



Zavarovalnica Triglav d.d.  
Miklošičeva 19, 1000 Ljubljana

**triglav**

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# Unaudited Interim Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2019 to 30 June 2019

## MANAGEMENT BOARD:

President: Andrej Slapar

Members: Uroš Ivanc

Tadej Čoroli

Barbara Smolnikar

Marica Makoter

Ljubljana, August 2019

Credit rating

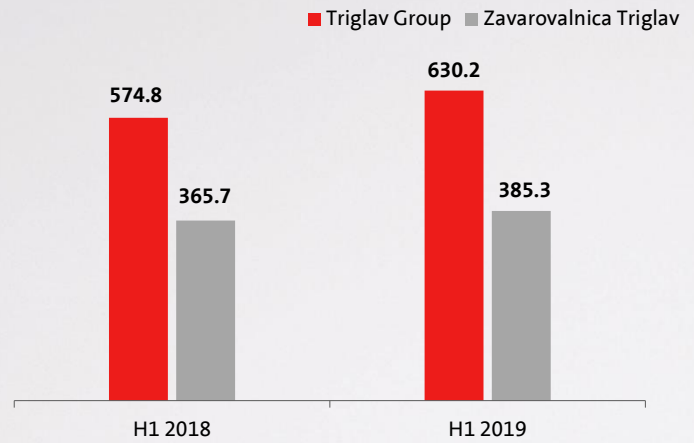
**"A"**

of the Triglav Group  
with a stable  
medium-term  
outlook

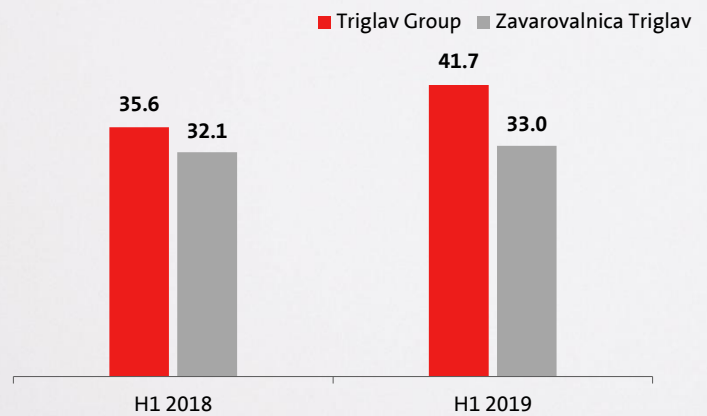
**EUR 2.5**

Dividend per share

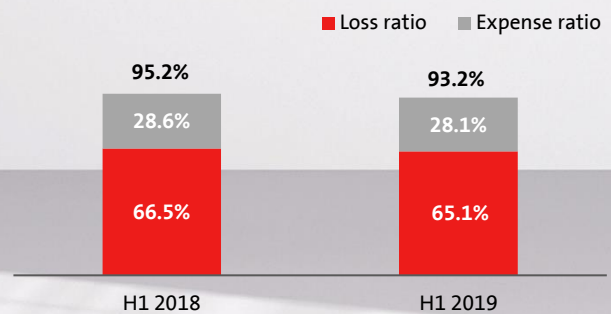
### Gross written premium for insurance, co-insurance and reinsurance contracts in EUR million



### Net profit before tax in EUR million



### Combined ratio of the Triglav Group



Dear shareholders, business partner and colleagues,



We are pleased with the performance and results achieved in the first six months of 2019. Backed by the »A« credit rating awarded by established credit rating agencies, the Triglav Group generated consolidated profit before tax of EUR 41.7 million (index 117). Such a solid result can primarily be attributed to the higher growth of net premium earned than the growth of net claims incurred arising from non-life insurance and the realised higher return on financial investments. In view of future business conditions anticipated by the end of the year, it is estimated that the Group's annual profit before tax will be within the planned range.

In the reporting period, the Triglav Group posted a total of EUR 630 million in consolidated gross premium, or 10% more than in the same period last year. Premium growth was recorded in almost all of our markets. The average premium growth in the Slovene market was 8% and above the market growth rate of around 10% in non-Slovene markets. Premium growth was also recorded in all three insurance segments; the non-life insurance segment increased by 10%, the health insurance segment by 21% and the life and pension insurance segment by less than 1%. In the reporting period, a relatively favourable claims experience was seen. Gross claims paid at the Group level totalled EUR 355 million (index 102), whilst major CAT events are estimated at EUR 4.9 million (mostly as a result of June storms with hail in Slovenia). The combined ratio of the Group was favourable at 93.2%, foremost thanks to the improved claims ratio.

As at 30 June 2019, the Group's financial investments totalled EUR 3.2 billion (index 104). Compared with 2018, their structure did not change significantly: the bulk of the portfolio, i.e. 72.6%, consisted of debt securities, mostly placed in the euro area. With EUR 51.4 million, the rates of return on investment (excluding the rates of return on unit-linked life insurance contract investments) increased over 2018, primarily due to higher net gains on the sale of financial assets and increased net income arising from fair value changes. Net interest income continued to decrease due to the low interest rate environment. Considering the situation on the financial markets, the Group formed additional provisions. Compared with 2018 their share in profit or loss arising from life insurance dropped this year.

Our activities in 2019 continue in the context of the Group's growth and development strategy. In addition to developing products tailored to clients' needs and upgrading sales and communication channels, we further optimised our processes. We are focused on new ways of doing business and new business models. Our growth is organic, but potential takeovers are not ruled out if an opportunity arises. In the pension insurance market of North Macedonia, we set up a company for the management of compulsory and voluntary pension funds. In addition, the acquisition of the asset management company ALTA Skladi was completed. With this acquisition, the Triglav Group became the leader in mutual fund management market in Slovenia (a 34% market share) and reached EUR 947.8 million net assets in mutual funds or 12% more than at the end of 2018.

In the current strategy period our emphasis is especially on the further development of a stimulating work environment and the consolidation of the culture of interconnectedness and cooperation. We have plenty of energy and commitment and for both of that let me on behalf of the Management Board sincerely thank our team of 5,000 employees.

**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 connected loops and a horizontal line at the end.

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# BUSINESS REPORT

# 1. Financial highlights in the first half of 2019

## 1.1 Performance of the Triglav Group

	in EUR million		
	H1 2019	H1 2018	Index 2019/2018
Gross written premium from insurance, co-insurance and reinsurance contracts	630.2	574.8	110
Net premium income	491.8	465.9	106
Gross claims paid*	334.8	326.8	102
Net claims incurred	330.1	324.8	102
Insurance business gross operating costs	133.3	128.1	104
Profit before tax	41.7	35.6	117
Net profit	34.7	30.0	116
Net profit attributable to the controlling company	34.6	29.7	116
	30 June 2019	31 December 2018	Index 2019/2018
Insurance technical provisions as at	2,923.9	2,713.1	108
Equity as at	746.3	746.9	100
Equity attributable to the controlling company as at	743.8	744.6	100
Number of employees as at	5,212	5,166	101

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

## Key performance indicators of the Triglav Group

	H1 2019	H1 2018
ROE annualised	9.6%	8.4%
Loss ratio	65.1%	66.5%
Expense ratio	28.1%	28.6%
Combined ratio	93.2%	95.2%
Ratio between gross operating costs and gross written premium	21.2%	22.3%

## 1.2 Performance of Zavarovalnica Triglav

	in EUR million		
	H1 2019	H1 2018	Index 2019/2018
Gross written premium from insurance, co-insurance and reinsurance contracts	385.3	365.7	105
Net premium income	276.5	273.8	101
Gross claims paid*	191.9	203.9	94
Net claims incurred	182.8	194.9	94
Gross operating costs	90.1	87.1	104
Profit before tax	33.0	32.1	103
Net profit	27.6	27.2	101
	30 June 2019	31 December 2018	Index 2019/2018
Insurance technical provisions as at	2,212.0	2,061.4	107
Equity as at	543.1	560.1	97
Number of employees as at	2,271	2,290	99

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

## Key performance indicators of Zavarovalnica Triglav

	H1 2019	H1 2018
ROE annualised	10.3%	10.2%
Loss ratio	58.5%	62.1%
Expense ratio	30.3%	29.7%
Combined ratio	88.8%	91.9%
Ratio between gross operating costs and gross written premium	23.4%	23.8%

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

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

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

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

The insurance-oriented part of the Group encompasses:

- **in Slovenia:** Zavarovalnica Triglav d.d., Triglav, Zdravstvena zavarovalnica d.d., Pozavarovalnica Triglav Re d.d. and Skupna pokojninska družba d.d.;
- **abroad:** 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 life and pension insurance companies of the Group, Triglav Skladi d.o.o., ALTA Skladi d.d., Triglav, Upravljanje nepremičnin d.d. and Triglav d.o.o., which includes saving via the Group's insurance services and investing in the Group's mutual and pension funds.

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

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

#### 1.4 Composition of the Triglav Group

As at the reporting date, the Triglav Group comprises 41 companies, 34 subsidiaries along with the controlling company and 6 associates.

##### The Triglav Group as at 30 June 2019

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

**Subsidiaries of the Triglav Group:**

- Pozavarovalnica Triglav Re d.d., Ljubljana
- Triglav, Zdravstvena zavarovalnica d.d., Koper
- Skupna pokojninska družba d.d., Ljubljana
- Triglav INT, holdinška družba d.d., Ljubljana
  - Triglav Osiguranje d.d., Zagreb
  - Triglav Osiguranje a.d.o., Belgrade
  - Lovćen Osiguranje a.d., Podgorica
    - Lovćen životna osiguranja a.d., Podgorica
    - Lovćen Auto d.o.o., Nikšić
  - Triglav Osiguranje d.d., Sarajevo
    - Autocentar BH d.o.o., Sarajevo
    - Unis automobili i dijelovi d.o.o., Sarajevo
    - Sarajevostan d.o.o., Sarajevo
  - Triglav Osiguranje a.d., Banja Luka
    - Triglav Auto d.o.o., Banja Luka
  - Triglav Osiguruvanje a.d., Skopje
  - Triglav Osiguruvanje Život a.d., Skopje
- Triglav Skladi, družba za upravljanje d.o.o., Ljubljana
  - ALTA Skladi d.d., Ljubljana



- PROF-IN d.o.o., Sarajevo

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- 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

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

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

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- Triglav penzisko društvo a.d., Skopje

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

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**Associated companies  
of the Triglav Group:**

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

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

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- Nama, trgovsko podjetje d.d., Ljubljana

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

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- ZTSR, raziskovanje trga d.o.o., Ljubljana

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**Changes in the Triglav Group in the first half of 2019:**

- In the first quarter of 2019, Triglav INT d.d. acquired a 0.05% equity stake in Triglav Osiguranje a.d., Skopje from non-controlling interest holders, thereby becoming its 80.40% owner. The acquisition price equalled MAK 414,839 or EUR 6,732.
- Lovćen Osiguranje a.d. increased its equity stake in its subsidiary Lovćen Auto d.o.o. in the amount of EUR 2,100,000, thus remaining a 100% owner of the said company.
- By paying in cash contributions of EUR 1,094,670, Zavarovalnica Triglav increased the share capital of its associate Triglav d.o.o. and thus maintained a 49.9% equity stake in the said company.
- Triglav Skladi d.o.o. and Triglav, Upravljanje nepremičnin d.d. sold their equity stakes in ZIF Prof Plus d.d. of 11.72% and 10.37% respectively.
- On 5 February 2019, Triglav d.o.o. and the fund TRIGAL AIF SICAV – RAIF S.C.A. Compartment 2, Regional Multi Asset Fund Compartment, Luxembourg, signed an agreement to sell KRDU Building d.o.o. and LOMA CENTER d.o.o. As a result, both companies are no longer considered associates of the Triglav Group.
- On 27 March 2019, Zavarovalnica Triglav established Triglav penzisko društvo a.d., Skopje, a company for the management of compulsory and voluntary pension funds, by paying in EUR 3,000,000.
- On 29 March 2019, Hotel Grad Podvin d.o.o. established two companies: HGP Grad, investicije d.o.o. and HGP Rest, investicije d.o.o, which are both wholly owned by Hotel Grad Podvin d.o.o.
- On 24 April 2019, Triglav Skladi d.o.o. became the owner of ALTA Skladi, družba za upravljanje. The latter is discussed in greater detail in *Section 2.8 of the Accounting Report*.

- TRI-LIFE d.o.o., Zagreb changed its name to Triglav Savjetovanje d.o.o., Zagreb.
- In Q2 2019, Triglav Svetovanje, d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb in accordance with their proportional stakes. The capital increase was raised by in-cash contributions of HRK 2,100,000 or EUR 284 thousand, thus maintaining their stakes of 51% and 49% respectively.

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

## 1.5 Strategy of the Triglav Group

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

### MISSION

**We build a safer future.**

### VALUES

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

### VISION OF THE TRIGLAV GROUP

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

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

## KEY STRATEGIC GUIDELINES

### Key strategic guidelines

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

Client focus and development of related services

Developing cooperative and agile organisation and culture

## Implementation of the Strategy of the Triglav Group in the first half of 2019

In accordance with the Strategy of the Triglav Group, in H1 2019 the Group was successfully implementing activities aimed at achieving its strategic guidelines: (1) long-term stable operations and increased value of the Triglav Group, (2) client focus and development of related services and (3) developing cooperative and agile organisation and culture.

In H1 2019, the activities were implemented in the following segments: development of new products and upgrade of existing ones; rationalisation and optimisation of work, work processes and business process management; IT support and strengthening of digital support; sales promotion and development of even more efficient channel approaches and communication techniques; and meeting the needs of both the existing and potential clients (the key activities achieved within the scope of each strategic guideline are described in the table below).

Apart from the intensive approach to the activities set out in individual initiatives, activities aimed at revising the Strategy at the level of an individual Group member were performed whilst key Strategy content was actively communicated at the Group level.

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

- In the first half of 2019, the Group posted profit before tax of EUR 41.7 million, which is 17% more than in the same period last year.
  - The volume of operations rose in all business segments of the Triglav Group, while increasing the value of assets managed in life and pension funds (index 105), financial funds (index 112) and the value of discretionary mandate assets (index 147). By strengthening the Group's presence in the existing markets, the market share of both core activities, i.e. insurance and asset management, increased as well.
  - Zavarovalnica Triglav completed the acquisition of the asset management company ALTA Skladi and established a company for the management of compulsory and voluntary pension funds in the North Macedonian market.
  - New opportunities were sought and exploited in new target markets and bases for new and modified business models were prepared for new markets.
  - 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.
  - New partnerships were established while strengthening the existing partnerships in business ecosystems in various fields.
  - The emphasis was on the 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 was pursued, both at the level of an individual Group member and at the Group level.
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## 2. Client focus and development of related services

- Key client-centred activities were carried out, i.e. by developing new products and upgrading the existing ones.
- Much attention was paid to measuring, analysing and monitoring clients' user experience.
- New opportunities in related services were sought, while the existing ones were upgraded with the aim of providing a complete, comprehensive and personalised client service.
- The client assistance system was upgraded.
- The modern ways and channels of communication were strengthened with both the existing and potential clients, with the aim of enhancing responsiveness, reliability and transparency of day-to-day operations.
- The Group intensively performed activities to achieve a higher level of computerisation and digitisation of processes, work procedures and ways of doing business.
- Initiatives and solutions were developed for new business models that have market potential, either in existing or potential markets.

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## 3. Developing cooperative and agile organisation and culture

- The Group performed and promoted the activities that support its key values (responsiveness, simplicity and reliability) and strengthen the achievement of the target organisational culture.
  - The focus was on strengthening the Group's main cooperation competencies at all levels of business and at the Group level.
  - The development of employees' skills was intensified with individual and group coaching.
  - An emphasis was paid to improving digital skills and promoting the philosophy of agility and a change-oriented approach.
  - The activities of management by objectives and cascading of objectives were implemented at all decision-making levels.
  - Intergenerational cooperation, transfer of know-how and diversity were promoted through various activities, in addition to increasing the awareness about healthy lifestyle and work practices.
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### 1.6 Significant events in the reporting period

Significant events the first half of 2019 included:

- Zavarovalnica Triglav entered into an agreement with the market maker InterCapital Securities that will provide liquidity for the ZVTG share, taking effect as of 1 February 2019.
- Following the establishment of the North Macedonian pension company on 27 March 2019 - Triglav penzisko društvo a.d., Skopje, the Triglav Group entered the North Macedonian pension market as one of the three companies active on the said market. In line with its strategy, the Group is expanding its business to include the supplemental pension insurance segment, which has been assessed as promising according to the demographic trends. The North Macedonian pension system consists of three pillars: the first pillar includes compulsory pension saving managed by the National Fund, while the other two include supplemental compulsory and supplemental voluntary pension saving. The Triglav Group enters the latter two by offering quality services and products and relying on its competitive advantages.
- The Supervisory Board agreed with the proposal of the President of the Management Board and appointed David Benedek a new member of the Management Board of Zavarovalnica Triglav for a five-year term of office. In order to perform the function of a member of the Management Board, he is required to obtain an authorisation from the Insurance Supervision Agency. As a Management Board member he will be responsible for the management and development of subsidiaries in line with the strategic objectives of the Triglav Group. Currently, he is the Authorised Officer of the Management Board.

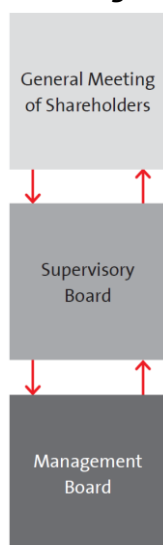
- Zavarovalnica Triglav successfully issued a 30.5-year subordinated bond (Tier 2 pursuant to the Solvency II regulations) with the first call date after 10.5 years with the ISIN code XS1980276858. It replaces the existing issued subordinated bond with maturity in 2020. The new issue is part of the regular capital management activities of the Triglav Group, aimed at ensuring an optimal capital structure and its cost effectiveness. Bonds are discussed in greater detail in Section 3.6 *Bonds* and in Section 2.7 of *Accounting Report*.
- On 24 April 2019, the Group successfully completed the acquisition of ALTA Skladi. Through its two asset management companies – Triglav Skladi and ALTA Skladi – the Triglav Group is becoming the leading provider of mutual funds in the Slovene market.
- On 25 April 2019, the Works Council of Zavarovalnica Triglav appointed Peter Celar and Branko Gorjan as new employee representatives serving as members of the Supervisory Board for a four-year term of office starting on 1 June 2019.

## 2. Governance of the Triglav Group

### 2.1 Governance of Zavarovalnica Triglav

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

*Two tier governance of Zavarovalnica Triglav*



### 2.2 General Meeting of Shareholders

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

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

#### 1.1.1 General Meeting of Shareholders in the first half of 2019

In the reporting period, the shareholders of Zavarovalnica Triglav gathered at the 44<sup>th</sup> General Meeting of Shareholders held on 28 May 2019. The total number of shares and voting rights represented at the General Meeting of Shareholders was 18,070,174 or 79.57% of all shares to which voting rights are attached. The General Meeting of Shareholders took note of:

- Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2018 including the independent auditor's report,
- Annual Internal Audit Report for 2018,

- Report by the Supervisory Board of Zavarovalnica Triglav on the verification of the Annual Report for 2018 and
- Opinion given by the Supervisory Board on the Annual Internal Audit Report of the Internal Audit Department for 2018.

The shareholders adopted a resolution on the following distribution of the accumulated profit of EUR 66,783,627.69 as at 31 December 2018:

- a part of accumulated profit in the amount of EUR 56,837,870.00 shall be allocated for dividend payments. The dividend of EUR 2.50 gross per share shall be paid to the shareholders appearing in the Share Register as at 12 June 2019. On 13 June 2019, the Company shall ensure funds for the payment of all dividends on the account of KDD – Centralno klirinška depotna družba d.d., intended to execute the corporate action of paying out dividends to the shareholders in accordance with the common European standards for corporate actions;
- the distribution of the remaining accumulated profit of EUR 9,945,757.69 shall be decided in the next few years.

The General Meeting of Shareholders of Zavarovalnica Triglav appointed the audit firm Deloitte revizija, d.o.o. as the auditors for the business years 2019, 2020 and 2021.

The shareholders granted a discharge for the business year 2018 to both the Management and the Supervisory Board of Zavarovalnica Triglav. At the General Meeting of Shareholders no action of voidness was announced.

### **2.3 Management Board**

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

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

In accordance with the Articles of Association, the Management Board has no less than three and no more than six members, one of whom is President. The number of the Management Board members, their powers, the manner of representation and presentation and the transfer

of the Management Board's authorisations are determined by the Supervisory Board in the Management Board Rules.

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

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

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

As at 30 June 2019 the Management Board of Zavarovalnica Triglav was composed of:

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

## **2.4 Supervisory Board**

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

Shareholder representatives are elected by the General Meeting of Shareholders and employee representatives by the Works Council. The Chairman and Vice Chairman of the Supervisory Board are elected from among its members representing shareholders. Their appointment and recall are made in accordance with the applicable legislation and the documents of the Company. The members of the Supervisory Board are given a four-year term of office and may be re-elected without limitation. The fit and proper criteria as set out in the Fit and Proper Policy for the Management and Supervisory Board Members of Zavarovalnica Triglav d.d. also apply to both the Supervisory Board as a collective body and to Supervisory Board members as individuals. Fit and proper assessments are made before the appointment, periodically, extraordinarily or after the appointment of an individual Supervisory Board member.

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

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



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

On 31 May 2019, the term of office of Boštjan Molan, Peter Celar and Ivan Sotošek Supervisory Board members, employee representatives, ended. On 25 April 2019, the Works Council of Zavarovalnica Triglav appointed new employee representatives serving as members of the Supervisory Board, Peter Celar and Branko Gorjan for a four-year term of office starting on 1 June 2019.

Composition of the Supervisory Board as at 30 June 2019:

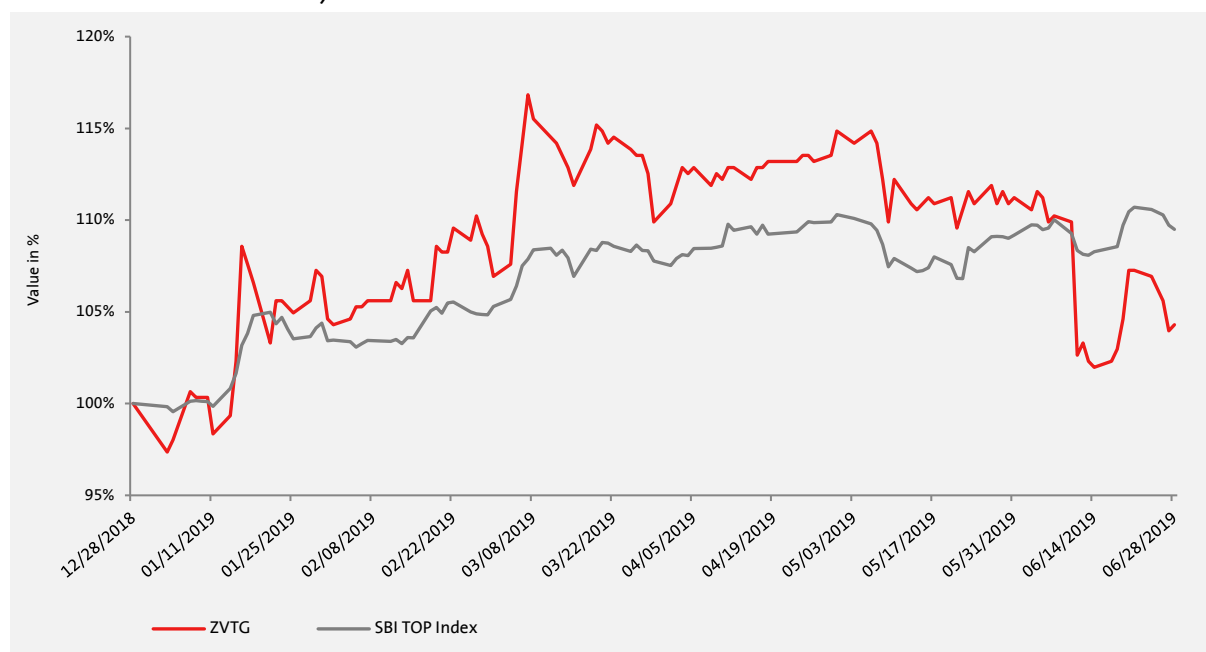
- Shareholder representatives:
  - Igor Stebernak, Chairman,
  - Andrej Andoljšek, Vice Chairman,
  - Mario Gobbo, Member,
  - Nataša Damjanovič, Member,
  - Žiga Škerjanec, Member,
  - Milan Tomaževič, Member,
- Employee representatives:
  - Peter Celar, Member,
  - Branko Gorjan, Member.

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

### 3.1 The share of Zavarovalnica Triglav

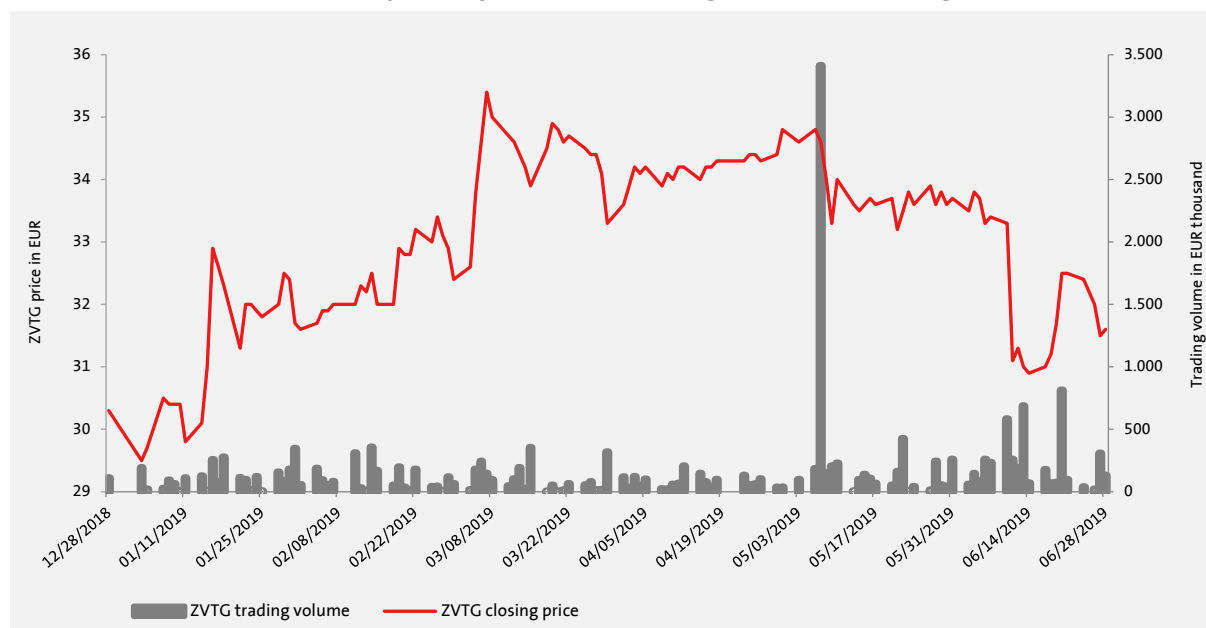
In the reporting period, the ZVTG share price saw a growth of 4.3%, whilst the **dividend yield of the ZVTG share** totalled 12.2% as at 30 June 2019. The value of the SBI TOP equalled by 9.5% in H1 2019. Since the beginning of 2019, the share price gradually grew to 9.9% as at 10 June 2019 as shown in the figures below. As expected, the share price went down on 11 June 2019, when holding the share no longer meant being entitled to the dividend payment for 2018. The ZVTG share price saw a decrease of 6.6%, whilst the dividend yield of the ZVTG share stood at 7.5%.

