,776,883	31,912,738	96
Lease liabilities	3,940,011	4,166,278	95
Other liabilities	35,853,910	45,595,103	79
<i>Off balance sheet items</i>	<i>99,175,557</i>	<i>107,689,690</i>	<i>92</i>

6. Risk management

6.1 Risk Management

The Triglav Group's operations in the first half of 2020 were influenced by the COVID-19 pandemic. The Group regularly assessed the effects of the situation on the economy and financial markets and, consequently, on its operations. The Group responded to the situation in a timely and appropriate manner and informed the public thereof. The business continuity plan was activated and all necessary measures were taken to curb the spread of infection, protect employees, clients and other stakeholders, and ensure the implementation of key business processes.

At the level of the insurance sector in the European Union, due to increased volatility in the financial markets, a decrease in the capital adequacy of insurance companies was recorded, by an average of 20 percentage points (in the range of 10–40 percentage points)¹, which is estimated to coincide with the effects at the Group level. After re-examining the bases and assumptions, it was assessed that the Group's insurance and investment portfolios are sufficiently resilient and that its capital position is appropriate to effectively cope with increased risks arising from the COVID-19 pandemic. In accordance with the foreseen gradual improvement of the situation in the Group's business environment in the coming years, a gradual improvement of the capital adequacy is anticipated at the Group level.

The Group also regularly monitors its liquidity position and manages it carefully. Special attention is paid to both the planning of projected outflows and inflows and the monitoring of liquidity in the financial markets. Liquidity first decreased in March 2020, but then stabilised in April to such an extent that throughout the whole period until 30 June 2020 neither trading in financial instruments nor increased price gaps between supply and demand in purchases or sales of financial instruments was no longer problematic as it was in March. The current liquidity is therefore much better than at the beginning of the pandemic. A similar trend was seen in the movement of credit spreads, where a decrease was observed. Nevertheless, credit spreads are still slightly higher than before the crisis. The Group will continue to closely monitor liquidity risk and have sufficient liquid financial assets at its disposal to be able to continue to meet all its obligations without interruption.

Despite the extraordinary situation in the first half of 2020, no material operational risk related to the COVID-19 pandemic was realised within the Triglav Group. The Group effectively overcame the challenges of gradually returning operations to pre-crisis levels and the gradual return of employees to the companies' premises, taking into account the protective measures and other measures taken by individual countries. Employees gradually returned to their workplaces, except for those with a suspicion of infection, in quarantine or at risk. Clear and up-to-date instructions for employees and preventive action ensured that COVID-19 infection was not transmitted to the work environment.

Based on the current situation, the Group has successfully adapted to the extraordinary situation and ensured uninterrupted operations during the pandemic-related crisis, as well as effectively managed the increased operational risks. Aware that these risks are still relevant, which is also reflected in the spread of infection in some countries where the Group operates,

¹ European Insurers: Capitalization Appears Resilient Under Solvency II, Somewhat Less Under Our Capital Model; May 2020; <https://www.spglobal.com/ratings/en/research/articles/200113-solvency-ii-2020-review-could-disrupt-insurers-solvency-ratios-11302181>

the Group will continue to regularly monitor the situation and on this basis implement appropriate activities and take the necessary additional measures.

6.2 Internal audit

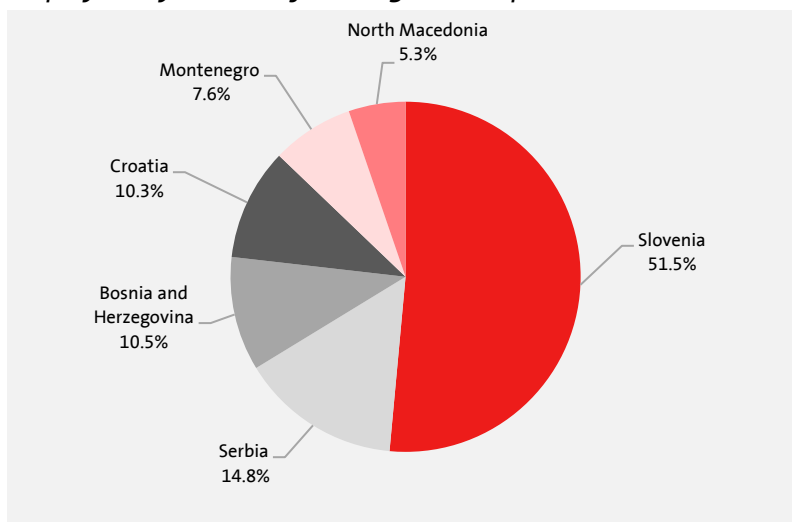
In the first six months of 2020, the Internal Audit Department complied with its annual work plan. It conducted internal audits of various areas in Zavarovalnica Triglav and audits in some subsidiaries. The findings were reported to the management of the audited areas and to the Management Board.

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

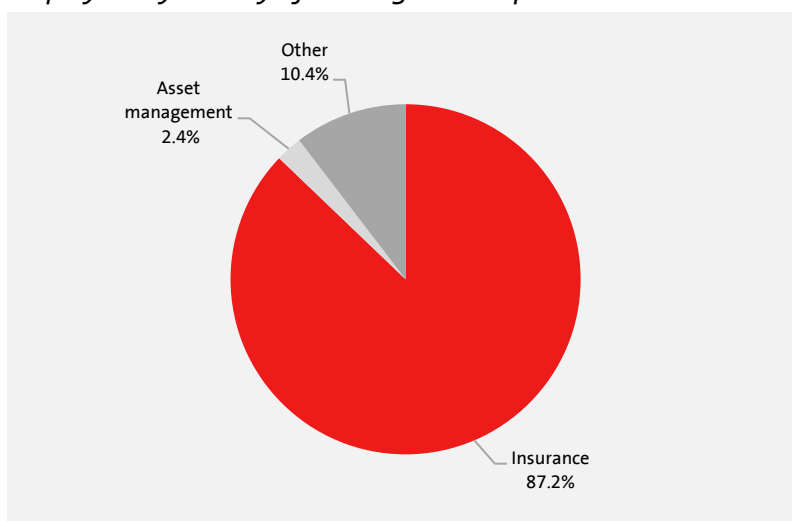
7. Human Resource Management at the Triglav Group

The Triglav Group had 5,231 employees as at 30 June 2020, a decrease of 50 relative to 31 December 2019. The number decreased the most in Triglav Osiguranje, Belgrade and Triglav Osiguruvanje, Skopje.

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



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



ACCOUNTING REPORT

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Accounting report

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Statement of management's responsibility

The Management Board herewith confirms the financial statements for the period from 1 January 2020 to 30 June 2020 as well as the applied accounting policies and notes to the financial statements.

The Management Board is responsible for preparing the Interim Report so as to give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2020 to 30 June 2020 in accordance with IAS 34 – Interim reporting.

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

The Management Board confirms that the Interim Management Report of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2020 to 30 June 2020 includes a fair review of their business developments, results and financial positions, including a description of the major risks to which Zavarovalnica Triglav, d.d. as the parent company and its consolidated subsidiaries are exposed to as the Group.

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

Andrej Slapar
President of the Management
Board

Barbara Smolnikar
Member of the Management
Board

Uroš Ivanc
Member of the Management
Board

David Benedek
Member of the Management
Board

Tadej Čoroli
Member of the Management
Board

Marica Makoter
Member of the Management
Board

Ljubljana, 10 August 2020

1. Financial statements

	Triglav Group		Zavarovalnica Triglav	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
in EUR				
STATEMENT OF FINANCIAL POSITION				
ASSETS	4,085,494,868	3,936,999,820	2,958,486,898	2,901,140,141
Intangible assets	112,079,944	101,725,725	70,355,898	61,924,273
Property, plant and equipment	111,508,378	114,072,290	67,136,473	68,305,684
Non-current assets held for sale	844,243	4,164,221	0	0
Deferred tax assets	12,452,657	12,462,082	0	0
Investment property	81,099,529	79,921,480	45,651,438	46,091,135
Right of use assets	9,734,842	10,937,925	3,821,378	4,106,316
Investments in subsidiaries	0	0	134,938,667	134,938,667
Investments in associates	26,809,503	13,154,379	31,554,026	18,054,026
- accounted for using the equity method	26,809,503	13,154,379	0	0
- measured at fair value	0	0	31,554,026	18,054,026
Financial investments	2,750,548,374	2,740,030,952	1,909,253,260	1,912,207,382
- loans and deposits	107,403,093	112,578,151	48,733,025	49,049,847
- held to maturity	164,757,028	186,109,072	143,090,948	150,469,553
- available for sale	1,988,209,269	1,826,940,416	1,516,324,091	1,382,802,069
- recognised at fair value through profit and loss	490,178,984	614,403,313	201,105,196	329,885,913
Unit-linked insurance assets	458,637,556	482,031,288	406,930,888	433,758,610
Reinsurers' share of technical provisions	136,419,946	102,747,806	108,351,416	98,433,270
Receivables	277,529,450	194,235,748	143,755,009	93,715,995
- receivables from direct insurance operations	162,800,093	105,459,829	110,122,654	68,401,137
- receivables from reinsurance and co-insurance operations	81,739,272	57,989,502	24,722,830	17,219,677
- current tax receivables	2,819,282	1,281,349	585,130	0
- other receivables	30,170,803	29,505,068	8,324,395	8,095,181
Other assets	6,841,395	5,646,149	3,790,119	3,492,671
Cash and cash equivalents	100,989,051	75,869,775	32,948,326	26,112,112
<i>Off balance sheet items</i>	<i>199,564,608</i>	<i>205,911,992</i>	<i>99,175,557</i>	<i>107,689,690</i>
EQUITY AND LIABILITIES	4,085,494,868	3,936,999,820	2,958,486,898	2,901,140,141
Equity	814,695,617	791,951,788	605,245,620	580,480,275
Controlling interests	812,244,530	789,526,123	605,245,620	580,480,275
- share capital	73,701,392	73,701,392	73,701,392	73,701,392
- share premium	50,276,841	50,276,637	53,412,884	53,412,884
- reserves from profit	354,734,274	354,734,274	338,962,643	338,962,643
- treasury share reserves	364,680	364,680	0	0
- treasury shares	-364,680	-364,680	0	0
- fair value reserve	74,247,041	84,099,924	52,267,466	53,859,881
- net profit brought forward	229,300,995	165,896,170	60,543,475	9,929,059
- net profit for the year	33,351,336	63,404,824	26,357,760	50,614,416
- currency translation differences	-3,367,349	-2,587,098	0	0
Non-controlling interests	2,451,087	2,425,665	0	0
Subordinated liabilities	49,398,569	64,847,293	49,398,569	69,999,451
Insurance technical provisions	2,543,931,148	2,393,927,336	1,787,904,383	1,713,421,521
- unearned premiums	423,345,988	332,510,935	296,264,878	232,791,056
- mathematical provisions	1,415,715,210	1,404,439,748	1,025,873,489	1,020,231,686
- claims provisions	643,960,590	615,398,744	429,763,311	428,320,763
- other insurance technical provisions	60,909,360	41,577,909	36,002,705	32,078,016
Insurance technical provisions for unit-linked insurance contracts	464,307,359	484,942,835	412,185,852	435,592,711
Employee benefits	16,011,437	15,873,046	12,121,519	11,892,449
Other provisions	2,699,273	2,750,400	837,164	732,811
Deferred tax liabilities	21,305,757	22,516,692	5,744,333	5,706,679
Other financial liabilities	15,835,352	1,864,413	14,478,654	1,640,125
Operating liabilities	80,512,787	66,872,331	30,776,883	31,912,738
- liabilities from direct insurance operations	20,986,089	21,558,544	13,387,321	14,239,495
- liabilities from reinsurance and co-insurance operations	57,720,823	41,548,913	17,389,562	15,309,075
- current tax liabilities	1,805,875	3,764,874	0	2,364,168
Lease liabilities	9,601,592	10,915,678	3,940,011	4,166,278
Other liabilities	67,195,977	80,538,008	35,853,910	45,595,103
<i>Off balance sheet items</i>	<i>199,564,608</i>	<i>205,911,992</i>	<i>99,175,557</i>	<i>107,689,690</i>

INCOME STATEMENT	Triglav Group		Zavarovalnica Triglav	
	H1 2020	H1 2019	H1 2020	H1 2019
NET PREMIUM INCOME	523,073,694	491,794,282	283,210,102	276,540,639
- gross written premium	673,390,302	630,217,336	399,857,776	385,276,178
- ceded written premium	-93,650,435	-76,713,559	-79,351,935	-68,471,673
- change in unearned premium reserve	-56,666,173	-61,709,495	-37,295,739	-40,263,866
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	359,749	1,000,797	154,339	3,461,022
- profit on equity investments accounted for using the equity method	359,749	440,383	0	0
- other income from investments in subsidiaries and associates	0	560,414	154,339	3,461,022
INCOME FROM INVESTMENTS	47,834,635	102,480,752	32,508,079	74,446,423
- interest income calculated using the effective interest method	22,293,271	27,147,842	14,114,641	18,023,490
- gains on disposals	16,725,011	11,904,378	14,717,169	9,324,020
- other income from investments	8,816,353	63,428,532	3,676,269	47,098,913
OTHER INCOME FROM INSURANCE OPERATIONS	24,944,982	20,562,809	20,732,938	17,558,628
- fees and commission income	17,560,087	12,778,293	16,872,789	12,003,294
- other income from insurance operations	7,384,895	7,784,516	3,860,149	5,555,334
OTHER INCOME	19,267,365	17,669,816	3,686,177	5,496,821
NET CLAIMS INCURRED	338,251,747	330,061,096	187,831,876	182,843,532
- gross claims settled	330,803,253	334,767,628	194,166,468	191,912,764
- reinsurers' share	-15,816,939	-14,391,578	-16,043,195	-12,446,485
- changes in claims provisions	20,116,706	6,449,352	9,708,603	3,377,253
- equalisation scheme expenses for supplementary health insurance	3,148,727	3,235,694	0	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	25,425,664	48,141,551	4,866,528	25,960,392
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-20,198,745	41,330,772	-23,335,482	34,844,420
EXPENSES FOR BONUSES AND DISCOUNTS	9,537,868	5,667,944	8,606,232	4,587,409
OPERATING EXPENSES	117,682,546	118,594,995	76,631,015	78,911,681
- acquisition costs	80,419,621	79,578,966	56,161,298	56,089,341
- other operating costs	37,262,925	39,016,029	20,469,717	22,822,340
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	174,747	81,865	7,002	17
- loss on investments accounted for using the equity method	174,747	81,865	0	0
- other expenses from financial assets and liabilities	0	0	7,002	17
EXPENSES FROM INVESTMENTS	53,184,756	9,014,946	37,206,495	6,963,027
- loss on impairment of investments	972,868	237,909	972,868	189,397
- loss on disposal of investments	4,294,708	4,377,036	3,362,817	4,329,596
- other expenses from investments	47,917,180	4,400,001	32,870,810	2,444,034
OTHER INSURANCE EXPENSES	31,436,622	21,145,008	13,445,292	7,460,876
OTHER EXPENSES	19,422,799	17,779,423	3,450,282	2,931,078
- expenses from financing	1,564,115	1,053,503	1,413,509	1,036,120
- other expenses	17,858,684	16,725,920	2,036,773	1,894,958
PROFIT BEFORE TAX	40,562,421	41,690,856	31,582,395	33,001,101
Income tax expense	7,064,192	6,982,106	5,224,635	5,431,697
NET PROFIT FOR THE PERIOD	33,498,229	34,708,750	26,357,760	27,569,404
Earning per share	1.47	1.53	-	-
Net profit/loss attributable to the controlling company	33,351,336	34,597,515	-	-
Net profit/loss attributable to the non-controlling interest holders	146,893	111,235	-	-

in EUR

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Triglav Group		Zavarovalnica Triglav	
	H1 2020	H1 2019	H1 2020	H1 2019
Net profit for the period after tax	33,498,229	34,708,750	26,357,760	27,569,404
Other comprehensive income after tax	-10,721,670	21,508,549	-1,592,415	12,200,390
Items which will not be transferred in P&L in future periods	0	894	0	0
Actuarial gains/losses for pension plans	0	894	0	0
Items which could be transferred into P&L in future periods	-10,721,670	21,507,655	-1,592,415	12,200,390
Fair value gains/losses on available-for-sale financial assets	-10,485,160	42,110,263	-1,237,423	31,586,667
- net gains/losses recognized directly in equity	-2,182,058	48,078,800	5,900,677	37,148,634
- transfers from equity to income statement	-8,303,102	-5,968,537	-7,138,100	-5,561,967
Fair value gains / losses on non-current assets held for sale	0	-111,130	0	0
Liabilities from insurance contracts with DPF	-509,962	-13,699,161	-509,961	-13,689,145
Currency translation differences	-789,130	213,853	0	0
Tax on other comprehensive income	1,062,582	-7,006,170	154,969	-5,697,132
COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	22,776,559	56,217,300	24,765,345	39,769,794
Controlling interest	22,718,202	56,042,782	-	-
Non-controlling interest	58,357	174,518	-	-

in EUR

Triglav Group	Share capital	Share premium	Reserves from profit					Fair value reserve	Net profit/loss brought forward	Net profit/loss	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL	
			Contingency reserves	Legal and statutory reserves	Treasury share reserves	Treasury shares (deductible item)	Credit risk reserves								Other reserves form profit
As at 1 January 2020	73,701,392	50,276,637	640,339	19,793,935	364,680	-364,680	0	334,300,000	84,099,924	165,896,170	63,404,824	-2,587,098	789,526,123	2,425,665	791,951,788
Comprehensive income for the period from 1 January 2020 to 30 June 2020	0	0	0	0	0	0	0	0	-9,852,883	0	33,351,336	-780,251	22,718,202	58,357	22,776,559
a) Net profit	0	0	0	0	0	0	0	0	0	0	33,351,336	0	33,351,336	146,893	33,498,229
b) Other comprehensive income	0	0	0	0	0	0	0	0	-9,852,883	0	0	-780,251	-10,633,134	-88,536	-10,721,670
Transfer to retained earnings	0	0	0	0	0	0	0	0	0	63,404,824	-63,404,824	0	0	0	0
Changes in consolidation area	0	204	0	0	0	0	0	0	0	0	0	0	204	-32,935	-32,731
As at 30 June 2020	73,701,392	50,276,841	640,339	19,793,935	364,680	-364,680	0	334,300,000	74,247,041	229,300,995	33,351,336	-3,367,349	812,244,530	2,451,087	814,695,617
As at 1 January 2019	73,701,392	50,206,540	599,088	19,221,613	364,680	-364,680	763	314,300,000	66,237,889	142,483,579	80,533,643	-2,717,701	744,566,806	2,295,999	746,862,805
Comprehensive income for the period from 1 January 2019 to 30 June 2019	0	0	0	0	0	0	0	0	21,232,171	0	34,597,516	213,097	56,042,782	174,518	56,217,300
a) Net profit	0	0	0	0	0	0	0	0	0	0	34,597,516	0	34,597,516	111,235	34,708,751
b) Other comprehensive income	0	0	0	0	0	0	0	0	21,232,171	0	0	213,097	21,445,268	63,281	21,508,549
Transfer of net profit to reserves from profit	0	0	40,602	0	0	0	0	0	0	-40,602	0	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	-56,777,148	0	0	-56,777,148	0	-56,777,148
Transfer to retained earnings	0	0	0	0	0	0	0	0	0	80,533,642	-80,533,642	0	0	0	0
Changes in consolidation area	0	459	0	0	0	0	0	0	0	0	0	0	459	-7,192	-6,733
As at 30 June 2019	73,701,392	50,206,999	639,690	19,221,613	364,680	-364,680	763	314,300,000	87,470,060	166,199,471	34,597,516	-2,504,603	743,832,902	2,463,323	746,296,225

in EUR

Zavarovalnica Triglav	Share capital	Share premium	Reserves form profit		Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Other reserves from profit				
As at 1 January 2020	73,701,392	53,412,884	4,662,643	334,300,000	53,859,881	9,929,059	50,614,416	580,480,275
Comprehensive income for the period from 1 January 2020 to 30 June 2020	0	0	0	0	-1,592,415	0	26,357,760	24,765,345
a) Net profit	0	0	0	0	0	0	26,357,760	26,357,760
b) Other comprehensive income	0	0	0	0	-1,592,415	0	0	-1,592,415
Transfer to retained earnings	0	0	0	0	0	50,614,416	-50,614,416	0
As at 30 June 2020	73,701,392	53,412,884	4,662,643	334,300,000	52,267,466	60,543,475	26,357,760	605,245,620
As at 1 January 2019	73,701,392	53,412,884	4,662,643	314,300,000	47,260,189	1,239,764	65,543,864	560,120,736
Comprehensive income for the period from 1 January 2019 to 30 June 2019	0	0	0	0	12,200,390	0	27,569,404	39,769,794
a) Net profit	0	0	0	0	0	0	27,569,404	27,569,404
b) Other comprehensive income	0	0	0	0	12,200,390	0	0	12,200,390
Transfer to retained earnings	0	0	0	0	0	65,543,864	-65,543,864	0
Payment of dividends	0	0	0	0	0	-56,837,870	0	-56,837,870
As at 30 June 2019	73,701,392	53,412,884	4,662,643	314,300,000	59,460,579	9,945,758	27,569,404	543,052,660