*Movements in the ZVTG share price and in the value of the SBI TOP Index in H1 2019 (starting date 31 December 2018 = 100)*



In H1 2019, in terms of liquidity, the ZVTG share was **the third most traded share on the Ljubljana Stock Exchange**. A share of 13% or EUR 6.4 million in nominal terms of the turnover in shares on the Ljubljana Stock Exchange was accounted for by the ZVTG share. In terms of market capitalisation, Zavarovalnica Triglav was **fourth largest** listed Slovene company with EUR 718 million.

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



Through proactive management of relations with investors, shareholders and analysts, the Company **promotes the attractiveness of its issued financial instruments**. As of February, the service of maintaining ZVTG share liquidity has been used (this service was previously unavailable on the Ljubljana Stock Exchange). The Company strives to be transparent and to maintain open contact with investors. In 2018, the Company took part in 12 events organised for investors in Europe and the USA, with similar activities continuing in 2019. In the reporting period, investor conferences were held in London, Zagreb and two in New York; in addition, the Company participated in a webcast held by the Ljubljana Stock Exchange. The calendar of events which the Company will attend by the end of the year is published on its website at [www.triglav.eu](http://www.triglav.eu).

### Key figures for the shares of Zavarovalnica Triglav in H1 2019 (in EUR)

Items	30 June 2019
Maximum closing price	35.40
Minimum closing price	29.50
Closing price	31.60
Book value per share (parent company)*	23.89
Book value per share (consolidated data)*	32.72
Net earnings per share (consolidated data)**	1.53
Market capitalisation	718,430,677
Average daily trading volume	150,556
No. of shares	22,735,148
The percentage of floating stock***	30.9%
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.

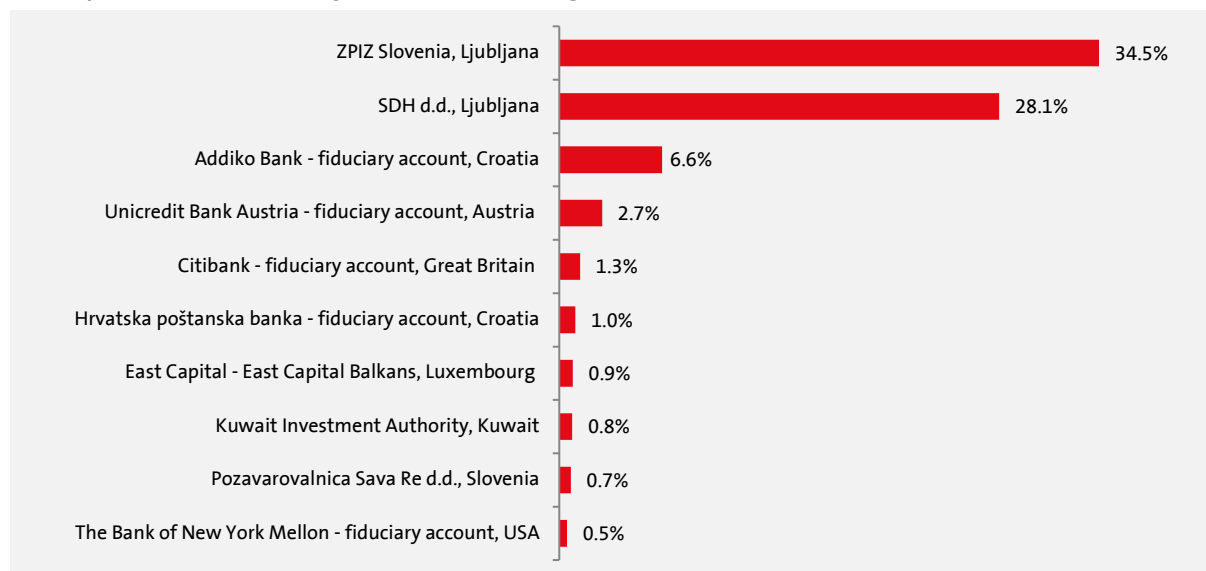
### 3.2 Equity

As at 30 June 2019, the share capital of Zavarovalnica Triglav remained unchanged and stood at EUR 73,701,391.79. It was divided into 22,735,148 ordinary registered no-par value shares of the same class. All the shares of Zavarovalnica Triglav are freely transferable and issued in a dematerialised form. Each represents the same stake and corresponding amount in the share capital. All have been paid up in full. Each ZVTG share gives its holder the right to one vote at the General Meeting of Shareholders, proportional dividends from the profit intended for the payment of dividends and a proportional share of the remaining bankruptcy or liquidation estate after the payoff of priority shareholders in the case of bankruptcy or liquidation.

### 3.3 Shareholder structure

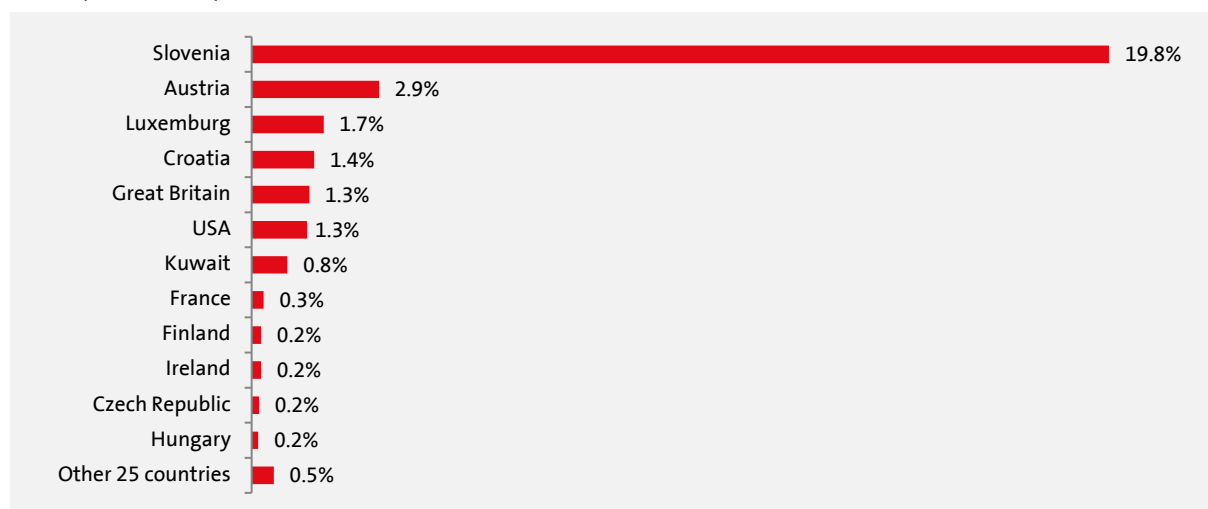
As at 30 June 2019, Zavarovalnica Triglav had **13,878 shareholders** (31 December 2018: 14,153). Compared to the 2018 year-end, **ten top shareholders**, whose structure remained unchanged, held 77.1% of total shares (2018 year-end: 77.4%). The biggest two shareholders maintained their equity stakes, whilst some major shareholders had to adapt their positions.

*The top ten shareholders of Zavarovalnica Triglav as at 30 June 2019 (share in %)*



As at the reporting date, the share of the **free float of Zavarovalnica Triglav**, i.e. the shares held by the shareholders with less than a 5% equity stake, stood at 30.9%, which is the same as at the 2018 year-end. These shareholdings are globally spread among shareholders in 37 countries, of which 26 are banks and other investors holding a fiduciary account. Minority shareholder structure by the country of origin is shown in the figure below.

*The free float shareholder structure of Zavarovalnica Triglav by the country of origin as at 30 June 2019 (share in %)*



In relation to shareholder country and legal status, the shareholder structure did not see any significant changes. **The equity stakes of international shareholders equalled 18%**, which is also the result of the promotion of the Triglav Group among international investors and an active investor relations policy implemented by Zavarovalnica Triglav.

*Shareholder structure of Zavarovalnica Triglav as at 30 June 2019*

	Total	Domestic	International	Legal entities	Individuals
Number of shares	22,735,148	18,730,233	4,004,915	20,231,466	2,503,682
Number of shareholders	13,878	13,464	414	474	13,404
Number of shares - percentage	100.0%	82.4%	17.6%	89.0%	11.0%
Number of shareholders - percentage	100.0%	97.0%	3.0%	3.4%	96.6%

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

### 3.4 Credit rating

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

### 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.

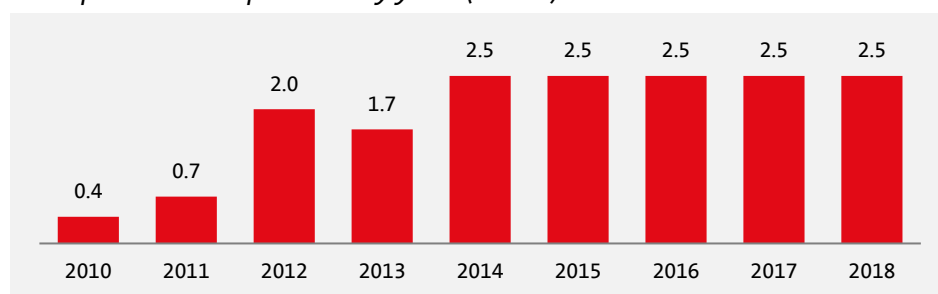
### The capital management strategic objectives and the dividend policy criteria

> 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	

#### Dividend policy of Zavarovalnica Triglav defines:

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

#### Gross paid dividend per share by years (in EUR)



### 3.6 Bonds

Zavarovalnica Triglav issued two subordinate bonds, both of which are included in its capital adequacy. The first bond (ISIN SI0022103038) will be due in 2020 and will be replaced with another bond (ISIN XS1980276858), which was issued in 2019.

### Bonds of Zavarovalnica Triglav

ISIN	SI0022103038	XS1980276858
Type	Subordinated bond	Subordinated bond (Tier 2), pursuant to the Solvency II regulations
Issue size in EUR	30,000,000	50,000,000
Currency	EUR	EUR
Coupon rate and payment	fixed at 5.95%, payable annually	fixed at 4.375% annually until first call date, payable annually thereafter variable at 3-month Euribor plus 4.845% (equal to the original initial credit spread + 1 percentage point), payable quarterly
First call date	-	22 October 2029
Maturity date	21 March 2020	22 October 2049
Maturity in years	10	30.5
Regulated market	Ljubljana Stock Exchange	Luxembourg Stock Exchange
Issue Rating	-	BBB+ (S&P)

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

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

The first half of the year was marked by a further slowdown of the global economy and a deteriorating economic outlook. The uncertainties associated with the escalation of the geopolitical tensions between the US and Iran and the unresolved trade negotiations between the US and China impacted global trade. Within the European Union, activity in the automotive industry noticeably slowed down along with the entire industrial production, while the lower sentiment indicators among entrepreneurs did not indicate that the resulting situation would be temporary. Apart from that, the outlook further deteriorated due to the uncertainties surrounding Britain's exit from the European Union and the disagreement between the European Commission and the Italian government regarding the fulfilment of the latter's fiscal commitments. Nevertheless, household consumption in the EU remained relatively strong, with a somewhat more moderate sentiment among consumers and still favourable conditions in the labour market. Slovenia's economic growth was also slightly lower year-to-year at the beginning of 2019, but with a 3.2% growth in the first quarter it significantly exceeded the euro area growth. It was driven by vigorous exports and an ever-increasing household consumption. In the second quarter, Slovenia's economic climate index, as in the euro area, declined sharply; however, even in manufacturing it remained above the historic average, while household consumption indicators indicated a continuation of the favourable growth trend. Given the current situation, official institutions lowered the outlook for this year's growth in the euro area and slightly the growth outlook for Slovenia, i.e. to a good 1% and a good 3% respectively, but the latter is still solid. In addition, year-on-year inflation growth forecasts were lowered. By the middle of the year, inflation dropped to just above 1% both in the euro area and in Slovenia, and it is projected to slightly increase by the end of the year.

Financial markets again recorded historic values in the second quarter of 2019. The key central banks worldwide expressed their support for accommodative policies, thus significantly influencing the developments in bond markets. The European Central Bank extended its expectations for the unchanged interest rate policy until mid-next year, announced the launch of the third programme of favourable bank loans (TLTRO-III) and opened up the possibility of additional monetary interventions should the situation continue to deteriorate. The US Federal Reserve (FED) officially announced that its balance sheet reduction would end in September this year, while the governors expressed the expectation that, by the end of this year, the Fed could lower the interest rate range for the first time. Consequently, the required yield to maturity (YTM) on government bonds dropped sharply by the end of June, while most of them fell to historic lows. For the first time since 2016, the 10-year German government bond had reached a negative yield and recorded -0.33% at the end of the second quarter, which is 0.57 percentage point less than at the beginning of the year. The required yield to maturity of a similar Slovene bond fell by 0.83 percentage point and reached 0.19%. Both Moody's and S&P improved the sovereign rating in the reporting period, the former with a positive outlook and the latter with the rating of AA-. Optimism was also seen in the corporate sector. In the first quarter, credit spreads on corporate bonds significantly declined, while stock market indices recorded strong growth, entirely offsetting the loss of the last quarter in 2018. The US S&P 500 reached its historic peak in June, ending the first half of 2019 with a 17.3% growth, whilst the European Stoxx 50 recorded a 15.7% growth in the same period. At 9.5%, a somewhat lower growth was seen by the Slovene SBI TOP.



The reporting period saw several major CAT events in the estimated amount of EUR 4.9 million, which impacted the Group's performance. In Slovenia, the June storms with hail caused damage on cars, crops and buildings of around EUR 3.9 million. In Montenegro, February storms caused estimated claims worth EUR 210 thousand, whilst in North Macedonia damage of around EUR 737 thousand was caused by storms with hail in Q2 2019.

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

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

In the reporting period, the insurance companies recorded gross written premium amounting to EUR 1,346.7 million, **up by 7.3%**. **Non-life insurance** recorded an 8.1% growth and accounted for 72.2% of total premium. Excluding health insurance, which experienced a higher premium growth (8.5%), non-life insurance premium growth would be 7.9%. Non-life insurance premiums increased foremost as a result of higher health insurance and motor vehicle insurance (comprehensive car insurance and motor liability insurance). **Life insurance premium** increased by 5.2% as a result of a high growth rate by supplemental voluntary pension and life insurance.

The Slovene insurance market continues to be characterised by a high degree of concentration as the four largest insurance companies controlled 70.5% of the market (71.7% in the respective period of 2018). With a market share of 28.6%, **Zavarovalnica Triglav** maintained the leading position (29.1% in the respective period of 2018). The second largest market share was held by Zavarovalnica Sava, a company 1.6 times smaller. **The Triglav Group** (parent company, Triglav, Zdravstvena zavarovalnica and Skupna pokojninska družba) increased its market share by 0.1 percentage point to 36.1%.

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

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

- non-life insurance (excluding health insurance): 43.8% (a decrease of 0.3 percentage point);
- life insurance: 27.7% (a decrease of 1.6 percentage points);
- health insurance: 28.7% (an increase of 3.0 percentage points).

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

- non-life insurance: 30.6% (a decrease of 0.3 percentage point);
- life insurance: 23.3% (a decrease of 1.3 percentage points).

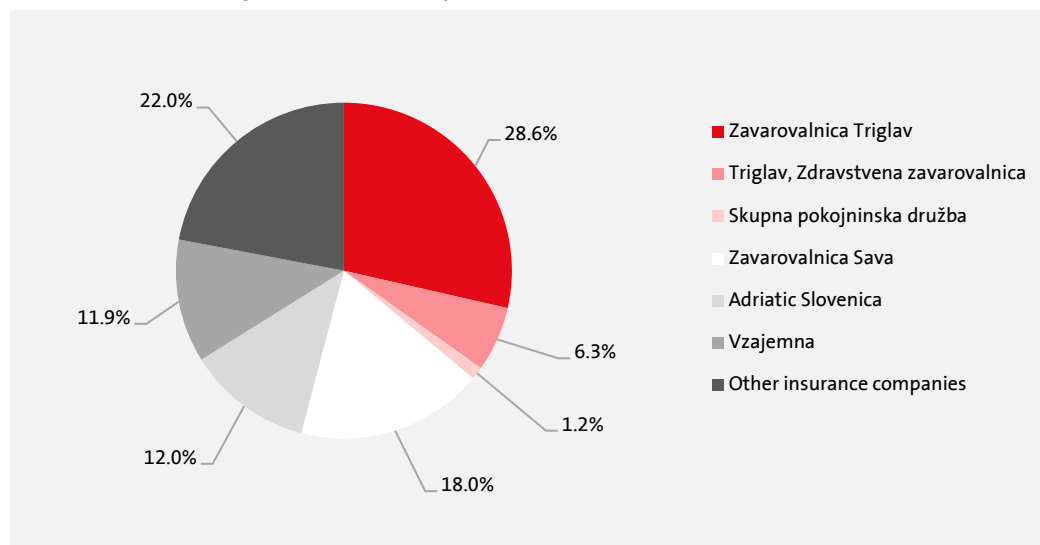
The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 28.6% (an increase of 3.0 percentage points).

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

- supplementary voluntary pension insurance (SVPI): 19.6% (market leader, Q1 2019 data).

## The market share of insurance companies in Slovenia in H1 2019



Source: Slovenian Insurance Association

## Market share and market rank trends of the Triglav Group insurance markets in H1 2019 and the comparison with H1 2018

Market	Market share	Market share trend	Ranked in 2019	Ranked in 2018
Slovenia	36.1%	↑ + 0,1-percentage point	1	1
Croatia	5.0%	↑ + 0,3-percentage point	8	8
Serbia*	6.7%	↑ + 0,8-percentage point	5	5
Montenegro	38.8%	↑ + 0,6-percentage point	1	1
Bosnia and Herzegovina**	7.7%	↓ - 0,1-percentage point	6	6
- Federation of BiH	8.7%	↓ - 0,5-percentage point	7	7
- Republic of Srpska**/**	5.3%	● 0,0-percentage point	9	7
North Macedonia*	14.1%	↓ - 2,5-percentage point	1	1

\* Data from January to March 2019

\*\* Data from January to December 2018

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

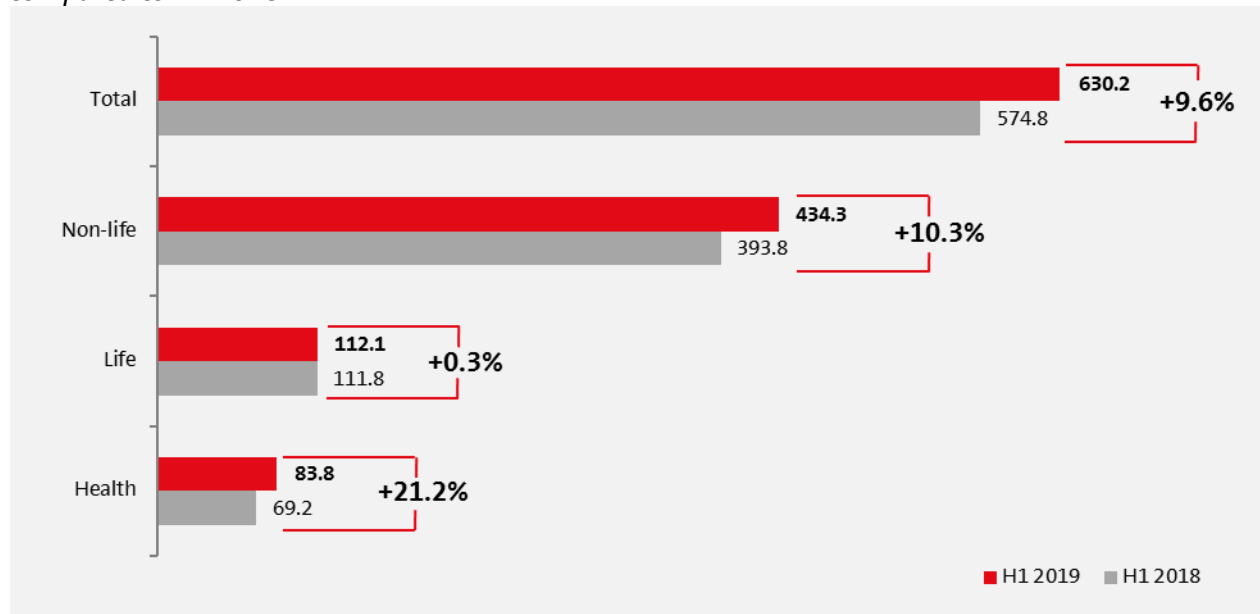
### 4.3 Gross written insurance, co-insurance and reinsurance premiums

The Triglav Group increased the volume of consolidated gross written insurance, co-insurance and reinsurance premiums by 10%. Written premium totalled EUR 630.2 million. Premium by segment:

- **non-life insurance:** EUR 434.3 million, index 110;
- **life insurance:** EUR 112.1 million, index 100;
- **health insurance:** EUR 83.8 million, index 121.

The Triglav Group recorded an 10% growth in gross written insurance, co-insurance and reinsurance premiums.

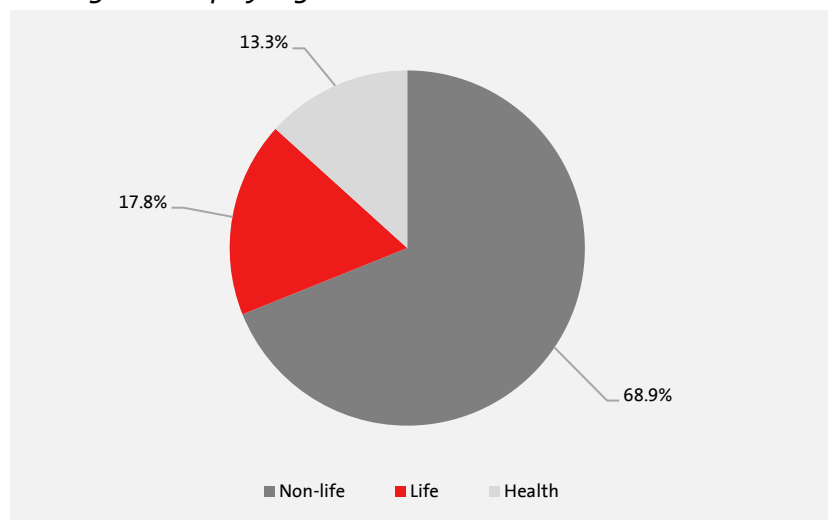
*Consolidated gross written insurance, co-insurance and reinsurance premiums in H1 2019 compared to H1 2018*



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

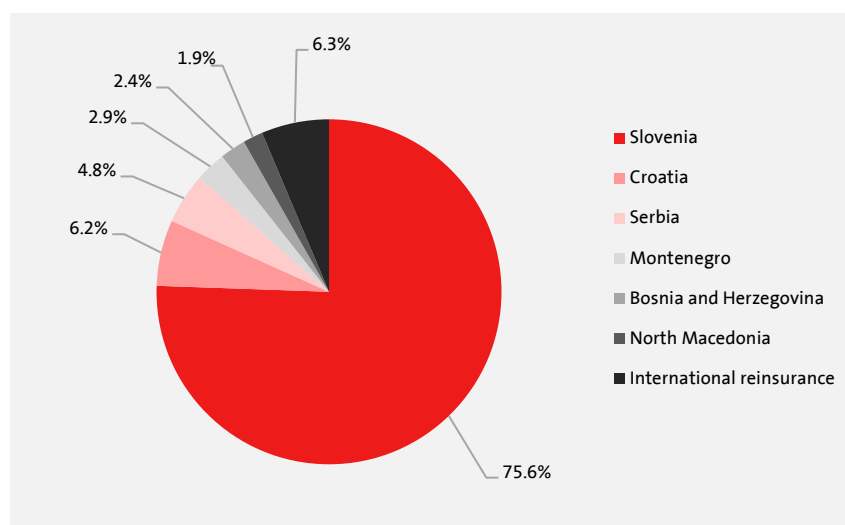
- non-life insurance accounted for 68.9% (H1 2018: 68.5%);
- life insurance accounted for 17.8% (H1 2018: 19.4%); and
- health insurance for 13.3% (H1 2018: 12.0%).

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



In total consolidated gross written premium, reinsurance premium on the international markets increased by 1.3 percentage points, whilst a share of consolidated gross written premium charged in the Slovene insurance market remained at the level of H1 2018. A total of 75.6% of consolidated gross written premium was charged in the Slovene insurance market, 18.1% of the premium was booked in the markets outside of Slovenia, while global reinsurance premium accounted for 6.3% of written premium.

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



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

Country	Gross written premium		Index	Structure	
	H1 2019	H1 2018	H1 2019/ H1 2018	H1 2019	H1 2018
Slovenia	476,156,619	441,857,791	108	75.6%	76.9%
Croatia	38,996,939	34,274,724	114	6.2%	6.0%
Serbia	29,950,999	26,466,346	113	4.8%	4.6%
Montenegro	18,083,062	15,775,815	115	2.9%	2.7%
Bosnia and Herzegovina	15,232,694	14,734,120	103	2.4%	2.6%
North Macedonia	11,806,662	12,545,244	94	1.9%	2.2%
International reinsurance	39,990,361	29,125,798	137	6.3%	5.1%
<b>Total</b>	<b>630,217,336</b>	<b>574,779,838</b>	<b>110</b>	<b>100.0%</b>	<b>100.0%</b>

Premium growth was recorded in most insurance markets, excluding the Macedonian market (see the overview by insurance subsidiary below). The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) booked EUR 600.1 million in non-consolidated gross written premium, up by 8% compared to the same period last year.

Pozavarovalnica Triglav Re posted a total of EUR 94.2 million in gross written reinsurance premium, up by 27% compared to the year before. The highest growth was recorded in motor liability insurance (operations within the Triglav Group), other damage to property insurance (high growth of operations outside the Triglav Group and within the Group) and fire and natural disaster insurance (high growth of operations outside the Triglav Group). Transactions with the Triglav Group experienced a 32% premium growth resulting from new contracts taken out by group members outside Slovenia. In operations outside the Triglav Group, the reinsurance premiums experienced a high, 19% growth resulting from newly concluded contracts in 2019. The highest premium growth was recorded on the South African, Israeli, German and Italian markets.

## Gross written insurance, co-insurance and reinsurance premiums in H1 2019 by insurance company of the Triglav Group

Insurance company	Gross written premium			Index		Structure	
	Non-life	Life	Total	Non-life	Life	Total	H1 2019
Zavarovalnica Triglav*	298,171,811	87,103,660	385,275,471	107	100	105	64.2%
Triglav, Zdravstvena zavarovalnica	84,270,899		84,270,899	121	0	121	14.0%
Skupna pokojninska družba		16,399,668	16,399,668	0	99	99	2.7%
Triglav Osiguranje, Zagreb	35,007,640	3,990,475	38,998,115	115	104	114	6.5%
Triglav Osiguranje, Belgrade	27,989,741	1,961,463	29,951,204	115	93	113	5.0%
Lovćen Osiguranje, Podgorica	16,483,163		16,483,163	111	0	111	2.7%
Triglav Osiguranje, Sarajevo	8,791,931	3,658,699	12,450,630	102	114	105	2.1%
Triglav Osiguranje, Banja Luka	2,833,445		2,833,445	99	0	99	0.5%
Triglav Osiguruvanje, Skopje	11,517,118		11,517,118	93	0	93	1.9%
Lovćen životna osiguranja, Podgorica		1,599,899	1,599,899	0	182	182	0.3%
Triglav Osiguruvanje Život, Skopje		289,544	289,544	0	137	137	0.0%
<b>Total</b>	<b>485,065,748</b>	<b>115,003,408</b>	<b>600,069,156</b>	<b>110</b>	<b>101</b>	<b>108</b>	<b>100.0%</b>
Pozavarovalnica Triglav Re	94,210,540		94,210,540	127	0	127	
Consolidation eliminations	-61,157,829	-2,904,531	-64,062,360	116	114	116	
<b>Total consolidated</b>	<b>518,118,459</b>	<b>112,098,877</b>	<b>630,217,336</b>	<b>112</b>	<b>100</b>	<b>110</b>	

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

### 4.3.1 Non-life insurance

In the non-life insurance segment, the Triglav Group insurance companies charged EUR 485.1 million in non-consolidated written premium or 10% more than in the same period of 2018. Growth was recorded in all other non-life insurance classes.

In total written premium, **motor vehicle insurance** (comprehensive car insurance and motor liability insurance) remained the largest insurance class with a 30.2% share. The Triglav Group insurance companies collected EUR 86.3 million in **comprehensive car insurance**

With a 30.2%, motor vehicle insurance accounted for the bulk of total premiums earned.

premium or 7% more compared to 2018. Most insurance companies recorded premium growth mainly through effective sales campaigns, intensified sales activities and acquiring new clients. Higher premium was posted by Triglav Osiguranje, Belgrade (index 133), Triglav Osiguranje, Banja Luka (index 124) and by Triglav Osiguranje, Zagreb (index 113). The parent company, accounting for 83% of the Group's total premiums, recorded a 5% growth in written premium. Such a good result is a reflection of effective sales activities and sales campaigns (the "Together in Action" Vignette sales campaign and "Free Time") and the redesign of motor vehicle insurance tariffs. Only Triglav Osiguruvanje, Skopje saw a decrease in premium (loss of premium of some major policyholders and lower number of sold new vehicles).

The Group collected EUR 95.1 million in **motor liability insurance** premium, up by 6% compared to the preceding year. The highest growth of 11% was achieved by the parent company (accounting for 62% of total premium) through effective sales activities and sales campaigns, the redesign of motor vehicle insurance tariffs and the increased number of sold insurance policies. This insurance class continues to account for the largest share on the markets outside Slovenia, where Lovćen Osiguranje and Triglav Osiguranje, Sarajevo experienced premium growth. The premiums by Triglav Osiguranje, Belgrade remained at the same level as the year before (index 100), whilst other insurance companies of the Group recorded premium decreases. Triglav Osiguranje, Banja Luka premium drop was caused by lower premium in compulsory motor vehicle liability insurance (Decision of the Insurance Agency of the Republic of Srpska) and lower number of concluded insurance policies as a consequence of fierce competition, whilst Triglav Osiguruvanje, Skopje by the termination of cooperation with three

agencies and lower scope of cooperation with one of the insurance brokers, in Triglav Osiguranje, Zagreb by lower volume of rent-a-car insurance taken out and fierce competition.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), premium of EUR 120.7 million was booked, having increased by 6%. In other damage to property insurance, a premium growth of 10% was recorded, while in fire and natural disaster insurance premium drop of 1% was seen. The highest growth was achieved by the Lovćen Osiguranje (index 119) by attracting new policyholders and increasing the scope of insurance coverage with existing policyholders. Zavarovalnica Triglav, accounting for 80% share of total premium, recorded a 7% growth in written premium. In the parent company, the acquisition of new clients and projects, the increased scope of insurance coverage and partly a different premium charging dynamics were the main causes of high growth in combined non-life insurance, fire insurance in the power industry and machinery breakdown insurance. The high increase in mobile phone insurance was primarily a result of higher sales income. A decrease in premium in Triglav Osiguranje, Skopje (index 75) stemmed from the lower premium of some major policyholders in fronting operations. Sarajevo insurer collected 1% less premium as a consequence of non-renewal of the insurance of certain major policyholders.

A 22% growth was seen in **health insurance**, where the Group wrote EUR 88.3 million in premium. Triglav, Zdravstvena zavarovalnica generated the largest portion of the premium amounting to EUR 84.3 million, thus achieving a 21% growth. The bulk of its written premium stems from supplemental health insurance, where higher growth can be attributed to the increased number of concluded insurance policies and the premium increase on 1 March 2019. It was also successful in marketing additional health insurance products. Most other insurance companies selling health insurance products also recorded a high premium growth.

A premium growth of 22% was achieved in health insurance.

In **general liability insurance**, the Triglav Group recorded a 6% premium growth or EUR 30.7 million in nominal terms. Zavarovalnica Triglav, accounting for 79% of total premium, saw a 1% growth in written premium compared to the preceding year. A high increase in premium was recorded in product liability insurance, liability of management and supervisory board insurance and in professional liability insurance arising from architecture and engineering. A strong increase in premiums written was observed in other insurance companies apart from in Triglav Osiguranje, Banja Luka (index 99), due to acquiring new policyholders and increasing the scope of insurance coverage with existing policyholders.

**Accident insurance** represented 3.5% of total written premium or EUR 21.3 million in nominal terms. The premium was 2% higher than in the previous year. Growth was recorded by Triglav Osiguranje, Banja Luka (higher average premium), Triglav Osiguranje, Belgrade (acquiring new policyholders and increasing the scope of policies of existing customers in group accident insurance). Lovćen Osiguranje (growth of most insurance subclasses) and by Triglav Osiguranje, Zagreb. Zavarovalnica Triglav, accounting for 67% of total accident insurance premium, recorded a 4% growth in written premium, mainly caused by the largest insurance subclass among accident insurance – group accident insurance.

The premium in the **credit insurance** totalled EUR 15.1 million, accounting for 2.5% of the Group's total premium, and increased by 12%. A significant growth in premium was recorded in Triglav Osiguranje, Zagreb, achieved as a result of business co-operation with one of the banks. Most of insurance companies achieved a strong premium growth, excluding Triglav Osiguranje, Sarajevo (index 88) and the parent company (index 91). The parent company's decline in premium (accounting for 78% of total premium) was primarily the result of lower consumer loan insurance premium (cancellation of insurance policies of two major policyholders) as well as a lower premium from unemployment, disability and whole life insurance, marketed by banks as

an additional product taken out simultaneously with consumer and housing loans (termination of cooperation with one of the banks).

Premium from **other non-life insurance** (accounting for 4.6% of total premium) increased by 27% to EUR 27.5 million. High premium growth was recorded by most insurance companies, the largest by Triglav Osiguranje, Zagreb (index 135), Zavarovalnica Triglav (index 130) and Triglav Osiguranje, Sarajevo (index 120). A good result was recorded by the Zagreb insurer mainly as the result of effective cooperation with one of the agencies selling marine insurance, the Sarajevo insurer as a result of the higher number of concluded assistance insurance policies and winning new clients in the segment of miscellaneous financial loss insurance. High premium rise in the parent company (72% of total premium) was primarily generated by assistance insurance (roadside assistance premium growth) and aircraft insurance (high premium growth arising from international aircraft liability insurance mainly due to fronting operations). High premium growth was observed in Lovćen Osiguranje, Podgorica (high premium growth from aircraft insurance and goods in transit insurance), Triglav Osiguranje, Belgrade (higher premium from suretyship insurance and assistance insurance) and Triglav Osiguranje, Banja Luka (higher premium from goods in transit insurance).

#### 4.3.2 Life insurance

In total, the Triglav Group insurance subsidiaries charged EUR 115.0 million in non-consolidated gross written premium from **life insurance** contracts or 1% more than in the same period last year. This accounted for 19.2% of total gross written premiums, which was 1.4 percentage points less than in the corresponding period of 2018.

Premium from **life insurance** (traditional life insurance, annuity insurance, voluntary pension insurance) fell by 3% compared to the 2018 year-end. With EUR 51.5 million, they represented 44.8% of the total life insurance premium. The premium collected by the parent company was 1% higher than in the respective period of 2018 (an 80% share) foremost due to the higher premium payments. Significant growth in premium was achieved by Lovćen životna osiguranja (index 182) due to a higher volume of insurance sold via banking sales channels), Triglav Osiguruvanje Život, Skopje (index 137) resulting from a higher volume of insurance sold via internal sales network and the Sarajevo insurer (index 114) due to effective sales via banks and banks.

The premiums generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) dropped by 2% compared to the preceding year. With EUR 55.3 million they represented 48.0% of the total life insurance premium. The parent company recorded a 3% premium decrease compared to the previous year, resulting from reduced one-off premiums paid-in and lower retained sums paid out on maturity. Skupna pokojninska družba experienced a 1% premium decrease. Triglav Osiguranje, Zagreb (index 112) recorded high growth in premium due to a higher volume of insurance sold via banking sales channel.

**Capital redemption insurance** (supplemental voluntary pension insurance) generated EUR 8.2 million or 7.1% of the total life insurance premium. The 5% premium growth stemmed from higher premium payments and transfers of assets in the parent company.

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

Insurance class	Gross written premium		Index	Structure
	H1 2019	H1 2018	H1 2019/ H1 2018	H1 2019
Accident insurance	21,296,314	20,802,450	102	3.5%
Health insurance	88,328,852	72,219,899	122	14.7%
Comprehensive car insurance	86,298,835	80,851,394	107	14.4%
Real property insurance	120,667,166	113,622,092	106	20.1%
Motor liability insurance	95,104,728	89,641,202	106	15.8%
General liability insurance	30,713,346	28,960,318	106	5.1%
Credit insurance	15,123,553	13,483,557	112	2.5%
Other non-life insurance	27,532,953	21,742,580	127	4.6%
<b>Non-life insurance</b>	<b>485,065,747</b>	<b>441,323,492</b>	<b>110</b>	<b>80.8%</b>
Life insurance	51,541,106	50,010,635	103	8.6%
Unit-linked life insurance*	55,256,146	56,484,602	98	9.2%
Capital redemption insurance	8,206,157	7,838,651	105	1.4%
<b>Life insurance</b>	<b>115,003,409</b>	<b>114,333,888</b>	<b>101</b>	<b>19.2%</b>
<b>Total</b>	<b>600,069,156</b>	<b>555,657,380</b>	<b>108</b>	<b>100.0%</b>

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

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

Insurance class	Gross written premium		Index	Structure
	H1 2019	H1 2018	H1 2019/ H1 2018	H1 2019
Accident insurance	14,195,894	13,687,735	104	3.7%
Health insurance	353,643	324,305	109	0.1%
Comprehensive car insurance	71,643,167	68,096,749	105	18.6%
Real property insurance	96,585,239	90,165,317	107	25.1%
Motor liability insurance	59,399,285	53,563,469	111	15.4%
General liability insurance	24,271,979	24,111,958	101	6.3%
Credit insurance	11,844,707	13,007,472	91	3.1%
Other non-life insurance	19,872,405	15,258,568	130	5.2%
<b>Non-life insurance</b>	<b>298,166,319</b>	<b>278,215,573</b>	<b>107</b>	<b>77.4%</b>
Life insurance	41,486,710	41,029,865	101	10.8%
Unit-linked life insurance	37,416,993	38,622,724	97	9.7%
Capital redemption insurance	8,206,157	7,838,651	105	2.1%
<b>Life insurance</b>	<b>87,109,860</b>	<b>87,491,240</b>	<b>100</b>	<b>22.6%</b>
<b>Total</b>	<b>385,276,179</b>	<b>365,706,813</b>	<b>105</b>	<b>100.0%</b>

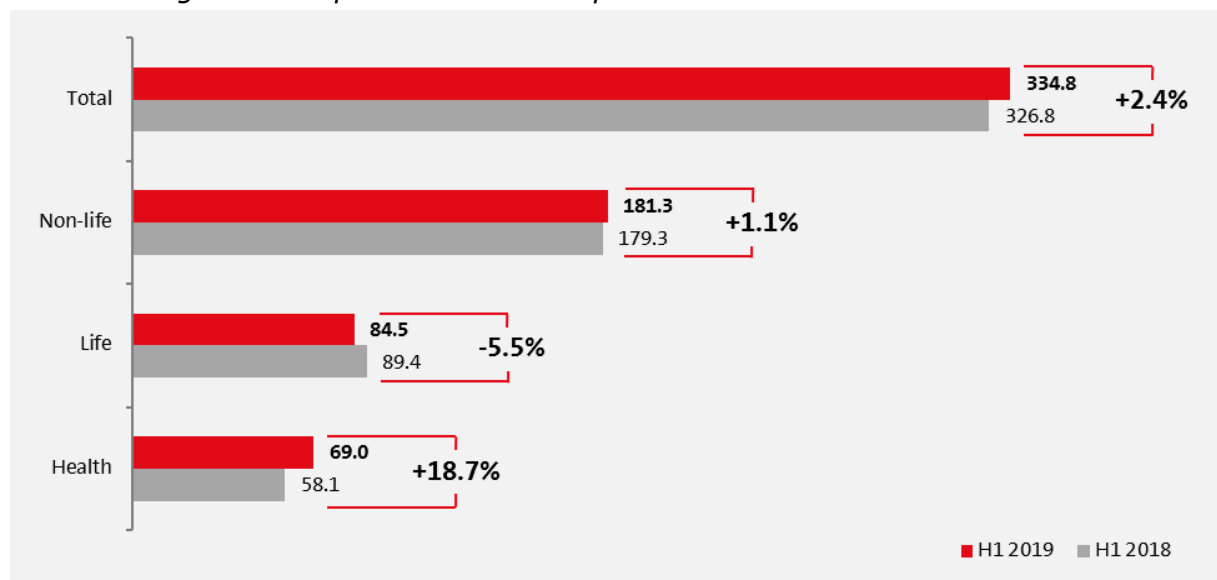
#### 4.4 Gross claims paid

In the reporting period, the Triglav Group posted a total of EUR 334.8 million in consolidated gross claims paid (including claim handling expenses, income from exercised subrogation receivables and gross claims paid from inward reinsurance), up by 2% compared to the respective period last year. Gross claims paid experienced growth in **health insurance**, equalling EUR 69.0 million (index 119), and in **non-life insurance**, totalling EUR 181.3 million (index 101). Gross claims paid from **life insurance** declined by 5% to EUR 84.5 million.

Gross claims paid increased by 2% compared to 2018.



### Consolidated gross claims paid in H1 2019 compared to H1 2018



The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) posted a total of EUR 320.1 million in non-consolidated gross claims paid, up by 1% compared to the preceding year. The highest growth rates in gross claims paid were recorded by Lovćen životna osiguranja (index 336), Triglav Osiguranje, Sarajevo (index 123), Triglav, Zdravstvena zavarovalnica (index 119) and Triglav Osiguranje, Belgrade (index 118).

Gross claims paid by Pozavarovalnica Triglav Re totalled EUR 30.1 million, up by 16% compared to the previous year. This high growth resulted from higher gross claims paid in other damage to property insurance, both in transactions outside of the Group (portfolio growth in recent years, claims incurred due to the Japanese typhoon Jebi in 2018) and in transactions outside of the Group (a major non-life claim in a Group member), and from increased gross claims paid in fire and natural disaster insurance in transactions within the Group. A 33% growth in gross claims paid was seen in transactions outside of the Group, whereas a decrease of 8% in gross claims paid was recorded in transactions within the Group. This decrease was a result of new reinsurance contracts concluded with the Group members outside of Slovenia in accordance with the clean cut system. In these contracts, entry claim portfolios, which are calculated anew, decrease gross claims paid, thereby offsetting the impact of increased liabilities for incurred claims covered by the reinsurer.

## Gross claims paid in H1 2019 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	H1 2019
Zavarovalnica Triglav*	119,313,253	72,599,510	191,912,763	95	92	94	60.0%
Triglav, Zdravstvena zavarovalnica	68,964,646		68,964,646	119	0	119	21.5%
Skupna pokojninska družba		7,482,784	7,482,784	0	104	104	2.3%
Triglav Osiguranje, Zagreb	18,575,091	2,915,551	21,490,642	100	106	101	6.7%
Triglav Osiguranje, Belgrade	8,280,312	1,673,078	9,953,390	116	131	118	3.1%
Lovćen Osiguranje, Podgorica	7,074,995		7,074,995	93	0	93	2.2%
Triglav Osiguranje, Sarajevo	5,360,201	1,057,403	6,417,604	130	97	123	2.0%
Triglav Osiguranje, Banja Luka	865,843		865,843	90	0	90	0.3%
Triglav Osiguruvanje, Skopje	4,677,645		4,677,645	96	0	96	1.5%
Lovćen životna osiguranja, Podgorica		1,268,695	1,268,695	0	336	336	0.4%
Triglav Osiguruvanje Život, Skopje		6,014	6,014	0	0	0	0.0%
<b>Total</b>	<b>233,111,986</b>	<b>87,003,035</b>	<b>320,115,021</b>	<b>103</b>	<b>95</b>	<b>101</b>	<b>100.0%</b>
Pozavarovalnica Triglav Re	30,097,590		30,097,590	116	0	116	
Consolidation eliminations	-12,910,466	-2,534,517	-15,444,983	87	115	91	
<b>Total - consolidated</b>	<b>250,299,110</b>	<b>84,468,518</b>	<b>334,767,628</b>	<b>105</b>	<b>95</b>	<b>102</b>	

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

### 4.4.1 Non-life insurance

Non-consolidated gross claims paid in **non-life insurance** increased by 3% to EUR 233.1 million. 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 of the Triglav Group*.

In **health insurance**, gross claims paid increased by 20%, accounting for 22.0% of total gross claims paid, and amounted to EUR 70.6 million. The largest portion of claims, amounting to EUR 69.0 million, was posted by Triglav, Zdravstvena zavarovalnica, which recorded a 19% growth. The increase in the number of insured persons and their changed age structure, which is nearing the Slovene average, resulted in higher average claims paid. The rise in gross claims paid was also influenced by medical inflation. Equalisation scheme expenses grew to EUR 3.2 million (index 111).

Gross claims paid in **motor liability insurance** rose by 5% over the respective period of 2018. They accounted for 15.0% of total gross claims paid by the Group or EUR 48.0 million in nominal terms. Gross claims paid by the parent company, accounting for 68% of total gross claims paid by the Group in this insurance class, increased by 7%. Their growth resulted from the higher average amount of claims paid (more expensive vehicle equipment and higher prices of services) and higher claims paid related to goods vehicles due to the increased scope of their insurance. Growth in gross claims paid was also posted by Triglav Osiguranje, Belgrade (index 111) and Triglav Osiguruvanje, Skopje (index 105). In Triglav Osiguranje, Banja Luka (index 79), a high decrease in gross claims paid was recorded due to the payment of four substantial individual claims in H1 2018.

Gross claims paid from **comprehensive car insurance** rose by 5% to EUR 47.2 million. They accounted for 14.7% of total gross claims paid by the Group. High growth rates in gross claims paid were posted by Triglav Osiguranje, Banja Luka (index 156), Triglav Osiguranje, Zagreb (index 145), Triglav Osiguranje, Sarajevo (index 112) and Lovćen Osiguranje (index 108). The high growth of gross claims paid in Triglav Osiguranje, Banja Luka resulted from the increased number of reported claims and the higher average amount of claims paid, whilst in Triglav Osiguranje, Zagreb this was the result of bankruptcy of one of the rent-a-car policyholders and related claims paid. In Triglav Osiguranje, Sarajevo, the higher growth of gross claims paid

resulted from the increased number of reported claims, while in Lovćen Osiguranje, Podgorica this was the result of the higher average amount of claims paid. In Zavarovalnica Triglav, which accounted for 82% of total comprehensive car insurance claims, gross claims paid experienced a 2% increase. A 3% decline in gross claims paid was posted by Triglav Osiguranje, Belgrade and Triglav Osiguruvanje, Skopje.

In **real property insurance**, gross claims paid amounted to EUR 35.8 million, down by as much as 19% compared with the year before, accounting for 11.2% of total gross claims paid. A 7% drop in gross claims paid was seen in fire and natural disaster insurance and a 24% decline in other damage to property insurance. The highest decrease in gross claims paid was experienced by Triglav Osiguranje, Zagreb (index 81), Triglav Osiguruvanje, Skopje (index 63) and Zavarovalnica Triglav (index 77), which accounted for a 69% of total gross claims paid by the Group. In the parent company and the Croatian insurer the high decline was a result of the claims paid due to natural disasters and the payment of several large individual claims in 2018, while in the Macedonian insurer it resulted from last year's payment of two large claims. In contrast, high growth in gross claims paid was posted by Triglav Osiguranje, Sarajevo (payment of two substantial claims) and Lovćen Osiguranje (damage on buildings caused by storm and settlement of some substantial individual claims).

Gross claims paid in **accident insurance** decreased by 4% to EUR 11.7 million. The decrease in gross claims paid was primarily a result of lower gross claims paid in Zavarovalnica Triglav (lower payouts in AO-plus insurance), Lovćen Osiguranje (two substantial claims from professional liability accident insurance settled in 2018) and in Triglav Osiguruvanje, Skopje (payment of a large claim due to death in 2018 and a lower growth of key person insurance claims). A high growth in gross claims paid was seen in Triglav Osiguranje, Belgrade (the increased number of reported claims and settlement of a substantial claim) and Triglav Osiguranje, Sarajevo (increased settlement of claims from group accident insurance).

Gross claims paid from **general liability insurance** amounted to EUR 8.7 million, down by 9% compared to the year before. Gross claims paid by the parent company, which accounted for 90% of gross claims paid by the Group in this insurance class, fell by 11% primarily resulting from the payments of some substantial individual claims in product liability insurance in 2018. A decline in gross claims paid was also posted by Triglav Osiguranje, Zagreb and Triglav Osiguranje, Sarajevo.

Gross claims paid from **credit insurance** rose by 59% to EUR 2.4 million. Zavarovalnica Triglav (index 158) recorded a high increase in gross claims paid, accounting for the bulk (a 90% share) of this insurance class. The high growth resulted mostly from higher payments in consumer and housing credit insurance (the volume of payments was close to the past trend because the amount of claims was relatively low last year), domestic trade credit insurance (payment of three large claims due to insolvency) and overdraft insurance (mainly due to the increase in claims of a policyholder who cancelled their insurance policy).

Gross claims paid from **other non-life insurance** fell by 3% to EUR 8.8 million. Zavarovalnica Triglav, holding a 74% share of this insurance class, recorded an 8% decrease in claims on the account of the payment of a substantial claim from railway insurance in 2018. The highest decline in gross claims paid was recorded by Lovćen Osiguranje, primarily due to the payment of a substantial claim from aircraft insurance in 2018. In contrast, high growth in gross claims paid was posted by Triglav Osiguranje, Zagreb (higher claims from suretyship insurance and marine insurance), Triglav Osiguranje, Sarajevo (the higher number of reported claims from roadside assistance) and Triglav Osiguranje, Belgrade (the payment of a substantial individual claim from miscellaneous financial loss insurance).

#### 4.4.2 Life insurance

Non-consolidated gross claims paid from **life insurance** declined by 5% to EUR 87.0 million. Their share in total non-consolidated claims paid fell by 1.6 percentage point to 27.2%.

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, annuity pension and voluntary pension insurance), amounting to EUR 46.9 million, up by 2% compared with the year before. A high growth in gross claims paid was recorded by Triglav Osiguranje, Belgrade (the growth of claims from insurance taken out via the banking sales channel), Lovćen životna osiguranja (higher payouts due to death, accident, maturity and surrenders) and Triglav Osiguranje, Zagreb (higher sums paid out on maturity). Zavarovalnica Triglav recorded a 2% decline in gross claims paid primarily due to lower sums paid out on maturity.

Gross claims paid from **unit-linked life insurance** amounted to EUR 37.0 million or 13% less than the year before. Lower gross claims paid primarily resulted from the decrease in sums paid out on maturity in both the parent company (index 84) and Triglav Osiguranje, Zagreb (index 77). Gross claims paid of Skupna pokojninska družba rose by 4% due to the policyholders' acquired rights from retirement, where the total amount of claims depends on their structure (their number and saved assets).

Gross claims paid from **capital redemption insurance** (supplemental voluntary pension insurance) decreased by 2%, primarily as a result of lower payouts due to withdrawals from insurance contracts in the parent company.

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

Insurance class	Gross claims paid		Index	Structure
	H1 2019	H1 2018	H1 2019/ H1 2018	H1 2019
Accident insurance	11,685,700	12,135,090	96	3.7%
Health insurance	70,575,066	58,982,637	120	22.0%
Comprehensive car insurance	47,204,510	45,116,240	105	14.7%
Real property insurance	35,816,401	44,049,469	81	11.2%
Motor liability insurance	47,993,196	45,900,356	105	15.0%
General liability insurance	8,668,570	9,576,869	91	2.7%
Credit insurance	2,354,065	1,482,976	159	0.7%
Other non-life insurance	8,814,479	9,083,357	97	2.8%
<b>Non-life insurance</b>	<b>233,111,987</b>	<b>226,326,994</b>	<b>103</b>	<b>72.8%</b>
Life insurance	46,888,706	46,038,232	102	14.6%
Unit-linked life insurance*	36,976,429	42,334,072	87	11.6%
Capital redemption insurance	3,137,899	3,204,576	98	1.0%
<b>Life insurance</b>	<b>87,003,034</b>	<b>91,576,880</b>	<b>95</b>	<b>27.2%</b>
<b>Total</b>	<b>320,115,021</b>	<b>317,903,874</b>	<b>101</b>	<b>100.0%</b>

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

## Gross claims paid of Zavarovalnica Triglav by insurance class

Insurance class	Gross claims paid		Index	Structure
	H1 2019	H1 2018	H1 2019/ H1 2018	H1 2019
Accident insurance	6,843,558	7,235,495	95	3.6%
Health insurance	92,682	33,030	281	0.0%
Comprehensive car insurance	38,594,322	37,988,119	102	20.1%
Real property insurance	24,643,125	31,957,719	77	12.8%
Motor liability insurance	32,654,595	30,591,060	107	17.0%
General liability insurance	7,840,922	8,778,932	89	4.1%
Credit insurance	2,120,533	1,346,238	158	1.1%
Other non-life insurance	6,523,517	7,088,903	92	3.4%
<b>Non-life insurance</b>	<b>119,313,254</b>	<b>125,019,496</b>	<b>95</b>	<b>62.2%</b>
Life insurance	40,667,566	41,453,297	98	21.2%
Unit-linked life insurance	28,794,044	34,253,287	84	15.0%
Capital redemption insurance	3,137,899	3,204,576	98	1.6%
<b>Life insurance</b>	<b>72,599,509</b>	<b>78,911,160</b>	<b>92</b>	<b>37.8%</b>
<b>Total</b>	<b>191,912,763</b>	<b>203,930,656</b>	<b>94</b>	<b>100.0%</b>

### 4.5 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group totalled EUR 147.3 million, up by 4% compared with the preceding year. **Insurance business operating expenses** grew by 4% to EUR 133.3 million, primarily due to higher acquisition costs resulting from premium growth and higher labour costs. **Non-insurance business expenses** grew by 5% to EUR 14.0 million, mostly due to strengthening of the asset management activity (new companies ALTA Skladi and Triglav penzisko društvo, higher advisory costs of Triglav Skladi resulting from the acquisition of ALTA Skladi and its integration).

Operating expenses of insurance business accounted for 21.2% of consolidated gross written premiums, which was 1.1 percentage points less compared to the preceding year. Operating expenses increased in all segments: in **non-life insurance** by 3% (EUR 106.1 million), in the **life insurance** segment they were up by 2% (EUR 18.6 million) and in **health insurance** they climbed by 31% (EUR 8.6 million).