in EUR

CASH FLOW STATEMENT		Triglav Group		Zavarovalnica Triglav	
		H1 2020	H1 2019	H1 2020	H1 2019
A.	OPERATING CASH FLOW				
	Income statement items	133,670,180	112,053,609	69,108,896	65,857,680
	Net written premium for the period	607,612,010	573,801,024	320,505,842	316,804,505
	Investment income (excluding financial income)	13,480,056	14,266,714	4,969,891	5,991,295
	Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables	16,326,806	18,753,195	4,806,947	5,154,709
	Net claims paid	-326,533,100	-323,032,598	-178,123,273	-179,466,279
	Bonuses and rebates paid	-5,328,246	-5,569,369	-4,456,148	-4,587,409
	Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	-125,164,787	-124,278,936	-61,255,479	-63,413,979
	Investment expenses (excluding depreciation charge and financial expenses)	-10,236,672	-3,687,649	-3,895,782	-2,465,543
	Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	-26,711,909	-26,943,386	-5,461,792	-3,709,659
	Corporate income tax and other taxes excluded from operating expenses	-9,773,978	-11,255,386	-7,981,310	-8,449,960
	Changes in net current assets-operating balance sheet items	-83,532,892	-72,161,306	-61,129,150	-44,911,376
	Movements in receivables from direct insurance operations	-54,938,578	-53,033,211	-43,047,963	-41,242,972
	Movements in receivables from reinsurance operations	-33,437,237	-19,245,605	-7,503,153	-24,422
	Movements in other receivables from (re)insurance operations	-16,775,021	-13,374,267	-1,923,085	-2,181,297
	Movements in other receivables and assets	-3,051,447	-6,452,755	-531,263	996,767
	Movements in deferred tax assets	-1,044,427	-1,543,851	0	0
	Movements in inventories	-41,384	-155,805	-50,408	-110,910
	Movements in debts from direct insurance operations	-112,291	513,362	-852,174	1,238,495
	Movements in debts from reinsurance operations	17,521,743	11,163,577	2,080,487	5,327,339
	Movements in operating debts	-787,335	-1,780,559	-291,538	9,857
	Movements in other liabilities (excluding unearned premiums)	10,998,264	7,987,537	-9,010,053	-8,924,233
	Movements in deferred tax liabilities	-1,865,179	3,760,271	0	0
	Net cash from/ (used in) operating activities	50,137,288	39,892,303	7,979,746	20,946,304
B.	CASH FLOWS FROM INVESTING ACTIVITIES				0
	Cash inflows from investing activities	857,619,693	577,465,982	720,781,353	449,728,777
	Cash inflows from interest from investing activities	25,447,484	30,144,775	17,532,127	21,727,452
	Cash inflows from dividends received and profit sharing	1,161,024	1,973,956	324,365	4,493,806
	Cash inflows from the disposal of property, plant and equipment	261,231	2,641,003	171,626	1,106,814
	Cash inflows from the disposal of financial investments	830,749,954	542,706,248	702,753,235	422,400,705
	- Cash inflows from the disposal of investments in subsidiaries and associates	0	2,276,104	0	0
	- Other cash inflows from disposal of financial investments	830,749,954	540,430,144	702,753,235	422,400,705
	Cash outflows from investing activities	-858,916,760	-577,740,002	-699,541,857	-434,284,970
	Cash outflows for the purchase of intangible assets	-4,553,545	-2,382,720	-3,299,111	-1,374,929
	Cash outflows for the purchase of property, plant and equipment	-3,184,013	-10,482,057	-1,507,185	-5,193,990
	Cash outflows for the purchase of financial investments	-851,179,202	-564,875,225	-694,735,561	-427,716,051
	- Cash outflows for the purchase of investments in subsidiaries and associates	-13,532,729	-1,101,402	-13,500,000	-4,094,671
	- Other cash outflows to acquire financial investments	-837,646,473	-563,773,823	-681,235,561	-423,621,380
	Net cash from/ (used in) investing activities	-1,297,067	-274,020	21,239,496	15,443,807
C.	CASH FLOWS FROM FINANCING ACTIVITIES				
	Cash inflows from financing activities	0	49,367,159	0	49,367,159
	Cash inflows from long-term loans received and issued	0	49,367,159	0	49,367,159
	Cash outflows from financing activities	-23,655,269	-58,866,445	-22,383,028	-58,522,584
	Cash outflows for paid interest	-1,468,409	-1,263,465	-1,259,532	-1,263,465
	Cash outflows for payments of long-term financial liabilities	-20,628,000	0	-20,628,000	0
	Cash outflows for payments of short-term financial liabilities	-1,558,860	-825,409	-495,496	-420,822
	Cash outflows from dividends paid and profit sharing	0	-56,777,571	0	-56,838,297
	Net cash from/ (used in) financing activities	-23,655,269	-9,499,286	-22,383,028	-9,155,425
D.	Closing balance of cash and cash equivalents	100,989,051	100,605,490	32,948,326	45,233,173
E1.	Net cash flow for the period	25,184,952	30,118,997	6,836,214	27,234,686
E2.	External acquisition	0	2,862,910	0	0
E3.	Foreign exchange differences	-65,676	21,923	0	0
F.	Opening balance of cash and cash equivalents	75,869,775	67,601,660	26,112,112	17,998,487

2. Selected notes to the financial statements

2.1 Statement of compliance

The financial statements for the period from 1 January 2020 to 30 June 2020 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

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

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

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

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

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

Risk management and verification of going concern assumptions

An assessment was made of the ability of both the Group and the Company to continue as a going concern due to the COVID-19 pandemic. All assumptions, uncertainties, significant judgments and assessments of expected impact on liquidity, profitability and capital adequacy are presented in the section Risk Management. On the basis of all the calculations presented, it can be confirmed that the going concern assumption is appropriate.

Impairment of non-financial assets

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

The value of real property for own use and investment property was verified. Restrictions due to the declaration of the COVID-19 pandemic also had an impact on the real property market, which was quite inactive and consequently there is insufficient quality data available to assess the impact of COVID-19 on real property valuation. Therefore, no impairments of real property were recognised as at 30 June 2020. The same applies to right-of-use assets.

Impairment and measurement of the fair value of financial assets

No significant changes in financial markets occurred in the period from 1 January to 30 June 2020 that would change the measurement of financial assets, particularly as regards the appropriateness of the fair value of financial instruments and the potential impairment of equity instruments recognised as available-for-sale financial assets. Based on the criteria used in 2019, impairments of available-for-sale financial assets were recognised only in Zavarovalnica Triglav in the amount of EUR 973 thousand.

As regards receivables, the appropriateness of the criteria for allowance was verified. As there was no significant increase in overdue receivables, it was assessed that the criteria used in 2019 were appropriate. In the first six months of 2020, the Group recognised impairment losses on receivables in the amount of EUR 4.4 million and the Company in the amount of EUR 2.4 million.

No impairment losses were recognised among other assets.

Changes in accounting estimates and other verification

- Due to changes in financial markets, the adequacy of the calculation of mathematical provisions was verified and the internally set maximum interest rate used by the Company for the valuation of life insurance liabilities was reduced from 2.7% to 2.4%. As a result, mathematical provisions increased by EUR 15.4 million. This is the current estimate based on information available. The Company will continue to regularly monitor developments in the financial markets and adjust the interest rate accordingly.
- Due to limited activities during the COVID-19 crisis, the Company decided to adjust the criteria and conditions for the payment of the extraordinary bonus to policyholders for premium for liability insurance and motor vehicle insurance. To this end, additional provisions for bonuses of EUR 4.2 million were formed as at 30 June 2020.
- Due to the COVID-19 pandemic, provisions for unexpired risks of health insurance contracts increased by EUR 14.7 million.
- With respect to the calculation of tax expenses, the adequacy of the effective tax rate of the preceding year was verified. As there were no significant deviations, the same rate was used this year.