The share of insurance business operating expenses in written premium dropped to 21.2%.

Acquisition costs (fees and commissions) increased by 7% to EUR 25.7 million mostly due to their growth in the parent company, Triglav, Zdravstvena zavarovalnica, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Sarajevo. Higher acquisition costs resulted from the higher number of concluded insurance policies and the higher premium volume from the insurance policies taken out via the external sales channels (insurance brokers and agencies); in the parent company, they were also higher due to the provisions made for fees and commissions for not yet settled invoices for the services rendered in the amount of EUR 1.2 million. Provisions for fees and commissions were formed as at the 2018 year-end. As a result, acquisition costs are not comparable to the 2018 figures. The costs of goods sold totalled EUR 160 thousand. The 25% increase in depreciation costs in the amount of EUR 8.8 million was primarily the consequence of implementing the new IFRS 16 Leases, under which leases are differently defined, i.e. long-term leases are defined as long-term assets that are amortised. The latter is discussed in greater detail in *Section 2.3* of the Accounting Report.

With 49.7%, labour costs accounted for the largest portion of total expenses, amounting to EUR 77.2 million, up by 5% compared with the year before. This increase is primarily a result of the higher number of employees in Triglav Osiguranje, Belgrade, Triglav, Zdravstvena zavarovalnica as well as due to higher labour costs of the parent company. Their growth can be attributed

mostly to higher payments to insurance agents resulting from premium growth, revised remuneration model and higher other labour costs. Costs of services provided by natural persons other than sole proprietors decreased by 57%. With 0.4% of total expenses, they amounted to EUR 603 thousand. Other operating expenses dropped by 4% to EUR 42.9 million. Among other operating expenses, the highest decrease was seen in rents and lease payments (due to the implementation of IFRS 16 *Leases*), costs of entertainment, advertising and trade shows and non-income-related costs, excluding insurance.

In total gross operating expenses broken down by functional group, a decrease was seen in acquisition costs, accounting for 59.7% (vs. 61.2% in 2018), whilst other operating costs increased to 29.3%, (vs. 27.8% in 2018). Market shares of asset management costs (1.0%) and claim handling costs (10%) remained unchanged.

### *Gross operating expenses of the Triglav Group in H1 2019 by nature*

Operating expenses by nature	Gross operating expenses		Index	Structure
	H1 2019	H1 2018	H1 2019/ H1 2018	H1 2019
Acquisition costs (fees and commissions)	25.679.541	24.046.566	107	16.5%
Costs of goods sold	160.274	25.127	638	0.1%
Depreciation of operating assets	8.796.776	7.013.464	125	5.7%
Labour costs	77.196.593	73.656.823	105	49.7%
- wages and salaries	52.559.736	49.726.613	106	33.8%
- social securities and pension insurance costs	11.930.661	11.683.689	102	7.7%
- other labour costs	12.706.196	12.246.521	104	8.2%
Costs of services provided by natural persons other than SPs together with pertaining taxes	602.946	1.407.431	43	0.4%
Other operating expenses	42.891.444	44.461.643	96	27.6%
- costs of entertainment, advertising, trade shows	8.707.425	10.242.373	85	5.6%
- costs of material and energy	3.959.244	4.013.887	99	2.5%
- maintenance costs	7.355.842	6.944.244	106	4.7%
- travel expenses	2.895.333	2.817.345	103	1.9%
- costs of intellectual and personal services	2.602.857	2.600.589	100	1.7%
- non-income-related costs, excluding insurance	1.788.676	2.072.926	86	1.2%
- costs of transport and communication services	2.725.877	2.489.624	109	1.8%
- costs of insurance premiums	692.129	449.695	154	0.4%
- payment transaction costs and banking services	3.585.665	3.700.973	97	2.3%
- rents	2.115.703	3.874.888	55	1.4%
- costs of services of professional training	684.004	581.649	118	0.4%
- other costs of services	5.772.069	4.673.450	124	3.7%
- long-term employee benefits	6.620	0	0	0.0%
<b>Total</b>	<b>155.327.574</b>	<b>150.611.054</b>	<b>103</b>	<b>100.0%</b>
Consolidation eliminations	-7.994.132	-9.236.346	87	
<b>Total consolidated</b>	<b>147.333.442</b>	<b>141.374.708</b>	<b>104</b>	

## Gross operating expenses of Zavarovalnica Triglav in H1 2019 by nature

Operating expenses by nature	Gross operating expenses		Index	Structure
	H1 2019	H1 2018	H1 2019/ H1 2018	H1 2019
Acquisition cost (fees and commissions)	14,594,607	13,440,523	109	16.2%
Depreciation of operating assets	5,399,835	4,685,373	115	6.0%
Labour costs	51,204,718	49,729,731	103	56.8%
- wages and salaries	34,772,625	33,796,284	103	38.6%
- social securities and pension insurance costs	5,905,610	5,928,447	100	6.6%
- other labour costs	10,526,483	10,005,000	105	11.7%
Costs of services provided by natural persons other than SPs, including related taxes	159,678	128,925	124	0.2%
Other operating costs	18,779,883	19,083,852	98	20.8%
- costs of entertainment, advertising, trade shows	3,636,104	4,075,796	89	4.0%
- costs of material and energy	1,667,506	1,785,361	93	1.8%
- maintenance costs	4,528,303	4,179,372	108	5.0%
- reimbursement of labour-related costs	1,756,241	1,761,665	100	1.9%
- costs of intellectual and personal services	733,065	961,641	76	0.8%
- non-income related costs, excluding insurance	847,068	923,477	92	0.9%
- costs of transport and communication services	1,501,725	1,394,966	108	1.7%
- costs for insurance premiums	286,852	56,525	507	0.3%
- payment transaction costs and banking services	861,540	807,803	107	1.0%
- rents	1,140,606	1,576,415	72	1.3%
- costs of professional training services	405,263	267,993	151	0.4%
- other costs of services	1,415,610	1,292,838	109	1.6%
<b>Total</b>	<b>90,138,721</b>	<b>87,068,404</b>	<b>104</b>	<b>100.0%</b>

### 4.6 Reinsurance

In the first half of 2019, **the Triglav Group** allocated EUR 76.7 million of reinsurance and coinsurance premiums to external equalisation, which was 28% more than in the respective period of 2018. Reinsurance premium growth was primarily a result of the increased volume of non-life insurance premium and active reinsurance, the higher number of facultative contracts, more expensive excess-of-loss reinsurance protection and higher settlement arising from these contracts in 2019. Reinsurance premiums accounted for 12.2% total gross written insurance and coinsurance premiums. A reinsurers' share of gross claims settled of EUR 14.4 million (index 95) was received from reinsurance.

In the reporting period, **Zavarovalnica Triglav** allocated EUR 68.5 million to of reinsurance and coinsurance premiums to external equalisation, which was 22% more than in the respective period of 2018. Reinsurance premium accounted for 17.8% of total gross written premium. In the reporting period, a reinsurers' and co-insurers' share of gross claims settled of EUR 12.4 million was received from reinsurance and coinsurance (index 83).

### 4.7 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured persons. As at the reporting date, **the Triglav Group** allocated EUR 2,923.9 million to gross insurance technical provisions, which in total was 8% more over the 2018 year-end. The amount of gross insurance technical provisions increased in **non-life insurance** (index 112), in **health insurance** (index 121) and **life insurance** (index 106). As at the

The total amount of gross insurance technical provisions of the Triglav Group went up by 8%.

reporting date, **Zavarovalnica Triglav** allocated EUR 2,212.0 million to gross insurance technical provisions, which was 7% more over the 2018 year-end.

Provisions of the **Triglav Group** by type as at 30 June 2019 compared to the 2018 year-end:

- **Gross provisions for unearned premium** were 31% higher and amounted to EUR 394.5 million. Unearned premium from non-life insurance amounted to EUR 390.4 million (index 131), unearned premium from life insurance totalled EUR 458 thousand (index 111) and unearned premium from health insurance reached EUR 3.6 million (index 128). 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** were 2% higher and amounted to EUR 628.1 million. In non-life insurance, the amount of gross claims provisions increased to EUR 595.1 million (index 102), whereas in life insurance (index 101) and health insurance (index 123) it increased to EUR 20.8 million and EUR 12.2 million respectively. Gross claims provisions are formed for claims incurred but not settled until the reporting date.
- **Mathematical provisions** were 5% higher and amounted to EUR 1,852.5 million. Mathematical provisions for the long-term business fund backing life insurance totalled EUR 1,394.4 million (index 103), while insurance technical provisions for unit-linked life insurance contracts equalled EUR 458.0 million. They increased by 14% due to the growth in the price of fund units.
- **Provisions for bonuses and discounts** rose by 1% to EUR 20.0 million.
- **Other insurance technical provisions** were 57% higher over the 2018 year-end and amounted to EUR 28.8 million. Other insurance technical provisions of Zavarovalnica Triglav totalled EUR 20.0 million, up by 92% compared to the preceding year, primarily as a result of additional provisions made in the amount of EUR 8.6 million due to the liability adequacy test (LAT) resulting from lower interest rates on the financial markets.

#### *Gross insurance technical provisions of the Triglav Group as at 30 June 2019*

	Gross insurance technical provisions		Index
	30 June 2019	31 December 2018	#VREDNI!
Unearned premiums	394,510,521	300,166,946	131
Mathematical provisions	1,852,454,960	1,759,831,056	105
Claims provisions	628,122,717	614,943,915	102
Provisions for bonuses and discounts	19,952,955	19,833,253	101
Other insurance technical provisions	28,832,045	18,325,930	157
<b>Total</b>	<b>2,923,873,198</b>	<b>2,713,101,100</b>	<b>108</b>

#### *Gross insurance technical provisions of Zavarovalnica Triglav as at 30 June 2019*

	Gross insurance technical provisions		Index
	30 June 2019	31 December 2018	#VREDNI!
Unearned premiums	281,599,694	213,919,937	132
Mathematical provisions	1,439,832,738	1,374,950,680	105
Claims provisions	451,046,217	442,560,188	102
Provisions for bonuses and discounts	19,547,002	19,547,002	100
Other insurance technical provisions	20,014,978	10,403,743	192
<b>Total</b>	<b>2,212,040,629</b>	<b>2,061,381,550</b>	<b>107</b>



## 4.8 Structure of financial investments

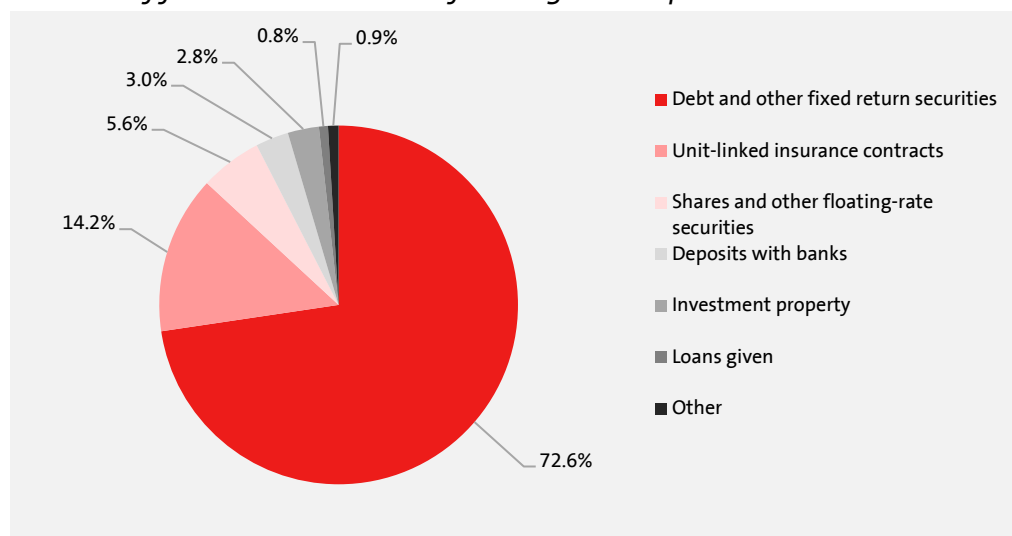
The Triglav Group continues to implement a relatively conservative investment policy, focusing on investment security and liquidity governed by adequate profitability. As much as 72.6% of the Group's investment portfolio is invested in debt securities with mostly a high credit rating (87.0% of bonds in the portfolio has the rating of BBB or higher), which are invested in developed markets. In the reporting period, the structure of the portfolio did not significantly change, but the Group actively adapted the shares of individual investment grades in order to maintain a high overall credit rating of the whole investment portfolio.

As at the reporting date, financial investments of the **Triglav Group**, including investment properties, amounted to EUR 3,206.9 million or 4% more than as at the 2018 year-end. Their share in total assets dropped by 3.2 percentage points, reaching 81.7%.

*Financial investments (including investment properties) of the Triglav Group as at 30 June 2019 and 31 December 2018*

	Financial investments		Index	Structure	
	30 June 2019	31 December 2018	2019/2018	30 June 2019	31 December 2018
Investment property	90,062,145	89,840,456	100	2.8%	2.9%
Shares in associates	13,300,410	14,125,973	94	0.4%	0.5%
Shares and other floating-rate securities	178,912,529	168,345,913	106	5.6%	5.4%
Debt and other fixed return securities	2,329,725,904	2,281,642,459	102	72.6%	73.7%
Loans given	26,019,195	36,350,241	72	0.8%	1.2%
Deposits with banks	95,438,573	86,365,522	111	3.0%	2.8%
Other financial investments	9,022,830	9,918,886	91	0.3%	0.3%
Financial investments of reinsurance companies in reinsurance contracts with cedents	8,117,949	6,281,276	129	0.3%	0.2%
Unit-linked insurance contracts	456,274,363	402,515,770	113	14.2%	13.0%
<b>Total</b>	<b>3,206,873,898</b>	<b>3,095,386,496</b>	<b>104</b>	<b>100.0%</b>	<b>100.0%</b>

*Structure of financial investments of the Triglav Group as at 30 June 2019*



With a 72.6% share, debt and other fixed-return securities accounted for the bulk of total financial investments. Compared to the 2018 year-end, they were up by 2%, whilst their share in total financial assets was down 1.1 percentage points. Due to tactical adjustments to the market conditions and market valuation, the share of equity investments grew by 0.2 percentage point to 5.6% and the share of bank deposits went up by 0.2 percentage point to 3.0%. The share of unit-linked insurance contract investments increased by 1.2 percentage point

primarily due to price growth. The share of loans given decreased by 0.4 percentage point. The shares of other financial investments did not change significantly.

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

**By issuer sector**, government bonds accounted for the bulk with 50.1% of total investments of the Group. Compared to the 2018 year-end, they were down 1%, whilst their share in total financial assets dropped by 1.5 percentage points, followed by corporate bonds accounted with a 25.6% share and financial bonds with a 24.1%. Shares of both increased.

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

Issuer sector	Debt securities		Index	Structure	
	30 June 2019	31 December 2018	2019/2018	30 June 2019	31 Dec. 2018
Government	1,166,137,807	1,177,116,267	99	50.1%	51.6%
Corporate	597,446,477	565,694,196	106	25.6%	24.8%
Financial	561,872,391	534,487,535	105	24.1%	23.4%
Structured	4,269,229	4,344,459	98	0.2%	0.2%
<b>Total</b>	<b>2,329,725,904</b>	<b>2,281,642,459</b>	<b>102</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Unit-linked insurance contract investments data excluded.

The Group's investment portfolio mostly consists of investments in debt securities with a **high credit rating**. As much as 87.0% of the portfolio is accounted for by debt securities of issuers having an investment grade credit rating of at least BBB, which is 5.6 percentage points more than as at the 2018 year-end.

#### *Debt securities of the Triglav Group by credit rating*

Credit rating	Debt securities		Index	Structure	
	30 June 2019	31 December 2018	2019/2018	30 June 2019	31 Dec. 2018
AAA	198,506,974	220,729,382	90	8.5%	9.7%
AA	169,517,806	151,075,209	112	7.3%	6.6%
A	689,697,502	647,169,663	107	29.6%	28.4%
BBB	969,577,594	838,541,633	116	41.6%	36.8%
Below BBB	199,002,392	324,940,014	61	8.5%	14.2%
Not rated	103,423,637	99,186,558	104	4.4%	4.3%
<b>Total</b>	<b>2,329,725,904</b>	<b>2,281,642,459</b>	<b>102</b>	<b>100.0%</b>	<b>100.0%</b>

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 developed markets, which ensures adequate liquidity of the Group. Certain changes in the exposure to individual countries are a result of price fluctuations and tactical adjustment of some items.

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

Country of issuer	Debt securities		Index	Structure	
	30 June 2019	31 December 2018	2019/2018	30 June 2019	31 Dec. 2018
Slovenia	374,945,675	372,682,300	101	16.1%	16.3%
Germany	179,218,506	170,997,573	105	7.7%	7.5%
Netherlands	163,683,395	174,147,165	94	7.0%	7.6%
Italy	158,295,257	165,345,901	96	6.8%	7.2%
France	155,952,886	152,372,593	102	6.7%	6.7%
Spain	140,240,028	130,282,806	108	6.0%	5.7%
USA	116,497,545	108,952,967	107	5.0%	4.8%
Croatia	105,856,096	100,188,584	106	4.5%	4.4%
Great Britain	77,559,340	77,287,888	100	3.3%	3.4%
Portugal	63,301,333	74,877,427	85	2.7%	3.3%
Other	794,175,844	754,507,255	105	34.1%	33.1%
<b>Total</b>	<b>2,329,725,904</b>	<b>2,281,642,459</b>	<b>102</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Unit-linked insurance contract investments data excluded.

The volume of **equity investments** of the Group (shares and other floating rate securities and investments in associates) rose by 5% primarily due to positive price corrections and tactical adjustments of the portfolio to the market conditions. Equity investments also include the category *other funds*, which consists mostly of alternative funds. Currently, this category accounts for 21.1% of equity investments, however its volume is gradually increasing.

### Equity investments of the Triglav Group by investment type

Equity investment type	Equity investments		Index	Structure	
	30 June 2019	31 December 2018	2019/2018	30 June 2019	31 Dec. 2018
Shares	74,598,944	80,697,172	92	38.8%	44.2%
Equity funds	47,535,192	56,903,183	84	24.7%	31.2%
Bond funds	17,289,097	12,487,022	138	9.0%	6.8%
Money market funds	12,180,742	9,618,545	127	6.3%	5.3%
Other funds	40,608,964	22,765,964	178	21.1%	12.5%
<b>Total</b>	<b>192,212,939</b>	<b>182,471,886</b>	<b>105</b>	<b>100.0%</b>	<b>100.0%</b>

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

Geographic area	Equity investments		Index	Structure	
	30 June 2019	31 December 2018	2019/2018	30 June 2019	31 Dec. 2018
Slovenia	63,181,334	61,154,968	103	32.9%	33.5%
Developed markets	108,847,272	98,861,077	110	56.6%	54.2%
Developing markets	12,887,185	13,081,652	99	6.7%	7.2%
Balkans	7,297,148	9,374,190	78	3.8%	5.1%
<b>Total</b>	<b>192,212,939</b>	<b>182,471,886</b>	<b>105</b>	<b>100.0%</b>	<b>100.0%</b>

In **Zavarovalnica Triglav**, financial investments, including investment properties, amounted to EUR 2,490.9 million, up 4% compared to the 2018 year-end.

*Financial investments (including investment properties) of Zavarovalnica Triglav as at 30 June 2019 and 31 December 2018*

	Financial investments		Index	Structure	
	30 June 2019	31 December 2018	2019/2018	30 June 2019	31 Dec. 2018
Investment property	47,825,899	45,270,540	106	1.9%	1.9%
Investments in subsidiaries and associates	152,992,693	148,898,023	103	6.1%	6.2%
Shares and other floating-rate securities	90,303,301	85,450,642	106	3.6%	3.6%
Debt and other fixed return securities	1,695,145,518	1,666,922,943	102	68.1%	69.4%
Loans given	33,668,147	46,099,990	73	1.4%	1.9%
Deposits with banks	54,464,880	38,481,554	142	2.2%	1.6%
Other financial investments	1,692,857	1,688,557	100	0.1%	0.1%
Derivative financial instruments	1,306,076	1,393,263	94	0.1%	0.1%
Unit-linked insurance contract investments	413,538,390	366,664,078	113	16.6%	15.3%
<b>Total</b>	<b>2,490,937,762</b>	<b>2,400,869,590</b>	<b>104</b>	<b>100.0%</b>	<b>100.0%</b>

#### 4.9 Asset management

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

Adopted strategic guidelines focus on enhancing the visibility of the Group as the leading asset manager in the target markets and increasing the volume of assets under management. In accordance with these strategic guidelines, the Group acquired the asset management company ALTA Skladi in April 2019, entered the pension insurance market in the Republic of Srpska in 2017 and the North Macedonian pension insurance market in 2019. Moreover, the Triglav Group signed an agreement to acquire the Croatian pension insurer Raiffeisen Mirovinsko osiguravajuće društvo.

#### Asset management market

As at 30 June 2019, 6 asset management companies operated in Slovenia. As the reporting date, an amount of EUR 2.8 billion of net asset value was managed under mutual funds, which represented a 12% increase compared to the 2018 year-end. Volume of assets is strongly affected by the capital market fluctuations. In the discretionary mandate segment, 7 companies were operating in Slovenia, of which 3 were asset management companies. The value of these assets managed by asset management companies totalled EUR 908.9 million, which was 27% more compared to the 2018 year-end.

As the reporting date, an amount of EUR 947.8 million of net asset value was managed under mutual funds by Triglav Skladi and ALTA Skladi, which was 12% more than as at the 2018 year-end. The amount was affected by the situation on the capital markets and net inflows. Discretionary mandate segment managed by Triglav Skladi recorded an increase of 47%, amounting to EUR 73.7 million.

By acquiring ALTA Skladi, Triglav Skladi became the market leader among the mutual fund management companies. As at the reporting date, they both had a market share of 34.3%. The market share of Triglav Skladi in the discretionary mandate segment was up by 1.1 percentage points to 8.1%.

## 5. Financial result and financial standing

### 5.1 Financial result

In the first six months of 2019, the **Triglav Group** posted a **profit before tax of EUR 41.7 million** or 17% more than in the same period last year. **Net profit** amounted to **EUR 34.7 million**, having increased by 16% compared to 2018. Higher profit is primarily a result of the higher growth of net premium earned than the growth of net claims incurred arising from non-life insurance and a result of higher investment return. Compared to 2018, **net return on equity annualised** increased by 1.2 percentage points to 9.6%.

The Triglav Group generated a profit before tax of EUR 41.7 million in H1 2019.

**Zavarovalnica Triglav** posted a **profit before tax** of EUR 33.0 million or 3% more compared to the corresponding period of 2018. **Net profit** grew by 1% to EUR 27.6 million.

The **combined ratio of the Group** was 93.2%. The combined ratio was down by 2.0 percentage points compared to the year before, primarily as a result of the improved loss ratio and a higher growth in net premium earned than growth in net claims incurred. The combined ratio shows profitability of operations in the non-life and health insurance segments. Any value of this ratio below 100 means that the non-life and health insurance portfolios as the core business (excluding return on investments) are earning a profit.

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

Insurance Group	H1 2019	H1 2018	Change
Zavarovalnica Triglav	88.8%	91.9%	-3.1 p.p.
Triglav, Zdravstvena zavarovalnica	101.5%	100.2%	1.3 p.p.
Pozavarovalnica Triglav Re	93.4%	102.0%	-8.6 p.p.
Triglav Osiguranje, Zagreb	103.2%	100.1%	3.1 p.p.
Triglav Osiguranje, Belgrade	96.0%	95.2%	0.8 p.p.
Lovćen Osiguranje, Podgorica	93.6%	95.8%	-2.2 p.p.
Triglav Osiguranje, Sarajevo	99.0%	99.8%	-0.8 p.p.
Triglav Osiguranje, Banja Luka	108.3%	99.1%	9.2 p.p.
Triglav Osiguruvanje, Skopje	104.5%	98.5%	6.0 p.p.
<b>The Triglav Group</b>	<b>93.2%</b>	<b>95.2%</b>	<b>-2.0 p.p.</b>

**Net premium earned** increased by 6% to EUR 491.8 million. Net premiums earned from health insurance increased by 21%, from non-life by 4%, whilst net premiums earned from life insurance remained approximately at the same level as in 2018 (index 100). Net premium earned is composed of gross written insurance in the amount of EUR 630.2 million (index 110), reduced by ceded written premium in the amount of EUR 76.7 million (index 128) and adjusted by the change in net unearned premium of EUR -61.7 million (index 126).

Compared with the preceding year, **net claims incurred** increased by 2%, amounting to EUR 330.1 million. Net claims incurred in health insurance were up 20% mainly as a result of higher gross claims paid (see *Section 4.4.1*). Net claims incurred decreased by 1% in non-life insurance and by 6% in life insurance. Net claims incurred are composed of gross claims paid in the amount of EUR 334.8 million (index 102), reduced by the reinsurers' and co-insurers' shares in gross claims in the amount of EUR 14.4 million (index 95), adjusted by the change in net claims provisions of EUR 6.4 million (index 62) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 3.2 million (index 111).

**Income from investments, including income from investments in associates** increased by 134% and reached EUR 103.5 million. Income from investments in associates climbed by 94% to EUR 1.0 million, whereas income from investments increased by 134% to EUR 102.5 million. In the reporting period, interest income was down by 3% to EUR 27.1 million, gains on disposals increased by 29% to EUR 11.9 million and other income from investments totalled EUR 63.4 million (index 957). Other income from investments include net unrealised gains on unit-linked life insurance assets, which totalled EUR 43.1 million (vs. EUR 1.9 million in 2018), changes in the fair value equalling EUR 16.2 million (vs. EUR 1.5 million in 2018), other financial income in the amount of EUR 3.2 million (index 153) and dividends of EUR 894 thousand (index 78).

**Expenses from investments, including expenses from investments in associates** decreased by 62% and reached EUR 9.1 million. Expenses from investments in associates totalled EUR 82 thousand (index 105), while expenses from investments equalled EUR 9.0 million, down by 62%. Realised loss on disposals totalled EUR 4.4 million (index 75), impairments of equity investments amounted to EUR 238 thousand (index 24), whereas other expenses from investments amounted to EUR 4.4 million (index 26). Other expenses from financial assets include net unrealised losses on unit-linked life insurance assets which totalled EUR 156 thousand (vs. EUR 5.5 million in 2018), fair value losses equalling EUR 1.4 million (index 20) and other financial expenses in the amount of EUR 2.8 million (index 68).

**Return on investment** of the Triglav Group (excluding unit-linked life insurance contract investments) represents the difference between income and expenses from financial assets. They amounted to EUR 51.4 million, having increased by 111%. The reasons for the higher return are connected to both income and expenses from investments. Despite lower interest income, income is higher primarily a result higher net income arising from changes in the fair value and of realised gains on the sale of financial assets. Continuously lower interest income is still caused by lower interest rates.

The 111% higher return on investment was primarily a result of higher net income arising from changes in the fair value and realised gains on the sale of financial assets.

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

**Changes in other insurance technical provisions** increased to EUR 48.1 million (vs. EUR 20.4 million in 2018) primarily due to the growth of mathematical provisions (EUR 27.2 million). **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR 41.3 million (vs. EUR -11.9 million in H1 2018) due to the increase in the value of fund units. **Provisions for bonuses and discounts** increased by 38% to EUR 5.7 million, foremost as a result of higher bonuses paid out in the parent company and Triglav Osiguranje, Zagreb. Higher bonus payments bonuses in the parent company are a result of the higher premium volume and better insurance technical results of operations with corporate clients.