2.3 Seasonal operations

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

2.4 Segmental analysis of the Triglav Group operations

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT

30 June 2020

	Non-life	Life	Health	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	2,063,903,478	2,102,464,350	90,098,569	199,433,362	4,455,899,759	-370,404,891	4,085,494,868
Intangible assets	84,984,712	5,110,828	1,184,754	20,799,650	112,079,944	0	112,079,944
Property, plant and equipment	94,010,468	10,161,726	1,367,685	5,968,499	111,508,378	0	111,508,378
Non-current assets held for sale	0	0	0	844,243	844,243	0	844,243
Deferred tax assets	11,562,331	295,576	272,739	322,011	12,452,657	0	12,452,657
Investment property	47,935,637	1,842,770	0	27,298,107	77,076,514	4,023,015	81,099,529
Right of use assets	9,845,491	722,575	859,351	2,096,144	13,523,561	-3,788,719	9,734,842
Investments in subsidiaries	127,662,699	15,104,174	0	74,007,959	216,774,832	-216,774,832	0
Investments in associates	26,328,553	480,950	0	0	26,809,503	0	26,809,503
Financial investments	1,083,272,922	1,568,845,130	71,020,404	36,311,162	2,759,449,618	-8,901,244	2,750,548,374
- loans and deposits	81,412,639	29,088,361	0	5,803,337	116,304,337	-8,901,244	107,403,093
- held to maturity	0	164,757,028	0	0	164,757,028	0	164,757,028
- available for sale	999,282,783	887,398,257	71,020,404	30,507,825	1,988,209,269	0	1,988,209,269
- recognised at fair value through profit and loss	2,577,500	487,601,484	0	0	490,178,984	0	490,178,984
Unit-linked insurance assets	0	458,637,556	0	0	458,637,556	0	458,637,556
Reinsurers' share of technical provisions	229,150,438	1,308,887	1,977,484	0	232,436,809	-96,016,863	136,419,946
Receivables	302,525,649	2,463,335	8,015,439	13,363,174	326,367,597	-48,838,147	277,529,450
- receivables from direct insurance operations	156,516,266	858,458	5,583,319	39,670	162,997,713	-197,620	162,800,093
- receivables from reinsurance and co-insurance operations	129,328,947	83,781	167,495	0	129,580,223	-47,840,951	81,739,272
- current tax receivables	744,790	49,095	0	2,025,397	2,819,282	0	2,819,282
- other receivables	15,935,646	1,472,001	2,264,625	11,298,107	30,970,379	-799,576	30,170,803
Other assets	5,338,772	745,107	181,881	683,736	6,949,496	-108,101	6,841,395
Cash and cash equivalents	41,285,806	36,745,736	5,218,832	17,738,677	100,989,051	0	100,989,051
EQUITY AND LIABILITIES	2,063,903,478	2,102,464,350	90,098,569	199,433,362	4,455,899,759	-370,404,891	4,085,494,868
Equity	650,393,077	161,038,359	38,148,766	179,897,595	1,029,477,797	-214,782,180	814,695,617
Controlling interests	650,393,077	161,038,359	38,148,766	179,897,595	1,029,477,797	-217,233,267	812,244,530
- share capital	115,741,097	48,491,866	25,822,144	103,268,383	293,323,490	-219,622,098	73,701,392
- share premium	43,511,478	13,658,827	0	20,596,489	77,766,794	-27,489,953	50,276,841
- reserves from profit	304,336,478	47,223,257	759,573	1,692,535	354,011,843	722,431	354,734,274
- treasury share reserves	0	0	0	364,680	364,680	0	364,680
- treasury shares	0	0	0	0	0	-364,680	-364,680
- fair value reserve	51,765,703	10,175,611	961,366	12,452,500	75,355,180	-1,108,139	74,247,041
- net profit brought forward	108,001,382	40,766,593	7,030,922	39,589,851	195,388,748	33,912,247	229,300,995
- net profit for the year	29,172,907	1,818,816	3,574,761	2,007,787	36,574,271	-3,222,935	33,351,336
- currency translation differences	-2,135,968	-1,096,611	0	-74,630	-3,307,209	-60,140	-3,367,349
Non-controlling interests	0	0	0	0	0	2,451,087	2,451,087
Subordinated liabilities	49,398,569	0	1,500,000	0	50,898,569	-1,500,000	49,398,569
Insurance technical provisions	1,152,159,734	1,447,989,288	38,542,382	0	2,638,691,404	-94,760,256	2,543,931,148
- unearned premiums	454,804,747	492,598	3,978,604	0	459,275,949	-35,929,961	423,345,988
- mathematical provisions	0	1,412,601,710	0	0	1,412,601,710	3,113,500	1,415,715,210
- claims provisions	666,208,582	22,057,324	16,114,765	0	704,380,671	-60,420,081	643,960,590
- other insurance technical provisions	31,146,405	12,837,656	18,449,013	0	62,433,074	-1,523,714	60,909,360
Insurance technical provisions for unit-linked insurance contracts	0	464,307,359	0	0	464,307,359	0	464,307,359
Employee benefits	12,431,382	2,300,122	628,812	651,121	16,011,437	0	16,011,437
Other provisions	1,424,409	153,282	76,069	1,045,513	2,699,273	0	2,699,273
Deferred tax liabilities	12,312,803	4,932,869	0	4,071,735	21,317,407	-11,650	21,305,757
Other financial liabilities	11,579,634	4,089,152	49,292	1,385,114	17,103,192	-1,267,840	15,835,352
Operating liabilities	112,085,971	9,783,187	5,026,495	75,935	126,971,588	-46,458,801	80,512,787
- liabilities from direct insurance operations	8,713,745	9,504,415	3,193,309	0	21,411,469	-425,380	20,986,089
- liabilities from reinsurance and co-insurance operations	103,283,338	243,886	227,020	0	103,754,244	-46,033,421	57,720,823
- current tax liabilities	88,888	34,886	1,606,166	75,935	1,805,875	0	1,805,875
Lease liabilities	9,701,735	681,366	866,930	2,249,286	13,499,317	-3,897,725	9,601,592
Other liabilities	52,416,164	7,189,366	5,259,823	10,057,063	74,922,416	-7,726,439	67,195,977

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT
31 December 2019

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

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

			30 June 2020		
	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,960,104,575	495,795,184	4,455,899,759	-370,404,891	4,085,494,868
Intangible assets	93,824,812	18,255,132	112,079,944	0	112,079,944
Property, plant and equipment	71,777,302	39,731,076	111,508,378	0	111,508,378
Non-current assets held for sale	697,725	146,518	844,243	0	844,243
Deferred tax assets	12,041,441	411,216	12,452,657	0	12,452,657
Investment property	70,414,022	6,662,492	77,076,514	4,023,015	81,099,529
Right of use assets	6,285,697	7,237,864	13,523,561	-3,788,719	9,734,842
Investments in subsidiaries	210,718,717	6,056,115	216,774,832	-216,774,832	0
Investments in associates	26,809,503	0	26,809,503	0	26,809,503
Financial investments	2,520,733,775	238,715,843	2,759,449,618	-8,901,244	2,750,548,374
- loans and deposits	71,630,726	44,673,611	116,304,337	-8,901,244	107,403,093
- held to maturity	156,433,553	8,323,475	164,757,028	0	164,757,028
- available for sale	1,805,891,127	182,318,142	1,988,209,269	0	1,988,209,269
- recognised at fair value through profit and loss	486,778,369	3,400,615	490,178,984	0	490,178,984
Unit-linked insurance assets	438,330,843	20,306,713	458,637,556	0	458,637,556
Reinsurers' share of technical provisions	173,397,765	59,039,044	232,436,809	-96,016,863	136,419,946
Receivables	260,968,261	65,399,336	326,367,597	-48,838,147	277,529,450
- receivables from direct insurance operations	115,706,219	47,291,494	162,997,713	-197,620	162,800,093
- receivables from reinsurance and co-insurance operations	121,738,912	7,841,311	129,580,223	-47,840,951	81,739,272
- current tax receivables	2,551,493	267,789	2,819,282	0	2,819,282
- other receivables	20,971,637	9,998,742	30,970,379	-799,576	30,170,803
Other assets	4,580,093	2,369,403	6,949,496	-108,101	6,841,395
Cash and cash equivalents	69,524,619	31,464,432	100,989,051	0	100,989,051
EQUITY AND LIABILITIES	3,960,104,575	495,795,184	4,455,899,759	-370,404,891	4,085,494,868
Equity	910,420,228	119,057,569	1,029,477,797	-214,782,180	814,695,617
Controlling interests	910,420,228	119,057,569	1,029,477,797	-217,233,267	812,244,530
- share capital	192,452,158	100,871,332	293,323,490	-219,622,098	73,701,392
- share premium	75,746,998	2,019,796	77,766,794	-27,489,953	50,276,841
- reserves from profit	343,392,459	10,619,384	354,011,843	722,431	354,734,274
- treasury share reserves	364,680	0	364,680	0	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	67,851,044	7,504,136	75,355,180	-1,108,139	74,247,041
- net profit brought forward	196,199,706	-810,958	195,388,748	33,912,247	229,300,995
- net profit for the year	34,413,183	2,161,088	36,574,271	-3,222,935	33,351,336
- currency translation differences	0	-3,307,209	-3,307,209	-60,140	-3,367,349
Non-controlling interests	0	0	0	2,451,087	2,451,087
Subordinated liabilities	50,898,569	0	50,898,569	-1,500,000	49,398,569
Insurance technical provisions	2,348,079,099	290,612,305	2,638,691,404	-94,760,256	2,543,931,148
- unearned premiums	360,410,788	98,865,161	459,275,949	-35,929,961	423,345,988
- mathematical provisions	1,337,255,735	75,345,975	1,412,601,710	3,113,500	1,415,715,210
- claims provisions	591,596,370	112,784,301	704,380,671	-60,420,081	643,960,590
- other insurance technical provisions	58,816,206	3,616,868	62,433,074	-1,523,714	60,909,360
Insurance technical provisions for unit-linked insurance contracts	444,360,077	19,947,282	464,307,359	0	464,307,359
Employee benefits	13,576,794	2,434,643	16,011,437	0	16,011,437
Other provisions	1,722,550	976,723	2,699,273	0	2,699,273
Deferred tax liabilities	19,829,714	1,487,693	21,317,407	-11,650	21,305,757
Other financial liabilities	15,683,469	1,419,723	17,103,192	-1,267,840	15,835,352
Operating liabilities	95,607,026	31,364,562	126,971,588	-46,458,801	80,512,787
- liabilities from direct insurance operations	17,156,766	4,254,703	21,411,469	-425,380	20,986,089
- liabilities from reinsurance and co-insurance operations	76,804,583	26,949,661	103,754,244	-46,033,421	57,720,823
- current tax liabilities	1,645,677	160,198	1,805,875	0	1,805,875
Lease liabilities	6,485,649	7,013,668	13,499,317	-3,897,725	9,601,592
Other liabilities	53,441,400	21,481,016	74,922,416	-7,726,439	67,195,977