**Operating expenses** (acquisition costs and other operating expenses) amounted to EUR 118.6 million and were 4% higher than in 2018. Acquisition costs and other operating expenses were up by 2% and 10% respectively.

**Other income from insurance operations**, excluding fees and commissions, increased by 20% and reached EUR 7.8 million. **Other insurance expenses**, excluding fees and commissions, increased by 30% and totalled EUR 9.5 million mainly due to the higher value adjustments of receivables in the parent company and ceded fees and commissions for active transactions in Pozavarovalnica Triglav Re. Net fee and commission income was up by 157% and totalled EUR 1.1 million, primarily due to the growth in ceded written premium.

**Other income** rose by 5% to EUR 17.7 million. **Other expenses** were up by 11%, totalling EUR 17.8 million.

*Individual items in the consolidated income statement of the Triglav Group for H1 2019*

	H1 2019	H1 2018	Index
Net premium income	491,794,282	465,931,222	106
Income from investments including income in subsidiaries and associates	103,481,549	44,313,790	234
Other income from insurance operations	20,562,809	15,591,523	132
Other income	17,669,816	16,803,881	105
Net claims incurred	330,061,096	324,787,170	102
Change in other insurance technical provisions (excluding ULI)	48,141,551	20,424,003	236
Change in insurance technical provisions for unit-linked insurance contracts	41,330,772	-11,884,010	
Expenses for bonuses and discounts	5,667,944	4,101,632	138
Operating expenses	118,594,995	113,984,142	104
Expenses from investments including expenses in subsidiaries and associates	9,096,811	23,634,762	38
Other insurance expenses	21,145,008	15,974,993	132
Other expenses	17,779,423	15,985,567	111
<b>Profit before tax</b>	<b>41,690,856</b>	<b>35,632,157</b>	<b>117</b>
Income tax expense	6,982,106	5,667,149	123
<b>Net profit for the accounting period</b>	<b>34,708,750</b>	<b>29,965,008</b>	<b>116</b>

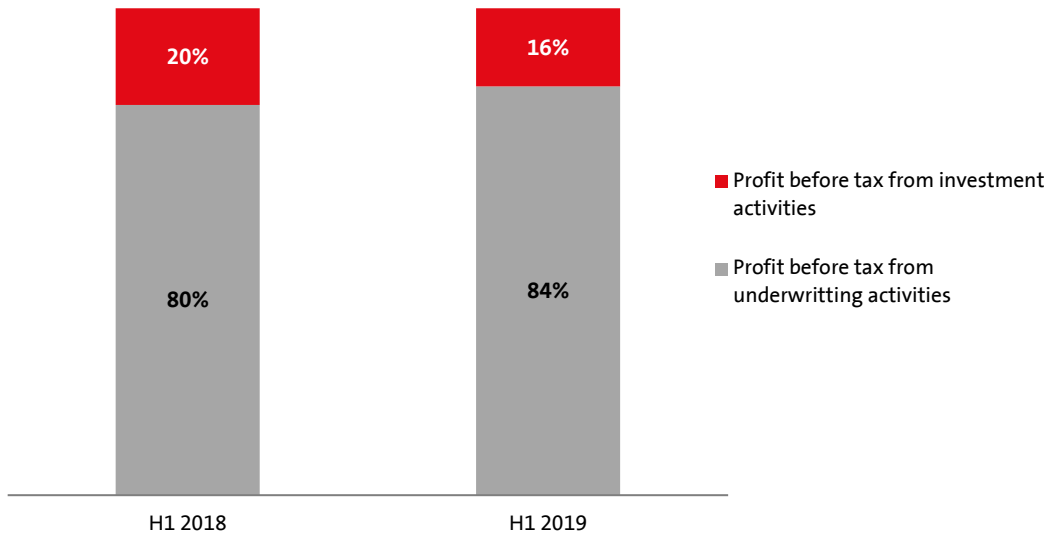
*Profit/loss before tax of the Triglav Group\**

	H1 2019				H1 2018			
	Non-life	Life	Health	Total	Non-life	Life	Health	Total
Profit before tax from underwriting activities	26,313,373	7,583,207	-448,094	<b>33,448,486</b>	18,348,812	10,022,262	-373,392	<b>27,997,682</b>
Profit before tax from investment activities	10,932,859	-4,928,813	378,452	<b>6,382,498</b>	9,358,798	-2,748,158	323,014	<b>6,933,654</b>
Profit before tax from insurance operations	37,246,232	2,654,394	-69,642	<b>39,830,984</b>	27,707,610	7,274,104	-50,378	<b>34,931,336</b>
Profit before tax from non-insurance operations				<b>1,859,872</b>				<b>700,821</b>
<b>Total profit before tax</b>				<b>41,690,856</b>				<b>35,632,157</b>

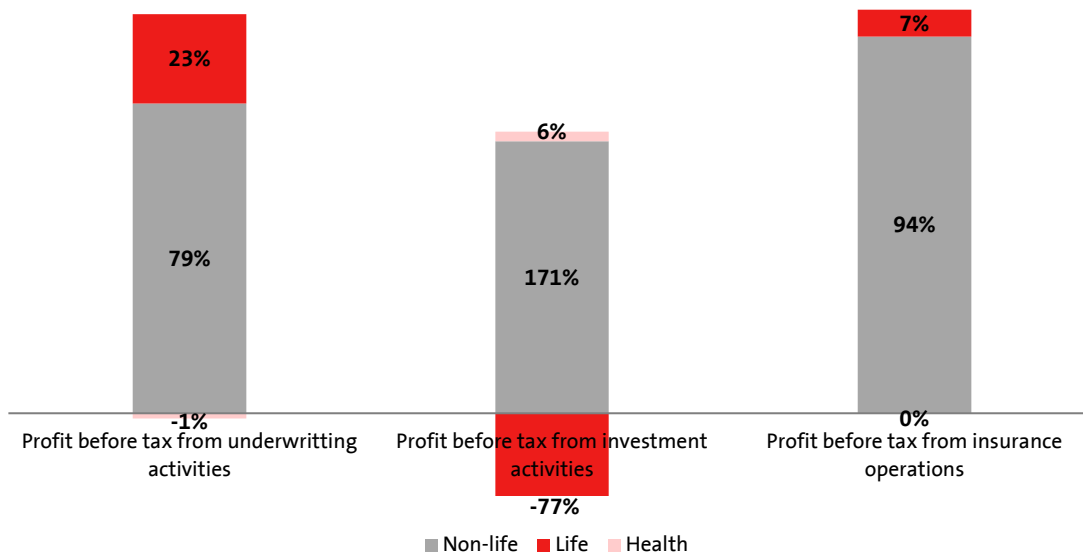
\*The profit from return on financial investments is reduced by the return guaranteed by insurance companies of the Triglav Group to life insurance policyholders in the form of a guaranteed return determined in insurance contracts. In addition, return on financial investments is reduced by the increase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

The improved result of the non-life insurance business of the Triglav Group in the first half of 2019 compared to the same period last year primarily results from the higher growth of net premium income than the growth of net claims incurred. The main reason for the lower result of the life insurance business is the decrease in interest rates on financial markets. Due to lower expected returns, the Company formed additional provisions arising from the liability adequacy test in the amount of EUR 8.6 million, which is EUR 5.5 million more than in the same period last year. The result was positively influenced by slightly higher returns on the Company's own assets in the amount of EUR 1.2 million. The results of the other subsidiaries of the Triglav Group are unchanged compared to the respective period last year; however, their structure changed as it mostly consists of financial investments.

Structure of profit/loss before tax of the Triglav Group in H1 2019 and H1 2018



Net profit before tax of the Triglav Group for H1 2019 by segment





## Individual items in the income statement of Zavarovalnica Triglav for H1 2019

	H1 2019	H1 2018	Index
Net premium income	276,540,639	273,827,678	101
Income from investments including income in subsidiaries and associates	77,907,445	36,128,127	216
Other income from insurance operations	17,558,628	14,462,907	121
Other income	5,496,821	5,414,227	102
Net claims incurred	182,843,532	194,896,356	94
Change in other insurance technical provisions	25,960,392	14,636,668	177
Change in insurance technical provisions for unit-linked insurance contracts	34,844,420	-16,319,228	
Expenses for bonuses and discounts	4,587,409	3,926,629	117
Operating expenses	78,911,681	76,168,847	104
Expenses from investments including expenses in subsidiaries and associates	6,963,044	16,827,891	41
Other insurance expenses	7,460,876	5,349,328	139
Other expense	2,931,078	2,258,037	130
<b>Profit/loss before tax</b>	<b>33,001,101</b>	<b>32,088,413</b>	<b>103</b>
Income tax expense	5,431,697	4,911,940	111
<b>Net profit/loss for the accounting period</b>	<b>27,569,404</b>	<b>27,176,473</b>	<b>101</b>

## 5.2 Financial standing

The total **balance sheet** of the Triglav Group as at 30 June 2019 stood at EUR 3,926.4 million or 8% more compared to the 2018 year-end.

**Total equity capital** amounted to EUR 746.3 million, which was at a level approximately equal to the 2018 year-end (index 100). The share of equity in the balance sheet total decreased by 1.5 percentage points to 19.0%. Equity attributable to the controlling company amounted to EUR 743.8 million and remained at a level approximately equal to the 2018 year-end (index 100), whereas non-controlling interest holders had EUR 2.5 million, up by 7% due to the positive result in H1 2019 and higher unrealised gains in other comprehensible income. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. As a result of an increase in the value of available-for-sale financial assets, fair value reserve increased by 32% to EUR 87.5 million. Share premium amounted to EUR 50.2 million and remained at a level approximately equal to the 2018 year-end (index 100).

As at the reporting date, total equity capital reached EUR 746.3 million.

Reserves from profit amounted to EUR 334.2 million and remained at a level approximately equal to the 2018 year-end (index 100). They include other reserves from profit of EUR 314.3 million, legal and statutory reserves in the amount of EUR 19.2 million and contingency reserves of EUR 640 thousand. Accumulated profit decreased by 10%, amounting to EUR 200.8 million. In addition to EUR 34.6 million (index 43) in net profit for the year, it includes EUR 166.2 million of net profit brought forward (index 117). Net profit brought forward increased by EUR 80.5 million due to a transfer of net profit of the preceding year and decreased by EUR 56.8 million due to the payment of dividends and by EUR 41 thousand due to a distribution of a net profit into reserves from profit.

**Subordinated liabilities** climbed by 319% to EUR 64.8 million due to the issue of a subordinated bond.

**Gross insurance technical provisions** grew by 8% to EUR 2,923.9 million. Their share in balance sheet total remained unchanged and was 74.5%. As at the reporting date, mathematical provisions amounted to EUR 1,852.5 million, which was 5% higher than at the end of the previous year. An increase was seen in gross claims provisions (index 102), provisions for gross

unearned premium (index 131) and other insurance technical provisions (index 128). Insurance technical provisions are discussed in greater detail under *Section 4.7*.

**Other financial liabilities** equalled EUR 10.1 million, up by 80% due to higher short-term liabilities from financing of Zavarovalnica Triglav, which refer to liabilities for security purchases. Their share accounted for 0.3% of total liabilities.

**Operating liabilities** grew by 13% over the 2018 year-end, amounting to EUR 61.8 million, and accounted for 1.6% of total liabilities. They increased mostly on the account of liabilities from co-insurance and reinsurance operations, which rose to EUR 40.9 million (index 134).

**Lease liabilities** totalled EUR 11.5 million and are a new item connected with lease accounting under the new accounting standard IFRS 16 Leases (see *Section 2.3 in the Accounting Report* for more details). Lease liabilities include long-term lease liabilities of EUR 10.6 million and short-term lease liabilities of EUR 0.9 million.

Compared to the 2018 year-end, **other provisions** were up by 2% to EUR 17.1 million (a 0.4% share in total liabilities). Compared with 31 December 2018, **deferred tax liabilities** increased by 49% to EUR 25.7 million, primarily due to the higher fair value reserve from investments for which deferred tax is calculated and additional deferred tax following the acquisition of ALTA Skladi. **Other liabilities** decreased by 14% mainly due to lower short-term liabilities of the parent company, reaching EUR 65.2 million and accounting for 1.7% of total balance sheet liabilities.

**Financial investments of the Triglav Group in associates** were 6% lower than as at the 2018 year-end, amounting to EUR 13.3 million. These investments decreased by EUR 2.1 million due to the sale of the equity stake in ZIF Prof Plus and increased due to the capital increase of Triglav in the amount of EUR 1.1 million and the effects of attribution of the positive result under the equity method.

**Financial investments** (accounting for a 67.4% of total assets) reached EUR 2,647.2 million, having increased by 2% over the 2018 year-end. The bulk of financial assets was accounted for by available-for-sale financial assets, which totalled EUR 1,857.0 million. In total financial assets, EUR 468.1 million was accounted for by financial assets measured at fair value through profit or loss, EUR 182.7 million by held-to-maturity financial assets and EUR 139.6 million by deposits and loans. **Unit-linked insurance assets** amounted to EUR 456.3 million, up by 13%. The structure of financial assets is discussed in greater detail under *Section 4.8*.

**Investment property** remained at approximately the same level as at the 2018 year-end (index 100), amounting to EUR 90.1 million. In total financial assets, their share accounted for 2.3%.

**Receivables and deferred tax assets** increased by 34% to EUR 257.0 million over the 2018 year-end and accounted for 6.5% of total assets, of which receivables from direct insurance operations accounted for the bulk, totalling EUR 152.5 million (index 158), which experienced an increase of 8% compared to 30 June 2018. Receivables from co-insurance and reinsurance operations reached EUR 62.0 million (index 121), other receivables stood at EUR 29.6 million (index 98) and current tax receivables at EUR 417 thousand. Deferred tax assets amounted to EUR 12.5 million (index 97).

**Insurance technical provisions transferred to reinsurance contracts** amounted to EUR 113.9 million, having increased by 33%. Assets from reinsurance contracts from claims provisions were 11% higher and totalled EUR 66.3 million, while assets from unearned premium rose by 81% to EUR 47.6 million.

**Property, plant and equipment** amounted to EUR 112.8 million and remained at a level approximately equal to the 2018 year-end (index 100). **Intangible assets** stood at EUR 114.5 million, having increased by 36% primarily due to higher long-term deferred acquisition costs and recognised goodwill of ALTA Skladi in the amount of EUR 10.4 million. A detailed explanation of goodwill is given in *Section 2.8 of Accounting Report*.

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

**Right-of-use assets** amounted to EUR 11.6 million and are a new item connected with lease accounting under the new accounting standard IFRS 16 Leases. Right-of-use assets include the right to use land and buildings of EUR 9.5 million, the right to use vehicles of EUR 2.0 million and the right to use other assets of EUR 88 thousand.

**Cash and cash equivalents** amounted to EUR 100.6 million (index 149), whilst **other assets** totalled EUR 7.2 million (index 133). **Off-balance-sheet items** totalled EUR 245.7 million (index 98).

*Individual items in the consolidated balance sheet of the Triglav Group as at 30 June 2019*

	30 June 2019	31 December 2018	Index
<b>ASSETS</b>	<b>3,926,436,739</b>	<b>3,645,277,487</b>	<b>108</b>
Intangible assets	114,510,380	84,060,048	136
Property, plant and equipment	112,836,486	113,296,053	100
Non-current assets held for sale	1,926,176	2,067,399	93
Investment property	90,062,145	89,840,456	100
Right of use assets	11,624,369	0	0
Investments in associates	13,300,410	14,125,973	94
Financial investments	2,647,236,981	2,588,904,297	102
Unit-linked insurance assets	456,274,363	402,515,770	113
Reinsurers' share of insurance technical provisions	113,879,368	85,920,499	133
Receivables and deferred tax assets	257,002,154	191,548,610	134
Other assets	7,178,418	5,396,722	133
Cash and cash equivalents	100,605,490	67,601,660	149
<i>Off balance sheet items</i>	<i>245,746,677</i>	<i>251,429,127</i>	<i>98</i>
<b>EQUITY AND LIABILITIES</b>	<b>3,926,436,739</b>	<b>3,645,277,487</b>	<b>108</b>
Equity	746,296,225	746,862,805	100
Subordinated liabilities	64,832,417	15,462,711	419
Insurance technical provisions	2,465,839,993	2,310,503,061	107
Insurance technical provisions for unit-linked insurance contracts	458,033,205	402,598,039	114
Other provisions	17,094,034	16,724,129	102
Deferred tax liabilities	25,687,378	17,203,576	149
Other financial liabilities	10,134,854	5,620,904	180
Operating liabilities	61,783,090	54,792,055	113
Lease liabilities	11,509,167	0	0
Other liabilities	65,226,376	75,510,207	86
<i>Off balance sheet items</i>	<i>245,746,677</i>	<i>251,429,127</i>	<i>98</i>

*Individual items in the balance sheet of Zavarovalnica Triglav as at 30 June 2019*

	30 June 2019	31 December 2018	Index
<b>ASSETS</b>	<b>2,923,979,670</b>	<b>2,730,187,525</b>	<b>107</b>
Intangible assets	70,838,775	62,162,502	114
Property, plant and equipment	67,165,155	67,986,100	99
Investment property	47,825,899	45,270,540	106
Right of use assets	4,413,172	0	0
Investments in subsidiaries and associates	152,992,692	148,898,022	103
Financial investments	1,876,580,780	1,840,036,950	102
Unit-linked insurance assets	413,538,390	366,664,078	113
Reinsurers' share of insurance technical provisions	110,403,647	87,893,306	126
Receivables and deferred tax assets	131,363,971	89,980,951	146
Other assets	3,624,015	3,296,589	110
Cash and cash equivalents	45,233,173	17,998,487	251
<i>Off balance sheet items</i>	149,338,386	178,359,226	84
<b>EQUITY AND LIABILITIES</b>	<b>2,923,979,670</b>	<b>2,730,187,525</b>	<b>107</b>
Equity	543,052,660	560,120,736	97
Subordinated liabilities	69,983,263	20,612,951	340
Insurance technical provisions	1,797,897,792	1,696,143,475	106
Insurance technical provisions for unit-linked insurance contracts	414,142,837	365,238,075	113
Other provisions	12,274,476	11,925,591	103
Deferred tax liabilities	8,841,389	2,813,737	314
Other financial liabilities	7,497,429	1,587,443	472
Operating liabilities	31,740,624	28,523,575	111
Lease liabilities	4,504,895	0	0
Other liabilities	34,044,305	43,221,946	79
<i>Off balance sheet items</i>	149,338,386	178,359,226	84

## 6. Risk management

### 6.1 Risk Management

In view of the situation described in Section *Risk Management* in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2018, in the first six months of 2019 the risk management system was upgraded at the Group level in accordance with internal initiatives and the risks identified in the business environment.

There were no material changes to the risk profile in the reporting period. Despite persisting low interest rates on the capital markets, affecting the increased liabilities and low rate of return, the capital level of both the Company and the Group remains within the set strategic guidelines and adequately exceeds the target level of the risks underwritten. In Q2 2019, the Company issued a subordinated bond of EUR 50 million, as described in greater detail in *Section 2.7 of the Accounting Report*. With regard to both the Company and the Group, the subordinated bond belongs to Tier 2 eligible own funds for solvency capital requirement (unrestricted) and minimum capital requirement up to the required amount (20% of minimum capital requirement), thus having a positive impact on their capital adequacy.

### 6.2 Internal audit

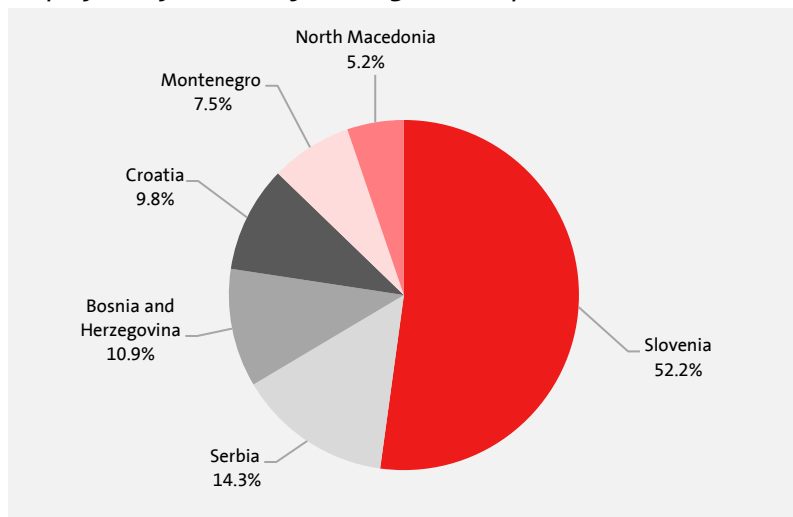
In the first six months of 2019, the Internal Audit Department complied with its annual work plan. It conducted internal audits of various divisions in Zavarovalnica Triglav and audits in some subsidiaries. The findings were reported to the management of the audited divisions and to the Management Board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

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

## 7. Human Resource Management of the Triglav Group

As at 30 June 2019, there were 5,212 employees in the Triglav Group, which is 46 more than as at the 2018 year-end. The largest increase in number of employees was seen in Triglav Osiguranje, Belgrade and ALTA Skladi and Triglav penzisko društvo, Skopje. As at the 2018 year-end, the latter two were not yet members of the Triglav Group. On contrast, the highest decrease in number of employees was recorded in the parent company, Lovćen Auto and Triglav Savjetovanje, Zagreb.

*Employees by market of the Triglav Group as at 30 June 2019*



# ACCOUNTING REPORT

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## Statement of management's responsibility

The Management Board herewith confirms the financial statements for the period from 1 January 2019 to 30 June 2019 as well as the applied accounting policies and notes to the financial statements.

The Management Board is responsible for preparing the Interim Report so as to give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2019 to 30 June 2019 in accordance with IAS 34 – Interim reporting.

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

The Management Board confirms that the Interim Management Report of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2019 to 30 June 2019 includes a fair review of their business developments, results and financial positions, including a description of the major risks to which Zavarovalnica Triglav as the parent company and its consolidated subsidiaries are exposed to as the Group.

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

Andrej Slapar,  
President of the Management Board

Uroš Ivanc,  
Member of the Management Board

Tadej Čoroli,  
Member of the Management Board

Barbara Smolnikar,  
Member of the Management Board

Marica Makoter,  
Member of the Management Board

Ljubljana, 13 August 2019

# 1. Financial statements

in EUR

STATEMENT OF FINANCIAL POSITION	Triglav Group		Zavarovalnica Triglav	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b>ASSETS</b>	<b>3,926,436,739</b>	<b>3,645,277,487</b>	<b>2,923,979,670</b>	<b>2,730,187,525</b>
Intangible assets	114,510,380	84,060,048	70,838,775	62,162,502
Property, plant and equipment	112,836,486	113,296,053	67,165,155	67,986,100
Non-current assets held for sale	1,926,176	2,067,399	0	0
Deferred tax assets	12,451,180	12,893,732	0	0
Investment property	90,062,145	89,840,456	47,825,899	45,270,540
Right of use assets	11,624,369	0	4,413,172	0
Investments in subsidiaries	0	0	134,938,667	131,938,667
Investments in associates	13,300,409	14,125,973	18,054,026	16,959,355
- accounted for using the equity method	13,300,409	14,125,973	0	0
- measured at fair value	0	0	18,054,026	16,959,355
Financial investments	2,647,236,981	2,588,904,297	1,876,580,780	1,840,036,950
- loans and deposits	139,558,428	138,857,972	96,220,392	92,670,309
- held to maturity	182,664,554	196,773,185	147,502,128	159,463,950
- available for sale	1,856,958,438	1,802,568,767	1,435,354,596	1,383,855,505
- recognised at fair value through profit and loss	468,055,561	450,704,373	197,503,664	204,047,186
Unit-linked insurance assets	456,274,363	402,515,770	413,538,390	366,664,078
Reinsurers' share of technical provisions	113,879,368	85,920,499	110,403,647	87,893,306
Assets from investment contracts	0	0	0	0
Receivables	244,550,974	178,654,878	131,363,971	89,980,951
- receivables from direct insurance operations	152,544,171	96,601,328	103,595,703	62,635,337
- receivables from reinsurance and co-insurance operations	61,978,222	51,299,903	18,182,033	18,157,611
- current tax receivables	416,905	579,645	0	0
- other receivables	29,611,676	30,174,002	9,586,235	9,188,003
Other assets	7,178,418	5,396,722	3,624,015	3,296,589
Cash and cash equivalents	100,605,490	67,601,660	45,233,173	17,998,487
<i>Off balance sheet items</i>	<i>245,746,677</i>	<i>251,429,127</i>	<i>149,338,386</i>	<i>178,359,227</i>
<b>EQUITY AND LIABILITIES</b>	<b>3,926,436,739</b>	<b>3,645,277,487</b>	<b>2,923,979,670</b>	<b>2,730,187,525</b>
Equity	746,296,225	746,862,805	543,052,660	560,120,736
Controlling interests	743,832,902	744,566,806	543,052,660	560,120,736
- share capital	73,701,392	73,701,392	73,701,392	73,701,392
- share premium	50,206,999	50,206,540	53,412,884	53,412,884
- reserves from profit	334,162,067	334,121,464	318,962,643	318,962,643
- treasury share reserves	364,680	364,680	0	0
- treasury shares	-364,680	-364,680	0	0
- fair value reserve	87,470,060	66,237,889	59,460,579	47,260,189
- net profit brought forward	166,199,471	142,483,579	9,945,758	1,239,764
- net profit for the year	34,597,516	80,533,643	27,569,404	65,543,864
- currency translation differences	-2,504,603	-2,717,701	0	0
- reserve of disposal group held for sale	0	0	0	0
Non-controlling interests	2,463,323	2,295,999	0	0
Subordinated liabilities	64,832,417	15,462,711	69,983,263	20,612,951
Insurance technical provisions	2,465,839,993	2,310,503,061	1,797,897,792	1,696,143,475
- unearned premiums	394,510,521	300,166,946	281,599,694	213,919,937
- mathematical provisions	1,394,421,755	1,357,233,017	1,025,689,901	1,009,712,605
- claims provisions	628,122,717	614,943,915	451,046,217	442,560,188
- other insurance technical provisions	48,785,000	38,159,183	39,561,980	29,950,745
Insurance technical provisions for unit-linked insurance contracts	458,033,205	402,598,039	414,142,837	365,238,075
Employee benefits	14,919,971	14,804,574	11,409,683	11,167,156
Other provisions	2,174,063	1,919,555	864,793	758,435
Non-current liabilities held for sale and discontinued operations	0	0	0	0
Deferred tax liabilities	25,687,378	17,203,576	8,841,389	2,813,736
Liabilities from investment contracts	0	0	0	0
Other financial liabilities	10,134,854	5,620,904	7,497,429	1,587,443
Operating liabilities	61,783,090	54,792,055	31,740,624	28,523,572
- liabilities from direct insurance operations	20,293,303	19,717,929	12,545,331	11,306,835
- liabilities from reinsurance and co-insurance operations	40,910,705	30,465,655	19,147,285	13,819,946
- current tax liabilities	579,082	4,608,471	48,008	3,396,791
Lease liabilities	11,509,167	0	4,504,895	0
Other liabilities	65,226,376	75,510,207	34,044,305	43,221,946
<i>Off balance sheet items</i>	<i>245,746,677</i>	<i>251,429,127</i>	<i>149,338,386</i>	<i>178,359,227</i>