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

			31 December 2019		
	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,838,569,798	446,111,652	4,284,681,450	-347,681,630	3,936,999,820
Intangible assets	86,275,221	15,450,504	101,725,725	0	101,725,725
Property, plant and equipment	72,964,687	41,107,603	114,072,290	0	114,072,290
Non-current assets held for sale	4,015,117	149,104	4,164,221	0	4,164,221
Deferred tax assets	12,141,162	320,920	12,462,082	0	12,462,082
Investment property	69,084,866	6,813,599	75,898,465	4,023,015	79,921,480
Right of use assets	6,838,989	8,214,697	15,053,686	-4,115,761	10,937,925
Investments in subsidiaries	209,585,814	5,761,274	215,347,088	-215,347,088	0
Investments in associates	13,154,379	0	13,154,379	0	13,154,379
Financial investments	2,513,307,413	241,075,367	2,754,382,780	-14,351,828	2,740,030,952
- loans and deposits	74,692,193	47,085,630	121,777,823	-9,199,672	112,578,151
- held to maturity	166,255,014	19,854,058	186,109,072	0	186,109,072
- available for sale	1,663,388,304	168,204,447	1,831,592,751	-4,652,335	1,826,940,416
- recognised at fair value through profit and loss	608,971,902	5,931,232	614,903,134	-499,821	614,403,313
Unit-linked insurance assets	460,427,633	21,603,655	482,031,288	0	482,031,288
Reinsurers' share of technical provisions	150,961,953	26,327,756	177,289,709	-74,541,903	102,747,806
Receivables	181,409,391	56,126,241	237,535,632	-43,299,884	194,235,748
- receivables from direct insurance operations	74,305,445	31,329,314	105,634,759	-174,930	105,459,829
- receivables from reinsurance and co-insurance operations	84,833,856	14,560,379	99,394,235	-41,404,733	57,989,502
- current tax receivables	1,067,973	213,376	1,281,349	0	1,281,349
- other receivables	21,202,117	10,023,172	31,225,289	-1,720,221	29,505,068
Other assets	4,099,703	1,594,627	5,694,330	-48,181	5,646,149
Cash and cash equivalents	54,303,470	21,566,305	75,869,775	0	75,869,775
EQUITY AND LIABILITIES	3,838,569,798	446,111,652	4,284,681,450	-347,681,630	3,936,999,820
Equity	881,561,015	120,641,181	1,002,202,196	-210,250,408	791,951,788
Controlling interests	881,561,015	120,641,181	1,002,202,196	-212,676,073	789,526,123
- share capital	192,452,158	100,851,902	293,304,060	-219,602,668	73,701,392
- share premium	75,746,998	1,627,112	77,374,110	-27,097,473	50,276,637
- reserves from profit	343,392,459	10,477,361	353,869,820	864,454	354,734,274
- treasury share reserves	0	0	0	364,680	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	73,405,014	11,882,704	85,287,718	-1,187,794	84,099,924
- net profit brought forward	133,037,893	-2,950,712	130,087,181	35,808,989	165,896,170
- net profit for the year	63,526,493	1,293,716	64,820,209	-1,415,385	63,404,824
- currency translation differences	0	-2,540,902	-2,540,902	-46,196	-2,587,098
Non-controlling interests	0	0	0	2,425,665	2,425,665
Subordinated liabilities	71,499,450	0	71,499,450	-6,652,157	64,847,293
Insurance technical provisions	2,223,254,495	245,363,493	2,468,617,988	-74,690,652	2,393,927,336
- unearned premiums	263,723,691	84,107,136	347,830,827	-15,319,892	332,510,935
- mathematical provisions	1,332,983,430	71,456,318	1,404,439,748	0	1,404,439,748
- claims provisions	586,682,208	86,453,610	673,135,818	-57,737,074	615,398,744
- other insurance technical provisions	39,865,166	3,346,429	43,211,595	-1,633,686	41,577,909
Insurance technical provisions for unit-linked insurance contracts	463,586,629	21,356,205	484,942,835	0	484,942,835
Employee benefits	13,354,845	2,518,201	15,873,046	0	15,873,046
Other provisions	1,628,428	1,121,972	2,750,400	0	2,750,400
Deferred tax liabilities	20,596,705	1,931,843	22,528,548	-11,856	22,516,692
Other financial liabilities	1,777,384	1,283,056	3,060,440	-1,196,027	1,864,413
Operating liabilities	84,924,626	24,054,829	108,979,455	-42,107,124	66,872,331
- liabilities from direct insurance operations	19,009,220	3,251,102	22,260,322	-701,778	21,558,544
- liabilities from reinsurance and co-insurance operations	62,416,891	20,537,368	82,954,259	-41,405,346	41,548,913
- current tax liabilities	3,498,515	266,359	3,764,874	0	3,764,874
Lease liabilities	6,940,044	8,163,619	15,103,663	-4,187,985	10,915,678
Other liabilities	69,446,177	19,677,253	89,123,430	-8,585,422	80,538,008

CONSOLIDATED INCOME STATEMENT BY SEGMENT

	H1 2020				
	Non-life	Life	Health	Other	TOTAL
NET PREMIUM INCOME	311,532,094	113,995,363	97,546,237	0	523,073,694
- gross written premium	459,704,134	115,635,569	98,050,599	0	673,390,302
- ceded written premium	-92,055,506	-1,594,929	0	0	-93,650,435
- change in unearned premium reserve	-56,116,534	-45,277	-504,362	0	-56,666,173
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	329,871	0	0	29,878	359,749
- profit on equity investments accounted for using the equity method	329,871	0	0	29,878	359,749
- other income from investments in subsidiaries and associates	0	0	0	0	0
INCOME FROM INVESTMENTS	14,106,731	33,346,357	345,027	36,520	47,834,635
- interest income calculated using the effective interest method	7,198,336	14,787,787	307,010	138	22,293,271
- gains on disposals	5,819,371	10,867,623	38,017	0	16,725,011
- other income from investments	1,089,024	7,690,947	0	36,382	8,816,353
OTHER INCOME FROM INSURANCE OPERATIONS	24,382,433	535,728	26,821	0	24,944,982
- fees and commission income	17,054,523	505,564	0	0	17,560,087
- other income from insurance operations	7,327,910	30,164	26,821	0	7,384,895
OTHER INCOME	3,272,810	30,081	74,266	15,890,208	19,267,365
NET CLAIMS INCURRED	177,533,022	90,242,663	70,476,062	0	338,251,747
- gross claims settled	175,770,292	89,274,757	65,758,204	0	330,803,253
- reinsurers' share	-15,500,684	-316,514	259	0	-15,816,939
- changes in claims provisions	17,263,414	1,284,420	1,568,872	0	20,116,706
- equalisation scheme expenses for supplementary health insurance	0	0	3,148,727	0	3,148,727
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	132,229	10,564,271	14,729,164	0	25,425,664
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-20,198,745	0	0	-20,198,745
EXPENSES FOR BONUSES AND DISCOUNTS	9,533,841	4,027	0	0	9,537,868
OPERATING EXPENSES	92,762,268	17,814,577	7,105,701	0	117,682,546
- acquisition costs	67,683,471	10,727,362	2,008,788	0	80,419,621
- other operating costs	25,078,797	7,087,215	5,096,913	0	37,262,925
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	129,633	45,114	0	0	174,747
- loss on investments accounted for using the equity method	129,633	45,114	0	0	174,747
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM INVESTMENTS	5,336,333	47,812,691	31,317	4,415	53,184,756
- loss on impairment of investments	902,644	70,224	0	0	972,868
- loss on disposal of investments	812,940	3,481,768	0	0	4,294,708
- other expenses from investments	3,620,749	44,260,699	31,317	4,415	47,917,180
OTHER INSURANCE EXPENSES	29,806,432	1,130,325	499,865	0	31,436,622
OTHER EXPENSES	3,890,630	189,802	27,553	15,314,814	19,422,799
- expenses from financing	1,335,129	138,633	0	90,353	1,564,115
- other expenses	2,555,501	51,169	27,553	15,224,461	17,858,684
PROFIT BEFORE TAX	34,499,551	302,804	5,122,689	637,377	40,562,421
Income tax expense	5,557,283	144,257	807,685	554,967	7,064,192
NET PROFIT FOR THE PERIOD	28,942,268	158,547	4,315,004	82,410	33,498,229
Net profit/loss attributable to the controlling company	28,791,806	152,887	4,315,004	91,639	33,351,336
Net profit/loss attributable to the non-controlling interest holders	150,462	5,660	0	-9,229	146,893

CONSOLIDATED INCOME STATEMENT BY SEGMENT

	H1 2019				
	Non-life	Life	Health	Other	TOTAL
NET PREMIUM INCOME	296,717,956	111,999,859	83,076,467	0	491,794,282
- gross written premium	434,312,264	112,098,877	83,806,195	0	630,217,336
- ceded written premium	-76,681,796	-31,763	0	0	-76,713,559
- change in unearned premium reserve	-60,912,512	-67,255	-729,728	0	-61,709,495
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	266,124	0	0	734,673	1,000,797
- profit on equity investments accounted for using the equity method	266,124	0	0	174,259	440,383
- other income from investments in subsidiaries and associates	0	0	0	560,414	560,414
INCOME FROM INVESTMENTS	15,055,063	85,781,954	424,262	1,219,473	102,480,752
- interest income calculated using the effective interest method	8,105,861	18,721,131	316,355	4,495	27,147,842
- gains on disposals	5,490,800	5,129,517	106,592	1,177,469	11,904,378
- other income from investments	1,458,402	61,931,306	1,315	37,509	63,428,532
OTHER INCOME FROM INSURANCE OPERATIONS	20,475,838	67,999	18,972	0	20,562,809
- fees and commission income	12,747,123	31,170	0	0	12,778,293
- other income from insurance operations	7,728,715	36,829	18,972	0	7,784,516
OTHER INCOME	3,156,949	301,637	2,945	14,208,285	17,669,816
NET CLAIMS INCURRED	170,865,545	84,697,256	74,498,295	0	330,061,096
- gross claims settled	181,347,137	84,468,518	68,951,973	0	334,767,628
- reinsurers' share	-14,391,578	0	0	0	-14,391,578
- changes in claims provisions	3,909,986	228,738	2,310,628	0	6,449,352
- equalisation scheme expenses for supplementary health insurance	0	0	3,235,694	0	3,235,694
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	1,391,749	46,425,636	324,166	0	48,141,551
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	41,330,772	0	0	41,330,772
EXPENSES FOR BONUSES AND DISCOUNTS	5,655,125	12,819	0	0	5,667,944
OPERATING EXPENSES	93,162,985	17,102,313	8,329,697	0	118,594,995
- acquisition costs	66,233,669	9,951,743	3,393,554	0	79,578,966
- other operating costs	26,929,316	7,150,570	4,936,143	0	39,016,029
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	43,436	38,429	0	0	81,865
- loss on investments accounted for using the equity method	43,436	38,429	0	0	81,865
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM INVESTMENTS	4,344,892	4,621,672	45,810	2,572	9,014,946
- loss on impairment of investments	136,934	100,975	0	0	237,909
- loss on disposal of investments	2,098,403	2,278,633	0	0	4,377,036
- other expenses from investments	2,109,555	2,242,064	45,810	2,572	4,400,001
OTHER INSURANCE EXPENSES	19,796,932	933,093	414,983	0	21,145,008
OTHER EXPENSES	3,165,034	335,065	-20,663	14,299,987	17,779,423
- expenses from financing	696,775	279,568	0	77,160	1,053,503
- other expenses	2,468,259	55,497	-20,663	14,222,827	16,725,920
PROFIT BEFORE TAX	37,246,232	2,654,394	-69,642	1,859,872	41,690,856
Income tax expense	6,150,209	173,056	0	658,841	6,982,106
NET PROFIT FOR THE PERIOD	31,096,023	2,481,338	-69,642	1,201,031	34,708,750
Net profit/loss attributable to the controlling company	30,985,917	2,474,639	-69,642	1,206,601	34,597,515
Net profit/loss attributable to the non-controlling interest holders	110,106	6,699	0	-5,570	111,235