INCOME STATEMENT	Triglav Group		Zavarovalnica Triglav	
	H1 2019	H1 2018	H1 2019	H1 2018
<b>NET PREMIUM INCOME</b>	<b>491,794,282</b>	<b>465,931,222</b>	<b>276,540,639</b>	<b>273,827,678</b>
- gross written premium	630,217,336	574,779,838	385,276,178	365,706,812
- ceded written premium	-76,713,559	-59,846,113	-68,471,673	-55,933,594
- change in unearned premium reserve	-61,709,495	-49,002,503	-40,263,866	-35,945,540
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>1,000,797</b>	<b>515,930</b>	<b>3,461,022</b>	<b>4,840,648</b>
- profit on equity investments accounted for using the equity method	440,383	515,930	0	0
- other income from investments in subsidiaries and associates	560,414	0	3,461,022	4,840,648
<b>INCOME FROM INVESTMENTS</b>	<b>102,480,752</b>	<b>43,797,860</b>	<b>74,446,423</b>	<b>31,287,481</b>
- interest income calculated using the effective interest method	27,147,842	27,965,490	18,023,490	18,672,769
- gains on disposals	11,904,378	9,203,997	9,324,020	8,657,208
- other income from investments	63,428,532	6,628,373	47,098,913	3,957,504
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>20,562,809</b>	<b>15,591,523</b>	<b>17,558,628</b>	<b>14,462,907</b>
- fees and commission income	12,778,293	9,114,187	12,003,294	9,407,488
- other income from insurance operations	7,784,516	6,477,336	5,555,334	5,055,419
<b>OTHER INCOME</b>	<b>17,669,816</b>	<b>16,803,881</b>	<b>5,496,821</b>	<b>5,414,227</b>
<b>NET CLAIMS INCURRED</b>	<b>330,061,096</b>	<b>324,787,170</b>	<b>182,843,532</b>	<b>194,896,356</b>
- gross claims settled	334,767,628	326,780,006	191,912,764	203,930,656
- reinsurers' share	-14,391,578	-15,220,564	-12,446,485	-14,916,537
- changes in claims provisions	6,449,352	10,320,211	3,377,253	5,882,237
- equalisation scheme expenses for supplementary health insurance	3,235,694	2,907,517	0	0
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>48,141,551</b>	<b>20,424,003</b>	<b>25,960,392</b>	<b>14,636,668</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>41,330,772</b>	<b>-11,884,010</b>	<b>34,844,420</b>	<b>-16,319,228</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>5,667,944</b>	<b>4,101,632</b>	<b>4,587,409</b>	<b>3,926,629</b>
<b>CHANGE IN FINANCIAL CONTRACT LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENSES</b>	<b>118,594,995</b>	<b>113,984,142</b>	<b>78,911,681</b>	<b>76,168,847</b>
- acquisition costs	79,578,966	78,399,707	56,089,341	55,393,908
- other operating costs	39,016,029	35,584,435	22,822,340	20,774,939
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>81,865</b>	<b>77,650</b>	<b>17</b>	<b>764</b>
- loss on investments accounted for using the equity method	81,865	77,650	0	0
- other expenses from financial assets and liabilities	0	0	17	764
<b>EXPENSES FROM INVESTMENTS</b>	<b>9,014,946</b>	<b>23,557,112</b>	<b>6,963,027</b>	<b>16,827,127</b>
- loss on impairment of investments	237,909	976,294	189,397	964,485
- loss on disposal of investments	4,377,036	5,857,568	4,329,596	5,763,679
- other expenses from investments	4,400,001	16,723,250	2,444,034	10,098,963
<b>OTHER INSURANCE EXPENSES</b>	<b>21,145,008</b>	<b>15,974,993</b>	<b>7,460,876</b>	<b>5,349,328</b>
<b>OTHER EXPENSES</b>	<b>17,779,423</b>	<b>15,985,567</b>	<b>2,931,078</b>	<b>2,258,037</b>
- expenses from financing	1,053,503	551,484	1,036,120	615,374
- other expenses	16,725,920	15,434,083	1,894,958	1,642,663
<b>PROFIT BEFORE TAX</b>	<b>41,690,856</b>	<b>35,632,157</b>	<b>33,001,101</b>	<b>32,088,413</b>
Income tax expense	6,982,106	5,667,149	5,431,697	4,911,940
<b>NET PROFIT FOR THE PERIOD</b>	<b>34,708,750</b>	<b>29,965,008</b>	<b>27,569,404</b>	<b>27,176,473</b>
Earning per share	1.53	1.32	-	-
Net profit/loss attributable to the controlling company	34,597,515	29,700,860	-	-
Net profit/loss attributable to the non-controlling interest holders	111,235	264,148	-	-

STATEMENT OF OTHER COMPREHENSIVE INCOME	Triglav Group		Zavarovalnica Triglav	
	H1 2019	H1 2018	H1 2019	H1 2018
<b>Net profit for the period after tax</b>	<b>34,708,750</b>	<b>29,965,008</b>	<b>27,569,404</b>	<b>27,176,473</b>
<b>Other comprehensive income after tax</b>	<b>21,508,549</b>	<b>-10,413,820</b>	<b>12,200,390</b>	<b>-9,146,436</b>
Items which will not be transferred in P&L in future periods	894	0	0	0
Fair value gains/losses on PP&E and intangible assets	0	0	0	0
Actuarial gains/losses for pension plans	894	0	0	0
Share of OCI of entities accounted for using the equity method	0	0	0	0
Other items which will not be transferred in P&L	0	0	0	0
Tax on items which will not be transferred in P&L	0	0	0	0
Items which could be transferred into P&L in future periods	21,507,655	-10,413,820	12,200,390	-9,146,436
Fair value gains/losses on available-for-sale financial assets	42,110,263	-21,620,208	31,586,667	-19,714,692
- net gains/losses recognized directly in equity	48,078,800	-16,663,675	37,148,634	-14,912,202
- transfers from equity to income statement	-5,968,537	-4,956,533	-5,561,967	-4,802,490
Fair value gains / losses on non-current assets held for sale	-111,130	0	0	0
Fair value gains/losses on cashflow hedges	0	0	0	0
Share of OCI of entities accounted for using the equity method	0	-17,242	0	0
Liabilities from insurance contracts with DPF	-13,699,161	6,904,920	-13,689,145	6,904,921
Currency translation differences	213,853	189,670	0	0
Tax on other comprehensive income	-7,006,170	4,129,040	-5,697,132	3,663,335
<b>COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX</b>	<b>56,217,300</b>	<b>19,551,185</b>	<b>39,769,794</b>	<b>18,030,037</b>
Controlling interest	56,042,782	19,312,283	-	-
Non-controlling interest	174,518	238,902	-	-

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							
<b>As at 1 January 2019</b>	<b>73,701,392</b>	<b>50,206,540</b>	<b>599,088</b>	<b>19,221,613</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>314,300,000</b>	<b>66,237,889</b>	<b>142,483,579</b>	<b>80,533,643</b>	<b>-2,717,701</b>	<b>744,566,806</b>	<b>2,295,999</b>	<b>746,862,805</b>
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
<b>As at 30 June 2019</b>	<b>73,701,392</b>	<b>50,206,999</b>	<b>639,690</b>	<b>19,221,613</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>314,300,000</b>	<b>87,470,060</b>	<b>166,199,471</b>	<b>34,597,516</b>	<b>-2,504,603</b>	<b>743,832,902</b>	<b>2,463,323</b>	<b>746,296,225</b>
<b>As at 1 January 2018</b>	<b>73,701,392</b>	<b>50,403,656</b>	<b>592,269</b>	<b>18,514,040</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>314,300,001</b>	<b>95,398,236</b>	<b>160,647,992</b>	<b>39,133,955</b>	<b>-2,854,060</b>	<b>749,838,244</b>	<b>6,807,439</b>	<b>756,645,683</b>
Comprehensive income for the period from 1 January 2018 to 30 June 2018	0	0	0	0	0	0	0	0	-10,594,565	0	29,700,860	205,988	19,312,283	238,902	19,551,185
a) Net profit	0	0	0	0	0	0	0	0	0	0	29,700,860	0	29,700,860	264,148	29,965,008
b) Other comprehensive income	0	0	0	0	0	0	0	0	-10,594,565	0	0	205,988	-10,388,577	-25,246	-10,413,819
Transfer of net profit to reserves from profit	0	0	6,844	577,007	0	0	0	0	0	-583,851	0	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	-56,777,085	0	0	-56,777,085	-102,094	-56,879,179
Transfer to retained earnings	0	0	0	0	0	0	0	0	0	39,133,955	-39,133,955	0	0	0	0
Changes in consolidation area	0	-6,010	0	0	0	0	0	0	0	0	0	0	-6,010	-29,604	-35,614
<b>As at 30 June 2018</b>	<b>73,701,392</b>	<b>50,397,646</b>	<b>599,113</b>	<b>19,091,047</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>314,300,001</b>	<b>84,803,671</b>	<b>142,421,011</b>	<b>29,700,860</b>	<b>-2,648,072</b>	<b>712,367,432</b>	<b>6,914,643</b>	<b>719,282,075</b>

in EUR

Zavarovalnica Triglav	Share capital	Share premium	Reserves form profit			Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
<b>As at 1 January 2019</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>314,300,000</b>	<b>47,260,189</b>	<b>1,239,764</b>	<b>65,543,864</b>	<b>560,120,736</b>
Comprehensive income for the period from 1 January 2019 to 30 June 2019	0	0	0	0	0	12,200,390	0	27,569,404	<b>39,769,794</b>
a) Net profit	0	0	0	0	0	0	0	27,569,404	<b>27,569,404</b>
b) Other comprehensive income	0	0	0	0	0	12,200,390	0	0	<b>12,200,390</b>
Transfer to retained earnings	0	0	0	0	0	0	65,543,864	-65,543,864	<b>0</b>
Payment of dividends	0	0	0	0	0	0	-56,837,870	0	<b>-56,837,870</b>
<b>As at 30 June 2019</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>314,300,000</b>	<b>59,460,579</b>	<b>9,945,758</b>	<b>27,569,404</b>	<b>543,052,660</b>
<b>As at 1 January 2018</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>314,300,000</b>	<b>67,250,264</b>	<b>25,563,172</b>	<b>32,521,950</b>	<b>571,412,305</b>
Comprehensive income for the period from 1 January 2018 to 30 June 2018	0	0	0	0	0	-9,146,436	0	27,176,473	<b>18,030,037</b>
a) Net profit	0	0	0	0	0	0	0	27,176,473	<b>27,176,473</b>
b) Other comprehensive income	0	0	0	0	0	-9,146,436	0	0	<b>-9,146,436</b>
Transfer to retained earnings	0	0	0	0	0	0	32,521,950	-32,521,950	<b>0</b>
Payment of dividends	0	0	0	0	0	0	-56,837,870	0	<b>-56,837,870</b>
<b>As at 30 June 2018</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>314,300,000</b>	<b>58,103,828</b>	<b>1,247,252</b>	<b>27,176,473</b>	<b>532,604,472</b>

CASH FLOW STATEMENT		Triglav Group		Zavarovalnica Triglav	
		H1 2019	H1 2018	H1 2019	H1 2018
<b>A.</b>	<b>OPERATING CASH FLOW</b>				
	<b>Income statement items</b>	<b>112,053,609</b>	<b>91,828,809</b>	<b>65,857,680</b>	<b>53,648,322</b>
	Net written premium for the period	573,801,024	531,897,572	316,804,505	309,773,218
	Investment income (excluding financial income)	14,266,714	12,791,626	5,991,295	6,252,987
	Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables	18,753,195	21,062,182	5,154,709	5,286,639
	Net claims paid	-323,032,598	-315,860,991	-179,466,279	-189,014,119
	Bonuses and rebates paid	-5,569,369	-4,514,458	-4,587,409	-3,926,629
	Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	-124,278,936	-116,445,968	-63,413,979	-63,878,168
	Investment expenses (excluding depreciation charge and financial expenses)	-3,687,649	-5,426,331	-2,465,543	-2,760,142
	Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	-26,943,386	-25,055,468	-3,709,659	-2,980,924
	Corporate income tax and other taxes excluded from operating expenses	-11,255,386	-6,619,355	-8,449,960	-5,104,539
	<b>Changes in net current assets-operating balance sheet items</b>	<b>-72,161,306</b>	<b>-72,148,795</b>	<b>-44,911,376</b>	<b>-50,307,702</b>
	Movements in receivables from direct insurance operations	-53,033,211	-54,419,014	-41,242,973	-41,113,338
	Movements in receivables from reinsurance operations	-19,245,605	1,394,184	-24,422	393,255
	Movements in other receivables from (re)insurance operations	-13,374,267	-9,591,491	-2,181,297	-1,131,214
	Movements in other receivables and assets	-6,452,755	-1,112,768	996,767	-534,973
	Movements in deferred tax assets	-1,543,851	-2,088,029	0	0
	Movements in inventories	-155,805	-92,396	-110,910	-51,112
	Movements in debts from direct insurance operations	513,362	332,485	1,238,495	297,826
	Movements in debts from reinsurance operations	11,163,577	207,202	5,327,339	664,583
	Movements in operating debts	-1,780,559	-1,279,315	9,857	1,362
	Movements in other liabilities (excluding unearned premiums)	7,987,537	-5,457,318	-8,924,233	-8,834,091
	Movements in deferred tax liabilities	3,760,271	-42,335	0	0
	<b>Net cash from/ (used in) operating activities</b>	<b>39,892,303</b>	<b>19,680,014</b>	<b>20,946,304</b>	<b>3,340,620</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				<b>0</b>
	<b>Cash inflows from investing activities</b>	<b>577,465,982</b>	<b>544,147,037</b>	<b>449,728,777</b>	<b>448,291,987</b>
	Cash inflows from interest from investing activities	30,144,775	30,174,335	21,727,452	22,232,650
	Cash inflows from dividends received and profit sharing	1,973,956	-3,403,894	4,493,806	4,814,438
	Cash inflows from the disposal of intangible assets	0	0	0	0
	Cash inflows from the disposal of property, plant and equipment	2,641,003	2,309,060	1,106,814	589,009
	Cash inflows from the disposal of financial investments	542,706,248	515,067,536	422,400,705	420,655,891
	- Cash inflows from the disposal of investments in subsidiaries and associates	2,276,104	0	0	0
	- Other cash inflows from disposal of financial investments	540,430,144	515,067,536	422,400,705	420,655,892
	<b>Cash outflows from investing activities</b>	<b>-577,740,002</b>	<b>-512,887,033</b>	<b>-434,284,969</b>	<b>-408,451,361</b>
	Cash outflows for the purchase of intangible assets	-2,382,720	-2,989,168	-1,374,929	-1,497,331
	Cash outflows for the purchase of property, plant and equipment	-10,482,057	-8,163,312	-5,193,990	-5,240,606
	Cash outflows for the purchase of financial investments	-564,875,225	-501,734,553	-427,716,051	-401,713,424
	- Cash outflows for the purchase of investments in subsidiaries and associates	-1,101,402	-4,617,455	-4,094,671	-13,757,538
	- Other cash outflows to acquire financial investments	-563,773,823	-497,117,098	-423,621,380	-387,955,886
	<b>Net cash from/ (used in) investing activities</b>	<b>-274,020</b>	<b>31,260,004</b>	<b>15,443,807</b>	<b>39,840,626</b>
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
	<b>Cash inflows from financing activities</b>	<b>49,367,159</b>	<b>0</b>	<b>49,367,159</b>	<b>0</b>
	Cash inflows from paid-in capital	0	0	0	0
	Cash inflows from long-term loans received and issued	49,367,159	0	49,367,159	0
	Cash inflows from short-term loans received	0	0	0	0
	<b>Cash outflows from financing activities</b>	<b>-58,866,445</b>	<b>-58,123,127</b>	<b>-58,522,584</b>	<b>-58,081,814</b>
	Cash outflows for paid interest	-1,263,465	-1,227,366	-1,263,465	-1,227,366
	Cash outflows for purchase of treasury shares	0	0	0	0
	Cash outflows for capital repayment	0	0	0	0
	Cash outflows for payments of long-term financial liabilities	0	0	0	0
	Cash outflows for payments of short-term financial liabilities	-825,409	0	-420,822	0
	Cash outflows from dividends paid and profit sharing	-56,777,571	-56,895,761	-56,838,297	-56,854,447
	<b>Net cash from/ (used in) financing activities</b>	<b>-9,499,286</b>	<b>-58,123,127</b>	<b>-9,155,425</b>	<b>-58,081,814</b>
<b>D.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>100,605,490</b>	<b>71,238,431</b>	<b>45,233,173</b>	<b>20,614,178</b>
<b>E1.</b>	<b>Net cash flow for the period</b>	<b>30,118,997</b>	<b>-7,183,109</b>	<b>27,234,686</b>	<b>-14,900,568</b>
<b>E2.</b>	<b>External acquisition</b>	<b>2,862,910</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>E3.</b>	<b>Foreign exchange differences</b>	<b>21,923</b>	<b>3,693</b>	<b>0</b>	<b>0</b>
<b>F.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>67,601,660</b>	<b>78,417,847</b>	<b>17,998,487</b>	<b>35,514,746</b>

## 2. Selected notes to the financial statements

### 2.1 Statement of compliance

The financial statements for the period from 1 January 2019 to 30 June 2019 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

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

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

The financial statements for the period from 1 January 2019 to 30 June 2019 have not been audited.

### 2.2 Significant accounting policies and estimates

The same accounting policies as for the preparation of the annual financial statements for 2018 were used for the preparation of the financial statements for the period between 1 January 2019 and 30 June 2019, except for lease recognition for which the new accounting standard IFRS 16 – Leases is used. See Section 2.3 for the description of the changes and related disclosures.

The tax expense calculation for the period from 1 January 2019 to 30 June 2019 was made by applying the average effective tax rate of 2018.

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

### 2.3 Change in the accounting policy

As of 1 January 2019, the new accounting standard IFRS 16 Leases has started to apply. This is a mandatory change in the accounting policy. In implementing this standard, the simplified transition approach was used. As at 1 January 2019, right-of-use assets were recognised in the amount of the recognised lease liability in the amount of the present value of future payments. Potential initial direct costs were not taken into account in the right-of-use assets. In the initial calculation, no differences were recognised in retained profit or loss. Comparative data for 2018 are not adjusted.

In calculating the initial values, an interest rate was used which is a combination of the interest rate on risk-free government bonds and the credit spread for an individual company. The interest rate also varies by lease term. In calculating the initial values, the weighted average discount rate of approximately 4.5% was used for the Triglav Group and 1.7% for Zavarovalnica Triglav. The interest rate varies by company and lease term. The initial value of right-of-use assets as at 1 January 2019 amounted to EUR 12,157,651 for the Triglav Group and EUR 4,740,268 for Zavarovalnica Triglav. The right-of-use assets and lease liabilities are disclosed in the statement of financial position as separate items.



Exemptions were used in the calculation of rights and liabilities. Short-term leases (leases up to 12 months) and leases of low-value assets (the purchase price of underlying assets is less than USD 5,000) were excluded. Such exemptions are disclosed in the same way as in the previous year, i.e. as lease expenses under operating expenses. Right-of-use assets are depreciated on a straight-line basis over the lease term. For leases for an indefinite period, lease term was assessed based on the option of renewal or termination. For fixed-term leases, lease term was individually assessed. In this regard, the guidelines set out in the strategy of the Triglav Group were followed. Leases predominantly have a fixed or a variable payment, which largely depends on the consumer price index. Depreciation expenses are recognised within operating expenses and interest expenses within finance costs.

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

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

	in EUR	
LEASES in the statement of financial position as at 30 June 2019	Triglav Group	Zavarovalnica Triglav
<b>ASSETS</b>		
– Right to use land and buildings	9,517,544	3,136,478
– Right to use vehicles	2,018,510	1,249,678
– Right to use other assets	88,315	27,017
<b>Total right-of-use assets</b>	<b>11,624,369</b>	<b>4,413,172</b>
<b>LIABILITIES</b>		
– Lease liabilities with maturity up to 1 year	935,027	1,138,806
– Lease liabilities with maturity over 1 year	10,574,140	3,366,089
<b>Total lease liabilities</b>	<b>11,509,167</b>	<b>4,504,895</b>
<b>LEASES in the income statement for the period from 1 January 2019 to 30 June 2019</b>		
Lease income	2,117,473	2,759,537
Sublease income	55,977	29,135
Operating expenses		
– Short-term lease expenses	171,519	11,769
– Low-value lease expenses	290,313	240,495
<b>Depreciation</b>	<b>1,573,821</b>	<b>484,673</b>
– Depreciation of rights to use land and buildings	1,147,665	269,384
– Depreciation of rights to use vehicles	384,859	208,429
– Depreciation of rights to use other assets	41,297	6,860
Lease interest	208,504	39,728
<b>TOTAL CASH FLOW from financial activities</b>	<b>1,775,092</b>	<b>456,921</b>