in EUR

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	H1 2020		
	Slovenia	Other	TOTAL
NET PREMIUM INCOME	426,436,544	96,637,150	523,073,694
- gross written premium	550,047,356	123,342,946	673,390,302
- ceded written premium	-75,326,621	-18,323,814	-93,650,435
- change in unearned premium reserve	-48,284,191	-8,381,982	-56,666,173
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	359,749	0	359,749
- profit on equity investments accounted for using the equity method	359,749	0	359,749
- other income from investments in subsidiaries and associates	0	0	0
INCOME FROM INVESTMENTS	42,860,922	4,973,713	47,834,635
- interest income calculated using the effective interest method	19,040,168	3,253,103	22,293,271
- gains on disposals	16,543,817	181,194	16,725,011
- other income from investments	7,276,937	1,539,416	8,816,353
OTHER INCOME FROM INSURANCE OPERATIONS	20,274,380	4,670,602	24,944,982
- fees and commission income	14,432,604	3,127,483	17,560,087
- other income from insurance operations	5,841,776	1,543,119	7,384,895
OTHER INCOME	15,799,911	3,467,454	19,267,365
NET CLAIMS INCURRED	281,912,238	56,339,509	338,251,747
- gross claims settled	284,843,387	45,959,866	330,803,253
- reinsurers' share	-12,750,654	-3,066,285	-15,816,939
- changes in claims provisions	6,670,778	13,445,928	20,116,706
- equalisation scheme expenses for supplementary health insurance	3,148,727	0	3,148,727
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	21,338,907	4,086,757	25,425,664
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-19,155,177	-1,043,568	-20,198,745
EXPENSES FOR BONUSES AND DISCOUNTS	8,610,004	927,864	9,537,868
OPERATING EXPENSES	83,508,897	34,173,649	117,682,546
- acquisition costs	56,604,165	23,815,456	80,419,621
- other operating costs	26,904,732	10,358,193	37,262,925
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	174,747	0	174,747
- loss on investments accounted for using the equity method	174,747	0	174,747
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM INVESTMENTS	50,978,575	2,206,181	53,184,756
- loss on impairment of investments	972,868	0	972,868
- loss on disposal of investments	4,275,721	18,987	4,294,708
- other expenses from investments	45,729,986	2,187,194	47,917,180
OTHER INSURANCE EXPENSES	27,219,720	4,216,902	31,436,622
OTHER EXPENSES	14,527,407	4,895,392	19,422,799
- expenses from financing	1,372,029	192,086	1,564,115
- other expenses	13,155,378	4,703,306	17,858,684
PROFIT BEFORE TAX	36,616,188	3,946,233	40,562,421
Income tax expense	6,847,192	217,000	7,064,192
NET PROFIT FOR THE PERIOD	29,768,996	3,729,233	33,498,229
Net profit/loss attributable to the controlling company	29,768,996	3,582,340	33,351,336
Net profit/loss attributable to the non-controlling interest holders	0	146,893	146,893

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	H1 2019		
	Slovenia	Other	TOTAL
NET PREMIUM INCOME	405,557,555	86,236,727	491,794,282
- gross written premium	516,146,980	114,070,356	630,217,336
- ceded written premium	-62,699,849	-14,013,710	-76,713,559
- change in unearned premium reserve	-47,889,576	-13,819,919	-61,709,495
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	1,000,797	0	1,000,797
- profit on equity investments accounted for using the equity method	440,383	0	440,383
- other income from investments in subsidiaries and associates	560,414	0	560,414
INCOME FROM INVESTMENTS	94,434,023	8,046,729	102,480,752
- interest income calculated using the effective interest method	23,473,571	3,674,271	27,147,842
- gains on disposals	10,978,690	925,688	11,904,378
- other income from investments	59,981,762	3,446,770	63,428,532
OTHER INCOME FROM INSURANCE OPERATIONS	16,216,116	4,346,693	20,562,809
- fees and commission income	11,187,817	1,590,476	12,778,293
- other income from insurance operations	5,028,299	2,756,217	7,784,516
OTHER INCOME	14,281,249	3,388,567	17,669,816
NET CLAIMS INCURRED	280,593,825	49,467,271	330,061,096
- gross claims settled	283,070,669	51,696,959	334,767,628
- reinsurers' share	-10,755,287	-3,636,291	-14,391,578
- changes in claims provisions	5,042,749	1,406,603	6,449,352
- equalisation scheme expenses for supplementary health insurance	3,235,694	0	3,235,694
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	44,442,031	3,699,520	48,141,551
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	38,692,148	2,638,624	41,330,772
EXPENSES FOR BONUSES AND DISCOUNTS	4,586,934	1,081,010	5,667,944
OPERATING EXPENSES	87,284,718	31,310,277	118,594,995
- acquisition costs	58,118,056	21,460,910	79,578,966
- other operating costs	29,166,662	9,849,367	39,016,029
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	81,865	0	81,865
- loss on investments accounted for using the equity method	81,865	0	81,865
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM INVESTMENTS	8,442,464	572,482	9,014,946
- loss on impairment of investments	189,398	48,511	237,909
- loss on disposal of investments	4,377,036	0	4,377,036
- other expenses from investments	3,876,030	523,971	4,400,001
OTHER INSURANCE EXPENSES	18,253,431	2,891,577	21,145,008
OTHER EXPENSES	12,864,953	4,914,470	17,779,423
- expenses from financing	947,116	106,387	1,053,503
- other expenses	11,917,837	4,808,083	16,725,920
PROFIT BEFORE TAX	36,247,371	5,443,485	41,690,856
Income tax expense	6,934,015	48,091	6,982,106
NET PROFIT FOR THE PERIOD	29,313,356	5,395,394	34,708,750
Net profit/loss attributable to the controlling company	29,321,598	5,275,917	34,597,515
Net profit/loss attributable to the non-controlling interest holders	-8,242	119,477	111,235

2.5 Segmental analysis of Zavarovalnica Triglav's operations

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

STATEMENT OF FINANCIAL POSITION	30 June 2020			31 December 2019		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
ASSETS	1,377,516,295	1,595,018,857	2,972,535,152	1,296,007,131	1,624,857,608	2,920,864,739
Intangible assets	65,368,032	4,987,866	70,355,898	57,101,033	4,823,240	61,924,273
Property, plant and equipment	59,084,797	8,051,676	67,136,473	60,163,552	8,142,132	68,305,684
Deferred tax assets	11,212,655	256,262	11,468,917	11,414,866	246,674	11,661,540
Investment property	44,804,373	847,065	45,651,438	45,233,734	857,401	46,091,135
Right of use assets	3,821,378	0	3,821,378	4,106,316	0	4,106,316
Investments in subsidiaries	121,792,669	13,145,998	134,938,667	121,792,669	13,145,998	134,938,667
Investments in associates	31,554,026	0	31,554,026	18,054,026	0	18,054,026
Financial investments	762,080,645	1,147,172,615	1,909,253,260	763,048,943	1,149,158,439	1,912,207,382
- loans and deposits	42,133,673	6,599,352	48,733,025	42,585,064	6,464,783	49,049,847
- held to maturity	0	143,090,948	143,090,948	0	150,469,553	150,469,553
- available for sale	719,657,455	796,666,636	1,516,324,091	663,894,901	718,907,168	1,382,802,069
- recognised at fair value through profit and loss	289,517	200,815,679	201,105,196	56,568,978	273,316,935	329,885,913
Unit-linked insurance assets	0	406,930,888	406,930,888	0	433,758,610	433,758,610
Reinsurers' share of technical provisions	108,342,122	9,294	108,351,416	98,415,614	17,656	98,433,270
Receivables	144,844,606	1,489,740	146,334,346	99,996,693	1,782,360	101,779,053
- receivables from direct insurance operations	109,763,014	359,640	110,122,654	68,028,729	372,408	68,401,137
- receivables from reinsurance and co-insurance operations	24,722,830	0	24,722,830	17,218,816	861	17,219,677
- current tax receivables	585,130	0	585,130	0	0	0
- other receivables	9,773,632	1,130,100	10,903,732	14,749,148	1,409,091	16,158,239
Other assets	3,657,751	132,368	3,790,119	3,443,061	49,610	3,492,671
Cash and cash equivalents	20,953,241	11,995,085	32,948,326	13,236,624	12,875,488	26,112,112
EQUITY AND LIABILITIES	1,377,516,295	1,595,018,857	2,972,535,152	1,296,007,131	1,624,857,608	2,920,864,739
Equity	503,184,580	102,061,040	605,245,620	478,889,482	101,590,793	580,480,275
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
- reserves from profit	293,448,752	45,513,891	338,962,643	293,448,752	45,513,891	338,962,643
- fair value reserve	46,108,221	6,159,244	52,267,466	47,533,632	6,326,248	53,859,881
- net profit brought forward	46,221,580	14,321,895	60,543,475	9,931,936	-2,877	9,929,059
- net profit for the year	25,720,509	637,251	26,357,760	36,289,644	14,324,772	50,614,416
Subordinated liabilities	49,398,569	0	49,398,569	60,160,066	9,839,385	69,999,451
Insurance technical provisions	730,879,409	1,057,024,974	1,787,904,383	662,915,656	1,050,505,865	1,713,421,521
- unearned premiums	295,819,628	445,250	296,264,878	232,398,752	392,304	232,791,056
- mathematical provisions	0	1,025,873,489	1,025,873,489	0	1,020,231,686	1,020,231,686
- claims provisions	409,355,913	20,407,398	429,763,311	408,984,759	19,336,004	428,320,763
- other insurance technical provisions	25,703,868	10,298,837	36,002,705	21,532,145	10,545,871	32,078,016
Insurance technical provisions for unit-linked insurance contracts	0	412,185,852	412,185,852	0	435,592,711	435,592,711
Employee benefits	10,018,361	2,103,158	12,121,519	9,826,388	2,066,061	11,892,449
Other provisions	725,464	111,700	837,164	621,111	111,700	732,811
Deferred tax liabilities	11,009,032	6,204,218	17,213,250	11,343,388	6,024,831	17,368,219
Other financial liabilities	10,572,952	3,905,702	14,478,654	1,638,375	1,750	1,640,125
Operating liabilities	22,995,179	7,781,704	30,776,883	22,317,389	9,595,349	31,912,738
- liabilities from direct insurance operations	5,563,323	7,823,998	13,387,321	4,651,168	9,588,327	14,239,495
- liabilities from reinsurance and co-insurance operations	17,431,856	-42,294	17,389,562	15,302,053	7,022	15,309,075
- current tax liabilities	0	0	0	2,364,168	0	2,364,168
Lease liabilities	3,940,011	0	3,940,011	4,166,278	0	4,166,278
Other liabilities	34,792,738	3,640,509	38,433,247	44,128,998	9,529,163	53,658,161

	H1 2020			H1 2019			in EUR
INCOME STATEMENT	Non-life	Life	TOTAL	Non-life	Life	TOTAL	
NET PREMIUM INCOME	195,627,927	87,582,175	283,210,102	189,842,093	86,698,546	276,540,639	
- gross written premium	311,776,739	88,081,037	399,857,776	298,166,319	87,109,859	385,276,178	
- ceded written premium	-78,906,188	-445,747	-79,351,935	-68,111,292	-360,381	-68,471,673	
- change in unearned premium reserve	-37,242,624	-53,115	-37,295,739	-40,212,934	-50,932	-40,263,866	
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	154,339	0	154,339	3,461,022	0	3,461,022	
- profit on equity investments accounted for using the equity method	0	0	0	0	0	0	
- other income from investments in subsidiaries and associates	154,339	0	154,339	3,461,022	0	3,461,022	
INCOME FROM INVESTMENTS	10,115,392	22,392,687	32,508,079	10,318,987	64,127,436	74,446,423	
- interest income calculated using the effective interest method	3,984,974	10,129,667	14,114,641	4,582,097	13,441,393	18,023,490	
- gains on disposals	5,395,664	9,321,505	14,717,169	5,186,306	4,137,714	9,324,020	
- other income from investments	734,754	2,941,515	3,676,269	550,584	46,548,329	47,098,913	
OTHER INCOME FROM INSURANCE OPERATIONS	18,972,149	1,760,789	20,732,938	17,347,718	210,910	17,558,628	
- fees and commission income	15,112,558	1,760,231	16,872,789	11,808,182	195,112	12,003,294	
- other income from insurance operations	3,859,591	558	3,860,149	5,539,536	15,798	5,555,334	
OTHER INCOME	3,461,083	225,094	3,686,177	3,367,060	2,129,761	5,496,821	
NET CLAIMS INCURRED	108,561,965	79,269,911	187,831,876	110,229,521	72,614,011	182,843,532	
- gross claims settled	115,878,484	78,287,984	194,166,468	119,313,253	72,599,511	191,912,764	
- reinsurers' share	-15,945,534	-97,661	-16,043,195	-12,210,686	-235,799	-12,446,485	
- changes in claims provisions	8,629,015	1,079,588	9,708,603	3,126,954	250,299	3,377,253	
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	21,639	4,844,889	4,866,528	741,273	25,219,119	25,960,392	
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-23,335,482	-23,335,482	0	34,844,420	34,844,420	
EXPENSES FOR BONUSES AND DISCOUNTS	8,606,232	0	8,606,232	4,587,409	0	4,587,409	
OPERATING EXPENSES	60,867,498	15,763,517	76,631,015	63,149,692	15,761,989	78,911,681	
- acquisition costs	45,201,762	10,959,536	56,161,298	45,463,958	10,625,383	56,089,341	
- other operating costs	15,665,736	4,803,981	20,469,717	17,685,734	5,136,606	22,822,340	
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	7,002	0	7,002	17	0	17	
- loss on investments accounted for using the equity method	0	0	0	0	0	0	
- other expenses from financial assets and liabilities	7,002	0	7,002	17	0	17	
EXPENSES FROM INVESTMENTS	3,766,316	33,440,179	37,206,495	3,664,475	3,298,552	6,963,027	
- loss on impairment of investments	902,644	70,224	972,868	94,699	94,698	189,397	
- loss on disposal of investments	695,244	2,667,573	3,362,817	2,086,771	2,242,825	4,329,596	
- other expenses from investments	2,168,428	30,702,382	32,870,810	1,483,005	961,029	2,444,034	
OTHER INSURANCE EXPENSES	12,365,715	1,079,577	13,445,292	7,146,897	313,979	7,460,876	
OTHER EXPENSES	3,298,750	151,532	3,450,282	2,611,515	319,563	2,931,078	
- expenses from financing	1,283,712	129,797	1,413,509	743,628	292,492	1,036,120	
- other expenses	2,015,038	21,735	2,036,773	1,867,887	27,071	1,894,958	
PROFIT BEFORE TAX	30,835,773	746,622	31,582,395	32,206,081	795,020	33,001,101	
Income tax expense	5,115,264	109,371	5,224,635	5,258,641	173,056	5,431,697	
NET PROFIT FOR THE PERIOD	25,720,509	637,251	26,357,760	26,947,440	621,964	27,569,404	

2.6 Significant items of the statement of financial position

Intangible assets

In the reporting period, the book value of intangible assets of the Triglav Group increased by EUR 10.4 million. Long-term deferred acquisition costs have increased by EUR 10.8 million, while new purchases of licences and software equalled EUR 3.9 million. In the first half year of 2020 amortisation reached EUR 4.3 million.

In the reporting period, the book value of intangible assets of Zavarovalnica Triglav increased by EUR 8.4 million. In the separate financial statements, the change mainly refers to the increase in long-term deferred acquisition costs. These have increased by EUR 8 million. New purchases of other intangible assets in the amount of EUR 3.3 million primarily relate to the purchase of licences and software. In the first half year of 2020 amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 2.9 million.

Property, plant and equipment

In the first half year of 2020 the book value of property, plant and equipment of the Triglav Group decreased by EUR 2.6 million. In the first half year of 2020 Triglav Group acquired new property, plant and equipment worth EUR 2.7 million and sold it in the carrying amount of EUR 860 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 4 million.

In the reporting period, the book value of property, plant and equipment of Zavarovalnica Triglav decreased by EUR 1.2 million. In the first half year of 2020 Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 1.4 million. In the reporting period, depreciation of property, plant and equipment amounted to EUR 2.5 million.

Investment property

The book value of investment property of the Group increased by EUR 1.2 million. In the reporting period, the Group purchased investment property in the amount of EUR 2.1 million and sold it in the carrying amount of EUR 205 thousand. In the first half year of 2020, depreciation of investment property of the Group amounted to EUR 693 thousand.

In the first half year of 2020 the book value of investment property of Zavarovalnica Triglav decreased by EUR 440 thousand. Zavarovalnica Triglav purchased new investment property worth EUR 138 thousand and sold it in the carrying amount of EUR 95 thousand. In the reporting period, depreciation of investment property amounted to EUR 483 thousand.

Real property recognised as non-current assets held for sale decreased by EUR 3.3 million as a result of the sale.

Financial investments

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

Triglav Group	Carrying amount		Fair value		in EUR
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	
	Loans and deposits	107,403,093	112,578,151	105,424,373	111,869,033
Held to maturity	164,757,028	186,109,072	206,533,368	230,326,336	
Available for sale	1,988,209,269	1,826,940,416	1,988,209,269	1,826,940,416	
Investments recognised at fair value	490,178,984	614,403,313	490,178,984	614,403,313	
TOTAL	2,750,548,374	2,740,030,952	2,790,345,994	2,783,539,098	

Zavarovalnica Triglav	Carrying amount		Fair value		in EUR
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	
	Loans and deposits	48,733,025	49,049,847	46,273,368	47,819,371
Held to maturity	143,090,948	150,469,553	182,890,580	192,128,559	
Available for sale	1,516,324,091	1,382,802,069	1,516,324,091	1,382,802,069	
Investments recognised at fair value	201,105,196	329,885,913	201,105,196	329,885,913	
TOTAL	1,909,253,260	1,912,207,382	1,946,593,235	1,952,635,912	

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

Triglav Group

Values as at 30 June 2020					in EUR
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	153,937,576	57,805,497	211,743,073
Debt instruments	6,444,381	164,757,028	1,834,271,693	432,083,970	2,437,557,072
Derivative financial instruments	0	0	0	289,517	289,517
Loans	100,958,712	0	0	0	100,958,712
Total	107,403,093	164,757,028	1,988,209,269	490,178,984	2,750,548,374

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

Zavarovalnica Triglav

Values as at 30 June 2020	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	115,522,979	1,195,159	116,718,138
Debt instruments	6,394,880	143,090,948	1,400,801,112	199,620,520	1,749,907,460
Derivative financial instruments	0	0	0	289,517	289,517
Loans	42,338,145	0	0	0	42,338,145
Total	48,733,025	143,090,948	1,516,324,091	201,105,196	1,909,253,260

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

Legend:

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

Unit – linked financial assets

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

Triglav Group	in EUR			
	Carrying amount		Fair value	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Financial assets in loans and deposits	4,043,374	3,926,047	4,043,943	4,031,667
Financial assets measured at fair value through profit and loss	454,594,182	478,105,241	454,594,182	478,105,241
TOTAL	458,637,556	482,031,288	458,638,125	482,136,908

Zavarovalnica Triglav	in EUR			
	Carrying amount		Fair value	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Financial assets in loans and deposits	3,834,547	3,722,735	3,835,089	3,823,051
Financial assets measured at fair value through profit and loss	403,096,341	430,035,875	403,096,341	430,035,875
TOTAL	406,930,888	433,758,610	406,931,430	433,858,926

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

Triglav Group

Values as at 30 June 2020	in EUR		
	L&R	FVTPL	Total
Equity instruments	0	396,840,289	396,840,289
Debt instruments	0	57,753,893	57,753,893
Deposits	4,043,374	0	4,043,374
TOTAL	4,043,374	454,594,182	458,637,556

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

Zavarovalnica Triglav

Values as at 30 June 2020	in EUR		
	L&R	FVTPL	Total
Equity instruments	0	356,301,860	356,301,860
Debt instruments	0	46,794,481	46,794,481
Deposits	3,834,547	0	3,834,547
TOTAL	3,834,547	403,096,341	406,930,888

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

Fair value measurement and presentation by valuation level

The tables below include:

- financial investments of the Triglav Group and Zavarovalnica Triglav,
- unit-linked insurance assets and
- investments in associates.

Abovementioned financial assets are measured in the financial statements at fair values (i.e. available-for-sale financial assets and financial assets measured at fair value through profit or loss). In the tables below these assets are shown by valuation level:

- 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

As at 30 June 2020	in EUR			
	Level 1	Level 2	Level 3	Total
Equity securities	145,389,052	0	66,354,021	211,743,073
Debt securities	540,661,095	1,725,694,569	0	2,266,355,664
Derivative financial instruments	0	289,517	0	289,517
Unit-linked financial assets	399,092,366	55,483,639	18,177	454,594,182
Total	1,085,142,513	1,781,467,725	66,372,198	2,932,982,436

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

Zavarovalnica Triglav

As at 30 June 2020	in EUR			
	Level 1	Level 2	Level 3	Total
Equity securities	56,187,154	0	60,530,984	116,718,138
Debt securities	439,388,320	1,161,033,312	0	1,600,421,632
Derivative financial instruments	0	289,517	0	289,517
Unit-linked financial assets	357,115,400	45,980,941	0	403,096,341
Investments in associates	0	0	31,554,026	31,554,026
Total	852,690,874	1,207,303,770	92,085,010	2,152,079,654

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

Value assessment techniques and inputs used for measurement purposes

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value
EXTERNAL APPRAISERS (market operator)				
Debt securities - composite	Stochastic model, HW1f and HW2f network models	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, correlation matrix, volatility indices		Level 2
Debt securities – compound with exposure to stock markets	Stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, volatility indices		Level 2
Derivatives	Black-Scholes model	Index volatility		Level 2
BLOOMBERG BVAL				
Debt securities – companies, financial institutions and government	Cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		Level 2
INTERNAL APPRAISERS				
Debt securities - government	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	yield curve issued by Republic of Slovenia (Bloomberg ID: I259 Currency)	Level 2
Debt securities - companies and financial institutions	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	yield curve issued by Republic of Slovenia (Bloomberg ID: I259 Currency); credit spread between 0.72 % and 5 %	Level 2
Equity securities	Cash flow discounting	g (growth rate during constant growth period)	2 %	Level 3
		EBIT margin (constant growth period)	35 %	
		Discount rate	12.8 % up to 70 % for start ups	
		Lack of marketability discount	10 %	
	NAV method	Real property price changes		
	Market approach	MVIC/EBITDA		
Equity investment in associates	Equity method	Accumulated gains and losses		Level 3
Real property for own use	Income approach, market approach, analysis of the most economical use of development land	Capitalisation rate, market prices of comparable real property	7.5 % - 15 % depending on risk/location	Level 3
Investment property			Market values based on information available	

Changes of Level 3 financial assets

	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Opening balance as at 1 January	61,061,888	35,999,032	73,739,171	47,019,220
Purchases	6,365,634	16,470,980	19,194,093	17,383,880
Disposals	-1,078,129	-5,726,267	-1,055,403	-5,040,824
Revaluations through income statement	-177,155	214,523	0	92,535
Revaluations through Equity	207,149	-33,792	207,149	-33,791
Transfers from Level 1 and Level 2	0	-42,238	0	0
Exchange rate difference	-7,189	1,049	0	0
Closing balance as at 30 June	66,372,198	46,883,287	92,085,010	59,421,020

in EUR

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

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

Subordinated debt instruments

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

Contingent liabilities

No contingent liabilities in the form of guarantees given were recognised in the first six months of 2020 by the Company. Within off-balance sheet assets, the Company's alternative investment assets decreased by EUR 5.6 million and contingent receivables from option contracts by EUR 3.2 million. In the reporting period, no contingent liabilities for the guarantees given were created by any Group member.

Distribution of accumulated profits

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

2.7 Changes in equity stakes in subsidiaries and business combinations

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

In the first half year of 2020, Triglav INT, d.d. acquired a 0.26% participating interest in Triglav Osiguruvanje, a.d., Skopje from non-controlling interest holders, thereby becoming a 80.68% owner of said company. The consideration totalled MAK 2,014,932 or EUR 32,729. The acquisition of the non-controlling interest was recognised in the consolidated financial statements as an increase in share premium of EUR 204.

Capital increase of ZTSR d.o.o.

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

Acquisition of Diagnostični center Bled

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

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

Lovćen Osiguranje a.d. increased the capital of its subsidiary Lovćen Auto d.o.o. through in cash contribution of EUR 300,000. The ownership structure of Lovćen Auto was not changed with said capital increase, as Lovćen Osiguranje a.d. remained its 100% owner. The capital increase had no effect on the consolidated financial statements of the Triglav Group.

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

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

2.8 Related party transactions

Revenues of the Management and Supervisory Board

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

								in EUR
Name and surname	Fixed salaries (gross)	Other additional payments*	Bonuses	Net pay received	Insurance premiums**	Other benefits***	Reimbursements	
Andrej Slapar	92,946	2,081	51,114	50,659	31,670	6,743	812	
Uroš Ivanc	88,298	2,081	48,559	51,489	22,250	516	771	
Tadej Čoroli	88,298	2,081	48,559	50,026	22,223	3,938	514	
Barbara Smolnikar	88,298	2,081	28,764	42,483	21,952	3,937	508	
David Benedek	88,298	2,701	8,559	34,031	21,618	5,029	508	
Marica Makoter	88,298	2,081	48,559	49,699	22,219	3,487	422	
Benjamin Jošar****	0	0	4,365	2,550	0	0	0	
TOTAL	534,436	13,106	238,479	280,937	141,932	23,650	3,535	

* 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.

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

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

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

			in EUR
Name and surname	Receivables as at 30 June 2020	Liabilities as at 30 June 2020	
Andrej Slapar	0	73,427	
Uroš Ivanc	6	69,746	
Tadej Čoroli	30	69,734	
Barbara Smolnikar	14	65,907	
David Benedek	0	23,372	
Marica Makoter	16	69,746	
Benjamin Jošar****	0	3,857	
TOTAL	66	375,789	

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

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

Name and surname	Compensation	Attendance fee	Reimbursements	in EUR	
				Total gross pay	Total net pay
Igor Stebernak	10,383	1,969	0	12,352	8,983
Andrej Andoljšek	8,860	2,783	0	11,643	8,468
Milan Tomažević	7,614	1,309	0	8,923	6,490
Žiga Škerjanec	8,306	3,597	0	11,903	8,657
Nataša Damjanovič	8,306	2,409	0	10,715	7,793
Mario Gobbo	7,614	1,749	8,667	18,030	11,877
Peter Celar	8,306	3,443	337	12,086	8,790
Branko Gorjan	6,922	1,309	0	8,231	5,986
Igor Zupan	6,922	1,749	0	8,671	6,306
Simon Kolenc*	2,769	743	59	3,571	2,596
Boštjan Koler*	1,518	1,474	0	2,992	2,176
Total	77,520	22,534	9,063	109,117	78,122

* External members sitting on committees and the Supervisory Board.

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

Name and surname	in EUR	
	Receivables as at 30 June 2020	Liabilities as at 30 June 2020
Igor Stebernak	192	2,344
Andrej Andoljšek	192	2,000
Milan Tomažević	192	1,719
Žiga Škerjanec	192	1,875
Nataša Damjanovič	74	1,875
Mario Gobbo	192	1,719
Peter Celar	192	1,875
Branko Gorjan	192	1,563
Igor Zupan	192	1,563
Simon Kolenc*	0	625
TOTAL	1,610	17,158

* External members sitting on committees and the Supervisory Board.

Transactions with subsidiaries

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

	30 June 2020	31 December 2019
	in EUR	
ASSETS		
Right of use Asset	887,361	894,363
Shares	134,938,667	134,938,667
Debt securities and loans	7,991,415	8,205,916
Receivables from insurers	67,637	16,117
Premium receivable from re-insurance	7,769,043	2,658,012
Receivables from co-insurers' share in claim	105	2,207
Receivables from re-insurers' share in claim	6,286,814	6,516,400
Other short-term receivables from insurance operation	32,867	20,131
Short term receivables from financing	27,956	27,743
Other short-term receivables	673,900	787,779
Deffered short-term expenses of insurance contract acquisition	62,742	31,010
LIABILITIES		
Liabilities to policy holders	4,102	1,924
Liabilities to agents and brokers	374,781	389,637
Liabilities for co-insurance premiums	38,000	20,523
Liabilities for re-insurance premiums	10,156,823	8,769,818
Liabilities for re-insurers' share in claims	-1,573,260	488,063
Other liabilities from co-insurance and re-insurance	129,365	0
Other short-term liabilities	89,654	348,599
Lease liabilities	903,504	905,208

	H1 2020	H1 2019
	in EUR	
INCOME AND EXPENSES		
Gross written premium and active reinsurance premium	16,795,513	9,418,883
Outward re-/co-insurance premium (-)	-45,051,229	-39,676,160
Net premium income	-28,255,716	-30,257,277
Reinsurance commission income	9,041,522	8,332,783
Other income from insurance operations	537,935	2,149,176
Interest income	153,583	246,799
Other insurance income	592,147	846,477
Fees and commission income	1,649,287	0
Income from land and buildings	330,802	395,807
Other income	201,050	183,676
Dividends	0	3,172,950
Other income from financial assets	757	285
TOTAL INCOME	-15,748,633	-14,929,324
Gross claims settled	-1,287,231	2,003,418
Re-/co-insurers' share in gross claim	-13,592,809	-9,532,198
Net claims	-14,880,040	-7,528,780
Expenses for reinsurance premiums	1,866,105	972,875
Other financial expenses	7,002	17
Interest expenses	11,598	11,905
Depreciation of right of use assets	67,673	45,009
TOTAL EXPENSES	-12,927,662	-6,498,974

Transactions with associates

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

	Triglav Group		Zavarovalnica Triglav		in EUR
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	
ASSETS					
Shares	26,809,503	13,154,379	31,554,026	18,054,026	
Receivables from insurers	9,060	1,511	8,842	1,380	
Other short-term receivables	184	0	0	0	
LIABILITIES					
Liabilities to policy holders	27	27	0	0	
Liabilities to agents and brokers	5,980	5,902	5,980	5,421	
Other short - term liabilities	312	312	0	0	
Accrued expenses	1,404	1,182	0	0	

	Triglav Group		Zavarovalnica Triglav		in EUR
	H1 2020	H1 2019	H1 2020	H1 2019	
Gross written premium	54,347	29,999	53,039	28,800	
Income from dividends	0	0	0	40,988	
TOTAL INCOME	54,347	29,999	53,039	69,788	
Gross claims settled	0	23,247	0	23,247	
Acquisition costs	1,648	2,429	0	0	
TOTAL EXPENSES	1,648	25,676	0	23,247	

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 June 2020 there were 43 of such companies; the list is published on the SDH website (<http://sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

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

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
ASSETS				
Stakes and shares	13,200,823	8,963,246	15,430,342	17,747,194
Debt securities	65,634,341	98,462,080	51,533,799	75,690,601
Operating receivables	-68	62,634	2,371	68,729
Re-insurance receivables	0	0	9,916	25,135
Other assets	6,473,989	4,809,284	0	0
LIABILITIES				
Operating liabilities	1,340,302	1,477,079	752,271	1,506,890
Re-insurance liabilities	0	0	7,887	9,840
	H1 2020	H1 2019	H1 2020	H1 2019
INCOME				
Gross written premium	8,727,027	11,984,815	8,996,304	12,198,060
Financial income	1,076,160	1,016,548	731,730	748,342
Other income	2,295	30,351	19,863	57,306
EXPENSES				
Gross claims settled	5,587,467	3,696,561	5,762,568	3,763,075
Financial expenses	247,637	101,538	205,879	69,355
Other expenses	4,225,152	5,179,427	2,887,402	5,317,347

2.9 Significant events after the reporting date

On 29 July 2020, the Company received the ISA's order on the elimination of violations, No 3230-16/2020-5, under which the Company is required to withdraw the notification (sent in December 2019) informing the policyholders that from 1 January 2020 the Company would start using changed factors in the calculation of annuity or to recalculate the amount of annuity for those whose annuity was calculated according to the changed factors and pay them any difference if necessary. This violation relates to voluntary group pension insurance (PPZ). On 31 July 2020, the Company lodged an appeal against the ISA's order.

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