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

## 2.4 Seasonal operations

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT		30 June 2019						
	Non-life	Life	Health	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED	
<b>ASSETS</b>	<b>1,948,658,903</b>	<b>2,084,112,944</b>	<b>62,782,409</b>	<b>214,467,881</b>	<b>4,310,022,137</b>	<b>-383,585,398</b>	<b>3,926,436,739</b>	
Intangible assets	86,559,751	4,421,287	1,558,412	11,571,981	104,111,431	10,398,949	114,510,380	
Property, plant and equipment	94,222,860	10,079,334	1,352,470	7,181,822	112,836,486	0	112,836,486	
Non-current assets held for sale	0	0	0	1,926,176	1,926,176	0	1,926,176	
Deferred tax assets	11,970,874	211,058	0	269,248	12,451,180	0	12,451,180	
Investment property	50,103,124	1,964,572	0	32,630,478	84,698,174	5,363,971	90,062,145	
Right of use assets	9,947,135	206,191	0	1,471,043	11,624,369	0	11,624,369	
Investments in subsidiaries	128,507,888	15,104,174	0	98,221,419	241,833,481	-241,833,481	0	
Investments in associates	12,727,070	573,339	0	0	13,300,409	0	13,300,409	
- accounted for using the equity method	12,727,070	573,339	0	0	13,300,409	0	13,300,409	
- measured at fair value	0	0	0	0	0	0	0	
Financial investments	1,043,105,287	1,538,952,453	50,674,124	33,863,715	2,666,595,579	-19,358,598	2,647,236,981	
- loans and deposits	90,434,405	57,977,142	589,107	4,765,526	153,766,180	-14,207,752	139,558,428	
- held to maturity	0	182,664,554	0	0	182,664,554	0	182,664,554	
- available for sale	945,782,231	837,025,382	50,085,017	28,716,960	1,861,609,590	-4,651,152	1,856,958,438	
- recognised at fair value through profit and loss	6,888,651	461,285,375	0	381,229	468,555,255	-499,694	468,055,561	
Unit-linked insurance assets	0	456,274,363	0	0	456,274,363	0	456,274,363	
Reinsurers' share of technical provisions	209,693,419	63,041	1,799,117	0	211,555,577	-97,676,209	113,879,368	
Receivables	266,163,316	3,674,930	6,160,572	8,910,400	284,909,218	-40,358,244	244,550,974	
- receivables from direct insurance operations	146,429,118	882,486	5,403,774	44,230	152,759,608	-215,437	152,544,171	
- receivables from reinsurance and co-insurance operations	100,526,952	15,663	164,971	0	100,707,586	-38,729,364	61,978,222	
- current tax receivables	230,520	0	0	186,385	416,905	0	416,905	
- other receivables	18,976,726	2,776,781	591,827	8,679,785	31,025,119	-1,413,443	29,611,676	
Other assets	5,777,014	211,511	188,930	1,122,749	7,300,204	-121,786	7,178,418	
Cash and cash equivalents	29,881,165	52,376,691	1,048,784	17,298,850	100,605,490	0	100,605,490	
<i>Off balance sheet items</i>	<i>114,774,968</i>	<i>44,028,684</i>	<i>645,209</i>	<i>86,297,816</i>	<i>245,746,677</i>	<i>0</i>	<i>245,746,677</i>	
<b>EQUITY AND LIABILITIES</b>	<b>1,948,658,903</b>	<b>2,084,112,944</b>	<b>62,782,409</b>	<b>214,467,881</b>	<b>4,310,022,137</b>	<b>-383,585,398</b>	<b>3,926,436,739</b>	
Equity	596,964,394	152,108,863	31,409,713	190,835,648	971,318,618	-225,022,393	746,296,225	
Controlling interests	596,964,394	152,108,863	31,409,713	190,835,648	971,318,618	-227,485,716	743,832,902	
- share capital	114,718,513	48,491,866	25,822,144	106,745,206	295,777,729	-222,076,337	73,701,392	
- share premium	43,048,225	13,658,827	0	25,482,089	82,189,141	-31,982,142	50,206,999	
- reserves from profit	283,812,741	47,204,017	473,752	1,816,198	333,306,708	855,359	334,162,067	
- 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	59,056,482	16,378,163	1,680,415	16,839,418	93,954,478	-6,484,418	87,470,060	
- net profit brought forward	64,664,624	25,617,404	4,385,239	37,134,277	131,801,544	34,397,927	166,199,471	
- net profit for the year	33,591,188	1,304,111	-951,837	2,845,374	36,788,836	-2,191,320	34,597,516	
- currency translation differences	-1,927,379	-545,525	0	-26,914	-2,499,818	-4,785	-2,504,603	
- reserve of disposal group held for sale	0	0	0	0	0	0	0	
Non-controlling interests	0	0	0	0	0	2,463,323	2,463,323	
Subordinated liabilities	60,146,590	9,836,674	1,500,000	0	71,483,264	-6,650,847	64,832,417	
Insurance technical provisions	1,109,899,296	1,434,229,388	19,486,132	0	2,563,614,816	-97,774,823	2,465,839,993	
- unearned premiums	419,107,712	494,931	3,705,377	0	423,308,020	-28,797,499	394,510,521	
- mathematical provisions	0	1,394,421,755	0	0	1,394,421,755	0	1,394,421,755	
- claims provisions	662,543,701	20,837,599	12,181,763	0	695,563,063	-67,440,346	628,122,717	
- other insurance technical provisions	28,247,883	18,475,103	3,598,992	0	50,321,978	-1,536,978	48,785,000	
Insurance technical provisions for unit-linked insurance contracts	0	458,033,205	0	0	458,033,205	0	458,033,205	
Employee benefits	11,556,179	2,158,435	545,380	659,977	14,919,971	0	14,919,971	
Other provisions	1,165,904	297,678	48,832	661,649	2,174,063	0	2,174,063	
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0	
Deferred tax liabilities	13,585,123	7,912,940	115,861	4,085,377	25,699,301	-11,923	25,687,378	
Other financial liabilities	4,655,120	5,270,065	49,021	1,488,648	11,462,854	-1,328,000	10,134,854	
Operating liabilities	88,351,844	8,764,554	3,902,036	70,584	101,089,018	-39,305,928	61,783,090	
- liabilities from direct insurance operations	8,389,482	8,738,931	3,716,865	0	20,845,278	-551,975	20,293,303	
- liabilities from reinsurance and co-insurance operations	79,455,921	23,566	185,171	0	79,664,658	-38,753,953	40,910,705	
- current tax liabilities	506,441	2,057	0	70,584	579,082	0	579,082	
Lease liabilities	9,981,736	239,218	0	1,299,549	11,520,503	-11,336	11,509,167	
Other liabilities	52,352,717	5,261,925	5,725,434	15,366,449	78,706,525	-13,480,149	65,226,376	
<i>Off balance sheet items</i>	<i>114,774,968</i>	<i>44,028,684</i>	<i>645,209</i>	<i>86,297,816</i>	<i>245,746,677</i>	<i>0</i>	<i>245,746,677</i>	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT		31 December 2018				TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
		Non-life	Life	Health	Other			
<b>ASSETS</b>	<b>1,760,375,116</b>	<b>1,975,276,808</b>	<b>59,416,391</b>	<b>191,819,384</b>	<b>3,986,887,699</b>	<b>-341,610,212</b>	<b>3,645,277,487</b>	
Intangible assets	75,096,273	4,708,358	1,586,002	2,669,415	84,060,048	0	84,060,048	
Property, plant and equipment	93,567,305	10,132,292	1,415,752	8,180,704	113,296,053	0	113,296,053	
Non-current assets held for sale	0	0	0	2,067,399	2,067,399	0	2,067,399	
Deferred tax assets	12,360,640	261,140	56,415	215,537	12,893,732	0	12,893,732	
Investment property	47,702,415	2,302,311	0	34,471,759	84,476,485	5,363,971	89,840,456	
Right of use assets	0	0	0	0	0	0	0	
Investments in subsidiaries	124,407,877	15,104,174	0	75,550,601	215,062,652	-215,062,652	0	
Investments in associates	11,450,701	611,768	0	2,063,504	14,125,973	0	14,125,973	
- accounted for using the equity method	11,450,701	611,768	0	2,063,504	14,125,973	0	14,125,973	
- measured at fair value	0	0	0	0	0	0	0	
Financial investments	1,021,305,282	1,503,139,163	48,839,718	38,188,070	2,611,472,233	-22,567,936	2,588,904,297	
- loans and deposits	86,843,593	55,853,397	86,107	13,492,572	156,275,669	-17,417,697	138,857,972	
- held to maturity	0	196,773,185	0	0	196,773,185	0	196,773,185	
- available for sale	929,110,722	804,659,540	48,753,611	24,695,498	1,807,219,371	-4,650,604	1,802,568,767	
- recognised at fair value through profit and loss	5,350,967	445,853,041	0	0	451,204,008	-499,635	450,704,373	
Unit-linked insurance assets	0	402,515,770	0	0	402,515,770	0	402,515,770	
Reinsurers' share of technical provisions	159,627,897	10,457	1,551,881	0	161,190,235	-75,269,736	85,920,499	
Receivables	194,823,677	4,599,971	5,408,784	7,790,707	212,623,139	-33,968,261	178,654,878	
- receivables from direct insurance operations	91,221,915	628,631	4,884,391	40,778	96,775,715	-174,387	96,601,328	
- receivables from reinsurance and co-insurance operations	80,340,602	8,525	122,142	0	80,471,269	-29,171,366	51,299,903	
- current tax receivables	561,791	0	0	17,854	579,645	0	579,645	
- other receivables	22,699,369	3,962,815	402,251	7,732,075	34,796,510	-4,622,508	30,174,002	
Other assets	4,747,186	84,188	114,694	556,252	5,502,320	-105,598	5,396,722	
Cash and cash equivalents	15,285,863	31,807,216	443,145	20,065,436	67,601,660	0	67,601,660	
<i>Off balance sheet items</i>	<i>127,285,892</i>	<i>60,375,388</i>	<i>621,358</i>	<i>63,146,489</i>	<i>251,429,127</i>	<i>0</i>	<i>251,429,127</i>	
<b>EQUITY AND LIABILITIES</b>	<b>1,760,375,116</b>	<b>1,975,276,808</b>	<b>59,416,391</b>	<b>191,819,384</b>	<b>3,986,887,699</b>	<b>-341,610,212</b>	<b>3,645,277,487</b>	
Equity	604,805,626	150,637,960	31,627,112	168,514,421	955,585,119	-208,722,314	746,862,805	
Controlling interests	604,805,626	150,637,960	31,627,112	168,514,421	955,585,119	-211,018,313	744,566,806	
- share capital	114,718,513	48,091,866	25,822,144	100,639,031	289,271,554	-215,570,162	73,701,392	
- share premium	43,048,225	13,658,827	0	20,674,547	77,381,599	-27,175,059	50,206,540	
- reserves from profit	283,812,741	47,163,414	473,752	1,744,009	333,193,916	927,548	334,121,464	
- treasury share reserves	0	0	0	0	0	364,680	364,680	
- treasury shares	0	0	0	0	0	-364,680	-364,680	
- fair value reserve	47,853,573	8,989,544	945,975	10,080,974	67,870,066	-1,632,177	66,237,889	
- net profit brought forward	51,019,235	24,525,399	3,190,158	25,363,275	104,098,067	38,385,512	142,483,579	
- net profit for the year	66,373,248	8,815,568	1,195,083	10,038,964	86,422,863	-5,889,220	80,533,643	
- currency translation differences	-2,019,909	-606,658	0	-26,379	-2,652,946	-64,755	-2,717,701	
- reserve of disposal group held for sale	0	0	0	0	0	0	0	
Non-controlling interests	0	0	0	0	0	2,295,999	2,295,999	
Subordinated liabilities	10,777,635	9,835,316	1,500,000	0	22,112,951	-6,650,240	15,462,711	
Insurance technical provisions	981,911,505	1,387,821,429	16,081,286	0	2,385,814,220	-75,311,159	2,310,503,061	
- unearned premiums	311,580,455	427,260	2,932,489	0	314,940,204	-14,773,258	300,166,946	
- mathematical provisions	0	1,357,233,017	0	0	1,357,233,017	0	1,357,233,017	
- claims provisions	643,677,440	20,555,710	9,873,971	0	674,107,121	-59,163,206	614,943,915	
- other insurance technical provisions	26,653,610	9,605,442	3,274,826	0	39,533,878	-1,374,695	38,159,183	
Insurance technical provisions for unit-linked insurance contracts	0	402,598,039	0	0	402,598,039	0	402,598,039	
Employee benefits	11,403,102	2,122,168	550,996	728,308	14,804,574	0	14,804,574	
Other provisions	1,068,693	366,467	116,263	368,132	1,919,555	0	1,919,555	
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0	
Deferred tax liabilities	11,148,486	3,658,070	0	2,397,020	17,203,576	0	17,203,576	
Other financial liabilities	5,172,050	25,655	73,938	4,273,413	9,545,056	-3,924,152	5,620,904	
Operating liabilities	69,814,814	8,716,199	5,331,438	798,734	84,661,185	-29,869,130	54,792,055	
- liabilities from direct insurance operations	6,613,572	8,637,360	5,166,012	0	20,416,944	-699,015	19,717,929	
- liabilities from reinsurance and co-insurance operations	59,430,560	39,784	165,426	0	59,635,770	-29,170,115	30,465,655	
- current tax liabilities	3,770,682	39,055	0	798,734	4,608,471	0	4,608,471	
Lease liabilities	0	0	0	0	0	0	0	
Other liabilities	64,273,205	9,495,505	4,135,358	14,739,356	92,643,424	-17,133,217	75,510,207	
<i>Off balance sheet items</i>	<i>127,285,892</i>	<i>60,375,388</i>	<i>621,358</i>	<i>63,146,489</i>	<i>251,429,127</i>	<i>0</i>	<i>251,429,127</i>	

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA			30 June 2019		
	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
<b>ASSETS</b>	<b>3,849,946,389</b>	<b>460,075,748</b>	<b>4,310,022,137</b>	<b>-383,585,398</b>	<b>3,926,436,739</b>
Intangible assets	85,526,108	18,585,323	104,111,431	10,398,949	114,510,380
Property, plant and equipment	73,005,151	39,831,335	112,836,486	0	112,836,486
Non-current assets held for sale	756,773	1,169,403	1,926,176	0	1,926,176
Deferred tax assets	12,111,020	340,160	12,451,180	0	12,451,180
Investment property	76,163,901	8,534,273	84,698,174	5,363,971	90,062,145
Right of use assets	3,664,456	7,959,913	11,624,369	0	11,624,369
Investments in subsidiaries	234,932,178	6,901,303	241,833,481	-241,833,481	0
Investments in associates	13,300,409	0	13,300,409	0	13,300,409
- accounted for using the equity method	13,300,409	0	13,300,409	0	13,300,409
- measured at fair value	0	0	0	0	0
Financial investments	2,440,010,335	226,585,244	2,666,595,579	-19,358,598	2,647,236,981
- loans and deposits	118,119,790	35,646,390	153,766,180	-14,207,752	139,558,428
- held to maturity	166,297,338	16,367,216	182,664,554	0	182,664,554
- available for sale	1,694,428,390	167,181,200	1,861,609,590	-4,651,152	1,856,958,438
- recognised at fair value through profit and loss	461,164,817	7,390,438	468,555,255	-499,694	468,055,561
Unit-linked insurance assets	435,832,586	20,441,777	456,274,363	0	456,274,363
Reinsurers' share of technical provisions	172,169,708	39,385,869	211,555,577	-97,676,209	113,879,368
Receivables	221,529,920	63,379,298	284,909,218	-40,358,244	244,550,974
- receivables from direct insurance operations	108,999,722	43,759,886	152,759,608	-215,437	152,544,171
- receivables from reinsurance and co-insurance operations	93,097,183	7,610,403	100,707,586	-38,729,364	61,978,222
- current tax receivables	159,655	257,250	416,905	0	416,905
- other receivables	19,273,360	11,751,759	31,025,119	-1,413,443	29,611,676
Other assets	4,645,815	2,654,389	7,300,204	-121,786	7,178,418
Cash and cash equivalents	76,298,029	24,307,461	100,605,490	0	100,605,490
<i>Off balance sheet items</i>	<i>238,685,084</i>	<i>7,061,593</i>	<i>245,746,677</i>	<i>0</i>	<i>245,746,677</i>
<b>EQUITY AND LIABILITIES</b>	<b>3,849,946,389</b>	<b>460,075,748</b>	<b>4,310,022,137</b>	<b>-383,585,398</b>	<b>3,926,436,739</b>
Equity	849,186,757	122,131,861	971,318,618	-225,022,393	746,296,225
Controlling interests	849,186,757	122,131,861	971,318,618	-227,485,716	743,832,902
- share capital	193,805,778	101,971,951	295,777,729	-222,076,337	73,701,392
- share premium	80,632,598	1,556,543	82,189,141	-31,982,142	50,206,999
- reserves from profit	323,185,619	10,121,089	333,306,708	855,359	334,162,067
- treasury share reserves	0	0	0	364,680	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	83,022,718	10,931,760	93,954,478	-6,484,418	87,470,060
- net profit brought forward	134,432,356	-2,630,812	131,801,544	34,397,927	166,199,471
- net profit for the year	34,107,688	2,681,148	36,788,836	-2,191,320	34,597,516
- currency translation differences	0	-2,499,818	-2,499,818	-4,785	-2,504,603
- reserve of disposal group held for sale	0	0	0	0	0
Non-controlling interests	0	0	0	2,463,323	2,463,323
Subordinated liabilities	71,483,264	0	71,483,264	-6,650,847	64,832,417
Insurance technical provisions	2,312,523,294	251,091,522	2,563,614,816	-97,774,823	2,465,839,993
- unearned premiums	331,869,204	91,438,816	423,308,020	-28,797,499	394,510,521
- mathematical provisions	1,326,794,716	67,627,039	1,394,421,755	0	1,394,421,755
- claims provisions	607,688,011	87,875,052	695,563,063	-67,440,346	628,122,717
- other insurance technical provisions	46,171,363	4,150,615	50,321,978	-1,536,978	48,785,000
Insurance technical provisions for unit-linked insurance contracts	437,844,013	20,189,191	458,033,205	0	458,033,205
Employee benefits	12,720,763	2,199,208	14,919,971	0	14,919,971
Other provisions	1,595,777	578,286	2,174,063	0	2,174,063
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0
Deferred tax liabilities	23,961,842	1,737,459	25,699,301	-11,923	25,687,378
Other financial liabilities	8,773,993	2,688,861	11,462,854	-1,328,000	10,134,854
Operating liabilities	71,315,977	29,773,041	101,089,018	-39,305,928	61,783,090
- liabilities from direct insurance operations	16,608,829	4,236,449	20,845,278	-551,975	20,293,303
- liabilities from reinsurance and co-insurance operations	54,166,249	25,498,409	79,664,658	-38,753,953	40,910,705
- current tax liabilities	540,899	38,183	579,082	0	579,082
Lease liabilities	3,536,097	7,984,406	11,520,503	-11,336	11,509,167
Other liabilities	57,004,612	21,701,913	78,706,525	-13,480,149	65,226,376
<i>Off balance sheet items</i>	<i>238,685,084</i>	<i>7,061,593</i>	<i>245,746,677</i>	<i>0</i>	<i>245,746,677</i>

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA			31 December 2018		TOTAL CONSOLIDATED
	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	
<b>ASSETS</b>	<b>3,587,778,966</b>	<b>399,108,733</b>	<b>3,986,887,699</b>	<b>-341,610,212</b>	<b>3,645,277,487</b>
Intangible assets	67,838,193	16,221,855	84,060,048	0	84,060,048
Property, plant and equipment	73,862,701	39,433,352	113,296,053	0	113,296,053
Non-current assets held for sale	756,773	1,310,626	2,067,399	0	2,067,399
Deferred tax assets	12,449,543	444,189	12,893,732	0	12,893,732
Investment property	73,403,971	11,072,514	84,476,485	5,363,971	89,840,456
Right of use assets	0	0	0	0	0
Investments in subsidiaries	209,261,359	5,801,293	215,062,652	-215,062,652	0
Investments in associates	14,125,973	0	14,125,973	0	14,125,973
- accounted for using the equity method	14,125,973	0	14,125,973	0	14,125,973
- measured at fair value	0	0	0	0	0
Financial investments	2,389,333,756	222,138,477	2,611,472,233	-22,567,936	2,588,904,297
- loans and deposits	121,499,643	34,776,026	156,275,669	-17,417,697	138,857,972
- held to maturity	180,405,984	16,367,201	196,773,185	0	196,773,185
- available for sale	1,640,836,316	166,383,055	1,807,219,371	-4,650,604	1,802,568,767
- recognised at fair value through profit and loss	446,591,813	4,612,195	451,204,008	-499,635	450,704,373
Unit-linked insurance assets	384,722,290	17,793,480	402,515,770	0	402,515,770
Reinsurers' share of technical provisions	141,403,785	19,786,450	161,190,235	-75,269,736	85,920,499
Receivables	162,717,347	49,905,792	212,623,139	-33,968,261	178,654,878
- receivables from direct insurance operations	67,526,174	29,249,541	96,775,715	-174,387	96,601,328
- receivables from reinsurance and co-insurance operations	74,531,636	5,939,633	80,471,269	-29,171,366	51,299,903
- current tax receivables	393,705	185,940	579,645	0	579,645
- other receivables	20,265,832	14,530,678	34,796,510	-4,622,508	30,174,002
Other assets	3,631,703	1,870,617	5,502,320	-105,598	5,396,722
Cash and cash equivalents	54,271,572	13,330,088	67,601,660	0	67,601,660
<i>Off balance sheet items</i>	<i>244,238,882</i>	<i>7,190,245</i>	<i>251,429,127</i>	<i>0</i>	<i>251,429,127</i>
<b>EQUITY AND LIABILITIES</b>	<b>3,587,778,966</b>	<b>399,108,733</b>	<b>3,986,887,699</b>	<b>-341,610,212</b>	<b>3,645,277,487</b>
Equity	844,198,944	111,386,175	955,585,119	-208,722,314	746,862,805
Controlling interests	844,198,944	111,386,175	955,585,119	-211,018,313	744,566,806
- share capital	193,083,889	96,187,665	289,271,554	-215,570,162	73,701,392
- share premium	75,825,056	1,556,543	77,381,599	-27,175,059	50,206,540
- reserves from profit	323,113,430	10,080,486	333,193,916	927,548	334,121,464
- treasury share reserves	0	0	0	364,680	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	59,516,559	8,353,507	67,870,066	-1,632,177	66,237,889
- net profit brought forward	110,168,173	-6,070,106	104,098,067	38,385,512	142,483,579
- net profit for the year	82,491,837	3,931,026	86,422,863	-5,889,220	80,533,643
- currency translation differences	0	-2,652,946	-2,652,946	-64,755	-2,717,701
- reserve of disposal group held for sale	0	0	0	0	0
Non-controlling interests	0	0	0	2,295,999	2,295,999
Subordinated liabilities	22,112,951	0	22,112,951	-6,650,240	15,462,711
Insurance technical provisions	2,162,896,237	222,917,983	2,385,814,220	-75,311,159	2,310,503,061
- unearned premiums	242,089,186	72,851,018	314,940,204	-14,773,258	300,166,946
- mathematical provisions	1,292,659,946	64,573,071	1,357,233,017	0	1,357,233,017
- claims provisions	592,072,952	82,034,169	674,107,121	-59,163,206	614,943,915
- other insurance technical provisions	36,074,153	3,459,725	39,533,878	-1,374,695	38,159,183
Insurance technical provisions for unit-linked insurance contracts	385,091,524	17,506,515	402,598,039	0	402,598,039
Employee benefits	12,471,275	2,333,299	14,804,574	0	14,804,574
Other provisions	1,332,752	586,803	1,919,555	0	1,919,555
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0
Deferred tax liabilities	15,847,476	1,356,100	17,203,576	0	17,203,576
Other financial liabilities	2,466,852	7,078,204	9,545,056	-3,924,152	5,620,904
Operating liabilities	72,847,518	11,813,667	84,661,185	-29,869,130	54,792,055
- liabilities from direct insurance operations	16,952,626	3,464,318	20,416,944	-699,015	19,717,929
- liabilities from reinsurance and co-insurance operations	51,715,802	7,919,968	59,635,770	-29,170,115	30,465,655
- current tax liabilities	4,179,090	429,381	4,608,471	0	4,608,471
Lease liabilities	0	0	0	0	0
Other liabilities	68,513,437	24,129,987	92,643,424	-17,133,217	75,510,207
<i>Off balance sheet items</i>	<i>244,238,882</i>	<i>7,190,245</i>	<i>251,429,127</i>	<i>0</i>	<i>251,429,127</i>

CONSOLIDATED INCOME STATEMENT BY SEGMENT	H1 2019				TOTAL
	Non-life	Life	Health	Other	
<b>NET PREMIUM INCOME</b>	<b>296,717,956</b>	<b>111,999,859</b>	<b>83,076,467</b>	<b>0</b>	<b>491,794,282</b>
- 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
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>266,124</b>	<b>0</b>	<b>0</b>	<b>734,673</b>	<b>1,000,797</b>
- 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
<b>INCOME FROM INVESTMENTS</b>	<b>15,055,063</b>	<b>85,781,954</b>	<b>424,262</b>	<b>1,219,473</b>	<b>102,480,752</b>
- 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
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>20,475,838</b>	<b>67,999</b>	<b>18,972</b>	<b>0</b>	<b>20,562,809</b>
- 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
<b>OTHER INCOME</b>	<b>3,156,949</b>	<b>301,637</b>	<b>2,945</b>	<b>14,208,285</b>	<b>17,669,816</b>
<b>NET CLAIMS INCURRED</b>	<b>170,865,545</b>	<b>84,697,256</b>	<b>74,498,295</b>	<b>0</b>	<b>330,061,096</b>
- 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
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>1,391,749</b>	<b>46,425,636</b>	<b>324,166</b>	<b>0</b>	<b>48,141,551</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>41,330,772</b>	<b>0</b>	<b>0</b>	<b>41,330,772</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>5,655,125</b>	<b>12,819</b>	<b>0</b>	<b>0</b>	<b>5,667,944</b>
<b>OPERATING EXPENSES</b>	<b>93,162,985</b>	<b>17,102,313</b>	<b>8,329,697</b>	<b>0</b>	<b>118,594,995</b>
- 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
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>43,436</b>	<b>38,429</b>	<b>0</b>	<b>0</b>	<b>81,865</b>
- 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
<b>EXPENSES FROM INVESTMENTS</b>	<b>4,344,892</b>	<b>4,621,672</b>	<b>45,810</b>	<b>2,572</b>	<b>9,014,946</b>
- 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
<b>OTHER INSURANCE EXPENSES</b>	<b>19,796,932</b>	<b>933,093</b>	<b>414,983</b>	<b>0</b>	<b>21,145,008</b>
<b>OTHER EXPENSES</b>	<b>3,165,034</b>	<b>335,065</b>	<b>-20,663</b>	<b>14,299,987</b>	<b>17,779,423</b>
- 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
<b>PROFIT BEFORE TAX</b>	<b>37,246,232</b>	<b>2,654,394</b>	<b>-69,642</b>	<b>1,859,872</b>	<b>41,690,856</b>
Income tax expense	6,150,209	173,056	0	658,841	6,982,106
<b>NET PROFIT FOR THE PERIOD</b>	<b>31,096,023</b>	<b>2,481,338</b>	<b>-69,642</b>	<b>1,201,031</b>	<b>34,708,750</b>
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

CONSOLIDATED INCOME STATEMENT BY SEGMENT	H1 2018				TOTAL
	Non-life	Life	Health	Other	
<b>NET PREMIUM INCOME</b>	<b>285,707,275</b>	<b>111,684,595</b>	<b>68,539,352</b>	<b>0</b>	<b>465,931,222</b>
- gross written premium	393,817,666	111,793,615	69,168,557	0	574,779,838
- ceded written premium	-59,802,352	-43,761	0	0	-59,846,113
- change in unearned premium reserve	-48,308,039	-65,259	-629,205	0	-49,002,503
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>132,252</b>	<b>0</b>	<b>0</b>	<b>383,678</b>	<b>515,930</b>
- profit on equity investments accounted for using the equity method	132,252	0	0	383,678	515,930
- other income from investments in subsidiaries and associates	0	0	0	0	0
<b>INCOME FROM INVESTMENTS</b>	<b>15,538,098</b>	<b>27,863,239</b>	<b>349,523</b>	<b>47,000</b>	<b>43,797,860</b>
- interest income calculated using the effective interest method	8,910,311	18,704,357	321,901	28,921	27,965,490
- gains on disposals	4,683,031	4,493,344	27,622	0	9,203,997
- other income from investments	1,944,756	4,665,538	0	18,079	6,628,373
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>15,509,280</b>	<b>55,979</b>	<b>26,264</b>	<b>0</b>	<b>15,591,523</b>
- fees and commission income	9,077,265	36,922	0	0	9,114,187
- other income from insurance operations	6,432,015	19,057	26,264	0	6,477,336
<b>OTHER INCOME</b>	<b>2,973,737</b>	<b>52,044</b>	<b>12,782</b>	<b>13,765,318</b>	<b>16,803,881</b>
<b>NET CLAIMS INCURRED</b>	<b>172,541,962</b>	<b>90,412,543</b>	<b>61,832,665</b>	<b>0</b>	<b>324,787,170</b>
- gross claims settled	179,329,163	89,365,218	58,085,625	0	326,780,006
- reinsurers' share	-15,220,564	0	0	0	-15,220,564
- changes in claims provisions	8,433,363	1,047,325	839,523	0	10,320,211
- equalisation scheme expenses for supplementary health insurance	0	0	2,907,517	0	2,907,517
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>720,055</b>	<b>19,187,792</b>	<b>516,156</b>	<b>0</b>	<b>20,424,003</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>-11,884,010</b>	<b>0</b>	<b>0</b>	<b>-11,884,010</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>4,055,845</b>	<b>45,787</b>	<b>0</b>	<b>0</b>	<b>4,101,632</b>
<b>OPERATING EXPENSES</b>	<b>90,822,665</b>	<b>16,833,402</b>	<b>6,328,075</b>	<b>0</b>	<b>113,984,142</b>
- acquisition costs	66,443,798	9,898,669	2,057,240	0	78,399,707
- other operating costs	24,378,867	6,934,733	4,270,835	0	35,584,435
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>6,200</b>	<b>71,450</b>	<b>0</b>	<b>0</b>	<b>77,650</b>
- loss on investments accounted for using the equity method	6,200	71,450	0	0	77,650
- other expenses from financial assets and liabilities	0	0	0	0	0
<b>EXPENSES FROM INVESTMENTS</b>	<b>6,305,352</b>	<b>17,223,984</b>	<b>26,509</b>	<b>1,267</b>	<b>23,557,112</b>
- loss on impairment of investments	776,374	199,920	0	0	976,294
- loss on disposal of investments	2,617,769	3,232,245	7,554	0	5,857,568
- other expenses from investments	2,911,209	13,791,819	18,955	1,267	16,723,250
<b>OTHER INSURANCE EXPENSES</b>	<b>15,544,659</b>	<b>156,445</b>	<b>273,889</b>	<b>0</b>	<b>15,974,993</b>
<b>OTHER EXPENSES</b>	<b>2,156,294</b>	<b>334,360</b>	<b>1,005</b>	<b>13,493,908</b>	<b>15,985,567</b>
- expenses from financing	269,286	281,277	0	921	551,484
- other expenses	1,887,008	53,083	1,005	13,492,987	15,434,083
<b>PROFIT BEFORE TAX</b>	<b>27,707,610</b>	<b>7,274,104</b>	<b>-50,378</b>	<b>700,821</b>	<b>35,632,157</b>
Income tax expense	2,658,691	2,333,445	11,533	663,480	5,667,149
<b>NET PROFIT FOR THE PERIOD</b>	<b>25,048,919</b>	<b>4,940,659</b>	<b>-61,911</b>	<b>37,341</b>	<b>29,965,008</b>
Net profit/loss attributable to the controlling company	24,916,020	4,801,879	-61,911	44,872	29,700,860
Net profit/loss attributable to the non-controlling interest holders	132,899	138,780	0	-7,531	264,148



CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA	H1 2019		TOTAL
	Slovenia	Other	
<b>NET PREMIUM INCOME</b>	<b>405,557,555</b>	<b>86,236,727</b>	<b>491,794,282</b>
- 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
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>1,000,797</b>	<b>0</b>	<b>1,000,797</b>
- 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
<b>INCOME FROM INVESTMENTS</b>	<b>94,434,023</b>	<b>8,046,729</b>	<b>102,480,752</b>
- 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
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>16,216,116</b>	<b>4,346,693</b>	<b>20,562,809</b>
- 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
<b>OTHER INCOME</b>	<b>14,281,249</b>	<b>3,388,567</b>	<b>17,669,816</b>
<b>NET CLAIMS INCURRED</b>	<b>280,593,825</b>	<b>49,467,271</b>	<b>330,061,096</b>
- 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
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>44,442,031</b>	<b>3,699,520</b>	<b>48,141,551</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>38,692,148</b>	<b>2,638,624</b>	<b>41,330,772</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>4,586,934</b>	<b>1,081,010</b>	<b>5,667,944</b>
<b>OPERATING EXPENSES</b>	<b>87,284,718</b>	<b>31,310,277</b>	<b>118,594,995</b>
- acquisition costs	58,118,056	21,460,910	79,578,966
- other operating costs	29,166,662	9,849,367	39,016,029
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>81,865</b>	<b>0</b>	<b>81,865</b>
- loss on investments accounted for using the equity method	81,865	0	81,865
- other expenses from financial assets and liabilities	0	0	0
<b>EXPENSES FROM INVESTMENTS</b>	<b>8,442,464</b>	<b>572,482</b>	<b>9,014,946</b>
- 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
<b>OTHER INSURANCE EXPENSES</b>	<b>18,253,431</b>	<b>2,891,577</b>	<b>21,145,008</b>
<b>OTHER EXPENSES</b>	<b>12,864,953</b>	<b>4,914,470</b>	<b>17,779,423</b>
- expenses from financing	947,116	106,387	1,053,503
- other expenses	11,917,837	4,808,083	16,725,920
<b>PROFIT BEFORE TAX</b>	<b>36,247,371</b>	<b>5,443,485</b>	<b>41,690,856</b>
Income tax expense	6,934,015	48,091	6,982,106
<b>NET PROFIT FOR THE PERIOD</b>	<b>29,313,356</b>	<b>5,395,394</b>	<b>34,708,750</b>
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

in EUR

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA	H1 2018		TOTAL
	Slovenia	Other	
<b>NET PREMIUM INCOME</b>	<b>380,057,876</b>	<b>85,873,346</b>	<b>465,931,222</b>
- gross written premium	470,983,589	103,796,249	574,779,838
- ceded written premium	-50,262,828	-9,583,285	-59,846,113
- change in unearned premium reserve	-40,662,885	-8,339,618	-49,002,503
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>515,930</b>	<b>0</b>	<b>515,930</b>
- profit on equity investments accounted for using the equity method	515,930	0	515,930
- other income from investments in subsidiaries and associates	0	0	0
<b>INCOME FROM INVESTMENTS</b>	<b>38,616,042</b>	<b>5,181,818</b>	<b>43,797,860</b>
- interest income calculated using the effective interest method	24,049,904	3,915,586	27,965,490
- gains on disposals	8,864,733	339,264	9,203,997
- other income from investments	5,701,405	926,968	6,628,373
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>13,168,772</b>	<b>2,422,751</b>	<b>15,591,523</b>
- fees and commission income	8,463,991	650,196	9,114,187
- other income from insurance operations	4,704,781	1,772,555	6,477,336
<b>OTHER INCOME</b>	<b>13,668,797</b>	<b>3,135,084</b>	<b>16,803,881</b>
<b>NET CLAIMS INCURRED</b>	<b>272,512,284</b>	<b>52,274,886</b>	<b>324,787,170</b>
- gross claims settled	278,104,885	48,675,121	326,780,006
- reinsurers' share	-11,276,271	-3,944,293	-15,220,564
- changes in claims provisions	2,776,153	7,544,058	10,320,211
- equalisation scheme expenses for supplementary health insurance	2,907,517	0	2,907,517
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>18,970,000</b>	<b>1,454,003</b>	<b>20,424,003</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-11,496,523</b>	<b>-387,487</b>	<b>-11,884,010</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>3,702,019</b>	<b>399,613</b>	<b>4,101,632</b>
<b>OPERATING EXPENSES</b>	<b>82,369,238</b>	<b>31,614,904</b>	<b>113,984,142</b>
- acquisition costs	56,067,028	22,332,679	78,399,707
- other operating costs	26,302,210	9,282,225	35,584,435
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>77,650</b>	<b>0</b>	<b>77,650</b>
- loss on investments accounted for using the equity method	77,650	0	77,650
- other expenses from financial assets and liabilities	0	0	0
<b>EXPENSES FROM INVESTMENTS</b>	<b>21,568,371</b>	<b>1,988,741</b>	<b>23,557,112</b>
- loss on impairment of investments	964,485	11,809	976,294
- loss on disposal of investments	5,857,312	256	5,857,568
- other expenses from investments	14,746,574	1,976,676	16,723,250
<b>OTHER INSURANCE EXPENSES</b>	<b>12,669,575</b>	<b>3,305,418</b>	<b>15,974,993</b>
<b>OTHER EXPENSES</b>	<b>11,315,318</b>	<b>4,670,249</b>	<b>15,985,567</b>
- expenses from financing	524,243	27,241	551,484
- other expenses	10,791,075	4,643,008	15,434,083
<b>PROFIT BEFORE TAX</b>	<b>34,339,485</b>	<b>1,292,672</b>	<b>35,632,157</b>
Income tax expense	5,604,675	62,474	5,667,149
<b>NET PROFIT FOR THE PERIOD</b>	<b>28,734,810</b>	<b>1,230,198</b>	<b>29,965,008</b>
Net profit/loss attributable to the controlling company	28,618,104	1,082,756	29,700,860
Net profit/loss attributable to the non-controlling interest holders	116,706	147,442	264,148

## **2.6 Segmental analysis of Zavarovalnica Triglav's operations**

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

STATEMENT OF FINANCIAL POSITION	30 June 2019			31 December 2018		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
<b>ASSETS</b>	<b>1,333,776,252</b>	<b>1,604,831,916</b>	<b>2,938,608,168</b>	<b>1,221,102,015</b>	<b>1,527,754,338</b>	<b>2,748,856,353</b>
Intangible assets	66,542,404	4,296,371	70,838,775	57,598,248	4,564,254	62,162,502
Property, plant and equipment	59,004,433	8,160,722	67,165,155	59,735,959	8,250,141	67,986,100
Deferred tax assets	11,676,250	170,821	11,847,071	11,956,605	220,986	12,177,591
Investment property	46,937,798	888,101	47,825,899	44,056,810	1,213,730	45,270,540
Right of use assets	4,413,172	0	4,413,172	0	0	0
Investments in subsidiaries	121,792,669	13,145,998	134,938,667	118,792,669	13,145,998	131,938,667
Investments in associates	18,054,026	0	18,054,026	16,959,355	0	16,959,355
- accounted for using the equity method	0	0	0	0	0	0
- measured at fair value	18,054,026	0	18,054,026	16,959,355	0	16,959,355
Financial investments	744,083,660	1,132,497,120	1,876,580,780	720,655,616	1,119,381,334	1,840,036,950
- loans and deposits	58,724,438	37,495,954	96,220,392	56,833,143	35,837,166	92,670,309
- held to maturity	0	147,502,128	147,502,128	0	159,463,950	159,463,950
- available for sale	684,053,146	751,301,450	1,435,354,596	662,429,210	721,426,295	1,383,855,505
- recognised at fair value through profit and loss	1,306,076	196,197,588	197,503,664	1,393,263	202,653,923	204,047,186
Unit-linked insurance assets	0	413,538,390	413,538,390	0	366,664,078	366,664,078
Reinsurers' share of technical provisions	110,341,388	62,259	110,403,647	87,883,266	10,040	87,893,306
Receivables	131,491,407	2,653,991	134,145,398	93,426,058	3,046,130	96,472,188
- receivables from direct insurance operations	103,216,330	379,373	103,595,703	62,281,265	354,072	62,635,337
- receivables from reinsurance and co-insurance operations	18,177,645	4,388	18,182,033	18,154,451	3,160	18,157,611
- current tax receivables	0	0	0	0	0	0
- other receivables	10,097,432	2,270,230	12,367,662	12,990,342	2,688,898	15,679,240
Other assets	3,515,007	109,008	3,624,015	3,268,118	28,471	3,296,589
Cash and cash equivalents	15,924,038	29,309,135	45,233,173	6,769,311	11,229,176	17,998,487
<i>Off balance sheet items</i>	107,398,771	41,939,615	149,338,386	120,126,047	58,233,180	178,359,227
<b>EQUITY AND LIABILITIES</b>	<b>1,333,776,252</b>	<b>1,604,831,916</b>	<b>2,938,608,168</b>	<b>1,221,102,015</b>	<b>1,527,754,338</b>	<b>2,748,856,353</b>
Equity	451,103,043	91,949,617	543,052,660	466,409,221	93,711,515	560,120,736
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
- reserves from profit	273,448,752	45,513,891	318,962,643	273,448,752	45,513,891	318,962,643
- fair value reserve	49,075,575	10,385,003	59,460,579	41,774,285	5,485,903	47,260,189
- net profit brought forward	9,945,758	0	9,945,758	1,241,127	-1,363	1,239,764
- net profit for the year	26,947,440	621,964	27,569,404	58,259,539	7,284,325	65,543,864
Subordinated liabilities	60,146,590	9,836,673	69,983,263	10,777,635	9,835,316	20,612,951
Insurance technical provisions	735,238,299	1,062,659,493	1,797,897,792	658,684,690	1,037,458,785	1,696,143,475
- unearned premiums	281,148,182	451,512	281,599,694	213,519,363	400,574	213,919,937
- mathematical provisions	0	1,025,689,901	1,025,689,901	0	1,009,712,605	1,009,712,605
- claims provisions	431,600,485	19,445,732	451,046,217	423,416,968	19,143,220	442,560,188
- other insurance technical provisions	22,489,632	17,072,348	39,561,980	21,748,359	8,202,386	29,950,745
Insurance technical provisions for unit-linked insurance contracts	0	414,142,837	414,142,837	0	365,238,075	365,238,075
Employee benefits	9,418,130	1,991,553	11,409,683	9,212,790	1,954,366	11,167,156
Other provisions	753,093	111,700	864,793	646,735	111,700	758,435
Deferred tax liabilities	11,646,901	9,041,559	20,688,460	9,934,252	5,057,075	14,991,327
Other financial liabilities	3,214,909	4,282,520	7,497,429	1,585,693	1,750	1,587,443
Operating liabilities	24,355,250	7,385,374	31,740,624	21,559,229	6,964,343	28,523,572
- liabilities from direct insurance operations	5,173,113	7,372,218	12,545,331	4,348,116	6,958,719	11,306,835
- liabilities from reinsurance and co-insurance operations	19,134,129	13,156	19,147,285	13,814,322	5,624	13,819,946
- current tax liabilities	48,008	0	48,008	3,396,791	0	3,396,791
Lease liabilities	4,504,895	0	4,504,895	0	0	0
Other liabilities	33,395,142	3,430,590	36,825,732	42,291,770	7,421,413	49,713,183
<i>Off balance sheet items</i>	107,398,771	41,939,615	149,338,386	120,126,047	58,233,180	178,359,227

INCOME STATEMENT	H1 2019			H1 2018		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
<b>NET PREMIUM INCOME</b>	<b>189,842,093</b>	<b>86,698,546</b>	<b>276,540,639</b>	<b>186,534,527</b>	<b>87,293,151</b>	<b>273,827,678</b>
- gross written premium	298,166,319	87,109,859	385,276,178	278,215,571	87,491,241	365,706,812
- ceded written premium	-68,111,292	-360,381	-68,471,673	-55,797,854	-135,740	-55,933,594
- change in unearned premium reserve	-40,212,934	-50,932	-40,263,866	-35,883,190	-62,350	-35,945,540
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>3,461,022</b>	<b>0</b>	<b>3,461,022</b>	<b>4,840,648</b>	<b>0</b>	<b>4,840,648</b>
- profit on equity investments accounted for using the equity method	0	0	0	0	0	0
- other income from investments in subsidiaries and associates	3,461,022	0	3,461,022	4,840,648	0	4,840,648
<b>INCOME FROM INVESTMENTS</b>	<b>10,318,987</b>	<b>64,127,436</b>	<b>74,446,423</b>	<b>10,409,663</b>	<b>20,877,818</b>	<b>31,287,481</b>
- interest income calculated using the effective interest method	4,582,097	13,441,393	18,023,490	5,200,349	13,472,420	18,672,769
- gains on disposals	5,186,306	4,137,714	9,324,020	4,282,749	4,374,459	8,657,208
- other income from investments	550,584	46,548,329	47,098,913	926,565	3,030,939	3,957,504
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>17,347,718</b>	<b>210,910</b>	<b>17,558,628</b>	<b>14,374,709</b>	<b>88,198</b>	<b>14,462,907</b>
- fees and commission income	11,808,182	195,112	12,003,294	9,332,103	75,385	9,407,488
- other income from insurance operations	5,539,536	15,798	5,555,334	5,042,606	12,813	5,055,419
<b>OTHER INCOME</b>	<b>3,367,060</b>	<b>2,129,761</b>	<b>5,496,821</b>	<b>3,385,037</b>	<b>2,029,190</b>	<b>5,414,227</b>
<b>NET CLAIMS INCURRED</b>	<b>110,229,521</b>	<b>72,614,011</b>	<b>182,843,532</b>	<b>115,234,177</b>	<b>79,662,179</b>	<b>194,896,356</b>
- gross claims settled	119,313,253	72,599,511	191,912,764	125,019,496	78,911,160	203,930,656
- reinsurers' share	-12,210,686	-235,799	-12,446,485	-14,886,449	-30,088	-14,916,537
- changes in claims provisions	3,126,954	250,299	3,377,253	5,101,130	781,107	5,882,237
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>741,273</b>	<b>25,219,119</b>	<b>25,960,392</b>	<b>643,635</b>	<b>13,993,033</b>	<b>14,636,668</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>34,844,420</b>	<b>34,844,420</b>	<b>0</b>	<b>-16,319,228</b>	<b>-16,319,228</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>4,587,409</b>	<b>0</b>	<b>4,587,409</b>	<b>3,926,629</b>	<b>0</b>	<b>3,926,629</b>
<b>OPERATING EXPENSES</b>	<b>63,149,692</b>	<b>15,761,989</b>	<b>78,911,681</b>	<b>60,722,545</b>	<b>15,446,302</b>	<b>76,168,847</b>
- acquisition costs	45,463,958	10,625,383	56,089,341	44,906,069	10,487,839	55,393,908
- other operating costs	17,685,734	5,136,606	22,822,340	15,816,476	4,958,463	20,774,939
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>17</b>	<b>0</b>	<b>17</b>	<b>764</b>	<b>0</b>	<b>764</b>
- loss on investments accounted for using the equity method	0	0	0	0	0	0
- other expenses from financial assets and liabilities	17	0	17	764	0	764
<b>EXPENSES FROM INVESTMENTS</b>	<b>3,664,475</b>	<b>3,298,552</b>	<b>6,963,027</b>	<b>5,194,854</b>	<b>11,632,273</b>	<b>16,827,127</b>
- loss on impairment of investments	94,699	94,698	189,397	772,166	192,319	964,485
- loss on disposal of investments	2,086,771	2,242,825	4,329,596	2,603,017	3,160,662	5,763,679
- other expenses from investments	1,483,005	961,029	2,444,034	1,819,671	8,279,292	10,098,963
<b>OTHER INSURANCE EXPENSES</b>	<b>7,146,897</b>	<b>313,979</b>	<b>7,460,876</b>	<b>5,186,478</b>	<b>162,850</b>	<b>5,349,328</b>
<b>OTHER EXPENSES</b>	<b>2,611,515</b>	<b>319,563</b>	<b>2,931,078</b>	<b>1,927,890</b>	<b>330,147</b>	<b>2,258,037</b>
- expenses from financing	743,628	292,492	1,036,120	320,310	295,064	615,374
- other expenses	1,867,887	27,071	1,894,958	1,607,580	35,083	1,642,663
<b>PROFIT BEFORE TAX</b>	<b>32,206,081</b>	<b>795,020</b>	<b>33,001,101</b>	<b>26,707,612</b>	<b>5,380,801</b>	<b>32,088,413</b>
Income tax expense	5,258,641	173,056	5,431,697	2,578,495	2,333,445	4,911,940
<b>NET PROFIT FOR THE PERIOD</b>	<b>26,947,440</b>	<b>621,964</b>	<b>27,569,404</b>	<b>24,129,117</b>	<b>3,047,356</b>	<b>27,176,473</b>

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

### **Intangible assets**

In the reporting period, the book value of intangible assets of the Triglav Group increased by EUR 30.5 million. The increase largely (EUR 19.5 million) resulted from the acquisition of Alta Skladi, družba za upravljanje d.d. Long-term deferred acquisition costs have increased by EUR 12.5 million, while new purchases of licences and software equalled EUR 2.4 million. In the first half year of 2019, amortisation reached EUR 3.9 million.

In the reporting period, the book value of intangible assets of Zavarovalnica Triglav increased by EUR 8.7 million. In the separate financial statements, the change as well mainly refers to the increase in long-term deferred acquisition costs. These have increased by EUR 10 million. New purchases of other intangible assets in the amount of EUR 1.4 million primarily relate to the purchase of licences and software. In the first half year of 2019 amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 2.7 million.

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

In the first half year of 2019, the book value of property, plant and equipment of the Triglav Group decreased by EUR 460 thousand. The decrease was a result of the transfer of assets to investment property in the amount of EUR 1 million. In the first half year of 2019, Triglav Group acquired new property, plant and equipment worth EUR 4.7 million and sold it in the carrying amount of EUR 70 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 3.8 million.

In the reporting period, the book value of property, plant and equipment of Zavarovalnica Triglav decreased by EUR 830 thousand. In the first half year of 2019, 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 2.2 million.

### **Investment property**

The book value of investment property of the Group decreased by EUR 222 thousand. In the reporting period, the Group purchased investment property in the amount of EUR 4.5 million and sold it in the carrying amount of EUR 4.2 million. In the first half year of 2019, depreciation of investment property of the Group amounted to EUR 656 thousand.

In the first half year of 2019, the book value of investment property of Zavarovalnica Triglav increased by EUR 2.6 million. Zavarovalnica Triglav purchased new investment property worth EUR 3.8 million and sold it in the carrying amount of EUR 790 thousand. In the reporting period, depreciation of investment property amounted to EUR 416 thousand.

## Financial assets and unit-linked insurance assets

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

	Carrying amount		Fair value		in EUR
<b>Triglav Group</b>	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>	
Loans and deposits	139,558,428	138,857,972	140,312,102	138,681,009	
Held to maturity	182,664,554	196,773,185	229,173,967	236,599,916	
Available for sale	1,856,958,438	1,802,568,767	1,856,958,438	1,802,568,767	
Investments recognised at fair value	468,055,561	450,704,373	468,055,561	450,704,373	
Unit-linked insurance assets	456,274,363	402,515,770	456,502,916	402,856,839	
<b>TOTAL</b>	<b>3,103,511,344</b>	<b>2,991,420,067</b>	<b>3,151,002,983</b>	<b>3,031,410,904</b>	

	Carrying amount		Fair value		in EUR
<b>Zavarovalnica Triglav</b>	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>	
Loans and deposits	96,220,392	92,670,309	95,643,908	91,151,215	
Held to maturity	147,502,128	159,463,950	190,721,594	195,583,229	
Available for sale	1,435,354,596	1,383,855,505	1,435,354,596	1,383,855,505	
Investments recognised at fair value	197,503,664	204,047,186	197,503,664	204,047,186	
Unit-linked insurance assets	413,538,390	366,664,078	413,538,390	366,989,905	
<b>TOTAL</b>	<b>2,290,119,170</b>	<b>2,206,701,028</b>	<b>2,332,762,152</b>	<b>2,241,627,040</b>	

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

### Triglav Group

						in EUR
<b>Values as at 30 June 2019</b>	<b>L&amp;R</b>	<b>HTM</b>	<b>AFS</b>	<b>FVTPL</b>	<b>Total</b>	
Equity instruments	0	0	132,740,617	51,918,730	184,659,347	
Debt instruments	6,418,096	182,664,554	1,724,217,821	414,830,755	2,328,131,227	
Derivative financial instruments	0	0	0	1,306,076	1,306,076	
Unit-linked financial assets	4,349,549	0	0	451,924,814	456,274,363	
Loans	133,140,332	0	0	0	133,140,332	
<b>Total</b>	<b>143,907,977</b>	<b>182,664,554</b>	<b>1,856,958,438</b>	<b>919,980,375</b>	<b>3,103,511,344</b>	

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

## Zavarovalnica Triglav

in EUR					
Values as at 30 June 2019	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	90,303,301	0	90,303,301
Debt instruments	6,394,507	147,502,128	1,345,051,295	196,197,588	1,695,145,518
Derivative financial instruments	0	0	0	1,306,076	1,306,076
Unit-linked financial assets	4,150,160	0	0	409,388,230	413,538,390
Loans	89,825,885	0	0	0	89,825,885
<b>Total</b>	<b>100,370,552</b>	<b>147,502,128</b>	<b>1,435,354,596</b>	<b>606,891,894</b>	<b>2,290,119,170</b>

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

### Legend:

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

### Overview of financial assets according to valuation levels

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

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



## Triglav Group

in EUR				
<b>As at 30 June 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities	136,821,488	954,572	46,883,287	184,659,347
Debt securities	399,702,207	1,739,346,369	0	2,139,048,576
Derivative financial instruments	0	1,306,076	0	1,306,076
Unit-linked financial assets	393,848,855	58,075,959	0	451,924,814
<b>Total</b>	<b>930,372,550</b>	<b>1,799,682,976</b>	<b>46,883,287</b>	<b>2,776,938,813</b>

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

## Zavarovalnica Triglav

in EUR				
<b>As at 30 June 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities	48,936,307	0	41,366,994	90,303,301
Debt securities	324,814,741	1,216,434,142	0	1,541,248,883
Derivative financial instruments	0	1,306,076	0	1,306,076
Unit-linked financial assets	358,389,563	50,998,667	0	409,388,230
<b>Total</b>	<b>732,140,611</b>	<b>1,268,738,885</b>	<b>41,366,994</b>	<b>2,042,246,490</b>

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

## Value assessment techniques and inputs used for measurement purposes

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value
<b>EXTERNAL APPRAISERS (market operator)</b>				
Debt securities - composite	stochastic model, HW1f and HW2f network models	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, correlation matrix, volatility indices		level 2
Debt securities – composite with exposure to stock markets	stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, index volatility		level 2
Derivatives	Black-Scholes model	index volatility		level 2
<b>BLOOMBERG BVAL</b>				
Debt securities issued by companies and financial institutions and government securities	cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings, past transactions, binding listings		level 2
<b>INTERNAL APPRAISERS</b>				
Debt securities - government	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	Republic of Slovenia issuer yield curve (Bloomberg ID: I259 Curncy); credit spread between 0% and 1.1%	level 2
Debt securities - companies and financial institutions	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	Republic of Slovenia issuer yield curve (Bloomberg ID: I259 Curncy); credit spread between 0.3% and 2.7%	level 2
Equity securities	cash flow discounting	g (growth rate during constant growth period)	2%	level 3
		EBIT margin (constant growth period)	36%	
		discount rate	12.6%	
		lack of marketability discount	10% - 23%	
Investments in associates	cash flow discounting	change in real estate prices		level 3
		g (growth rate during constant growth period)	2%	
		net margin (constant growth period)	3.2%-3.46%	
		discount rate	8.8%-11.8%	
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% - 9.8% depending on risk/location	level 3
Investment property			Market values based on information available	

## Changes of Level 3 financial assets

in EUR

	Triglav Group		Zavarovalnica Triglav	
	2019	2018	2019	2018
Opening balance as at 1 January	35,999,032	37,121,010	30,059,866	32,816,954
Purchases	16,470,980	2,959,706	16,289,209	2,959,706
Disposals	-5,726,267	-14,676,792	-5,040,824	-14,674,743
Revaluations through income statement	214,523	-7,601	92,535	0
Revaluations through Equity	-33,792	278,394	-33,792	278,409
Transfers from Level 1 and Level 2	-42,238	28,472	0	0
Exchange rate difference	1,049	3,249	0	0
Closing balance as at 30 June	46,883,287	25,706,438	41,366,994	21,380,326

In the first half year of 2019, the value of financial assets classified into Level 3 increased due to the payments into venture capital funds. The bulk of the purchases related to the payments into the funds managed by Triglav in the amount of EUR 7 million and into the Universal 4 Alternative Management fund managed by Meag. Disposals mainly related to the sale of Gorenjska banka d.d. shares in the total amount of EUR 4.7 million. Revaluation is the result of changes in the value of venture capital funds.

### Impairments

In the first half year of 2019, losses resulting from permanent impairment of financial assets were recognised in the amount of EUR 189 thousand in Zavarovalnica Triglav. The impairment of financial assets at the Group level totalled EUR 238 thousand. No impairment losses were recognised among other fixed assets.

### Subordinated debt instruments

On 24 April 2019, Zavarovalnica Triglav issued a subordinated bond in the amount of EUR 50 million (500 denominations of EUR 100,000). For solvency purposes, the bond is classified into Tier 2 own funds. The final maturity date of said bond is 22 October 2049 and the first call date is 22 October 2029. Until the first call interest is paid annually at the fixed interest rate of 4.375%. Thereafter the interest rate is variable, i.e. 3-month Euribor + 4.845%, and interest is paid quarterly. The bond is valued at amortised cost in the financial statements. As at 30 June 2019, the fair value of the bond was EUR 50,922,582.

The bond was listed on the Luxembourg Stock Exchange on 30 April 2019 (ISIN code XS1980276858).

### Contingent liabilities

In the first half year of 2019, no potential liability for guarantees given were recognised in Zavarovalnica Triglav. In off-balance-sheet assets, Zavarovalnica Triglav decreased assets for alternative investments by EUR 16 million and increased assets under option contracts by EUR 13.6 million. In the reporting period, no member of the Triglav Group accepted potential liability for guarantees given.

### Distribution of accumulated profits

On 28 May 2019, the General Meeting of Shareholders of Zavarovalnica Triglav decided on the distribution of accumulated profit, totalling EUR 66,783,628 as at 31 December 2018. A part of the accumulated profit in the amount of EUR 56,837,870 was allocated to dividend payments, amounting to EUR 2.5 gross per share. Dividends were paid to the KDD account on 13 June 2019.

The distribution of the remaining part of accumulated profit shall be decided on in the following years.

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

### **Acquisition of Alta Skladi, družba za upravljanje d.d.**

Triglav Skladi d.o.o., as the acquirer, acquired a 100% equity stake in ALTA Skladi, družba za upravljanje d.d. (hereinafter: Alta Skladi), thereby obtaining 100% of the voting rights and a controlling interest in said company. The activity of the acquiree is the provision of investment fund management services. The purpose of the acquisition was to obtain the right to manage their investment funds and to take advantage of the positive effects of the companies' merger and the integration of fund management.

This transaction involves the acquisition of Alta Skladi, which is a business combination in the Group. In the consolidated financial statements, the said business combination was accounted for using the acquisition method. As at the acquisition date of 30 April 2019, all assets acquired and liabilities assumed of Alta Skladi were measured at fair value. The right or authorisation for fund management as the list of buyers was recognised in the net fair value of assets and is separately included in intangible assets. The value was calculated on the basis of valuation using the excess earnings method. The 10-year useful life was taken into account. Deferred tax was also calculated.

The consideration for the purchase of the company is EUR 22.5 million and consists of a fixed and variable amount. The variable part of consideration, which is contingent consideration, consists of a deferred payment of EUR 1,930,000 (for potential lawsuits, legal proceedings, breach of warranty or agreement mistakes). The deferred payment lasts for a maximum of 5 years + 60 days. The second portion of the variable amount totals maximum EUR 2.4 million and depends on net payments from the Flegma product. This value was assessed based on the data on net inflows from this product in the past and the present year using the discounted cash flow method. Contingent consideration is also recognised as a financial liability. As at 30 June 2019, the financial liability of contingent consideration amounted to EUR 3,527,000.

Total consideration exceeds the net asset value by EUR 10.4 million and is recognised as goodwill in the consolidated financial statements. Goodwill is the value of synergy effects arising from increased assets under management, greater market visibility and the synergy effects of pooling the fund managers' knowledge.

The items of assets acquired and liabilities assumed and the calculation of goodwill as at the acquisition date of 30 April 2019 are as follows:

Recognised amounts	Fair value as at 30 April 2019
<b>ASSETS ACQUIRED</b>	<b>13,911,407</b>
Intangible assets	8,722,477
Property, plant and equipment	25,609
Financial investment	965,902
Operating receivables	583,545
Other receivables	426,717
Other assets	324,247
Cash and cash equivalents	2,862,910
<b>LIABILITIES ASSUMED</b>	<b>1,791,221</b>
Provisions for retirement benefits	23,128
Other provisions	292,322
Deferred tax liabilities	1,108,838
Operating liabilities	194,485
Current tax liabilities	36,534
Other liabilities	135,914
<b>TOTAL IDENTIFIABLE NET ASSETS</b>	<b>12,120,186</b>
<b>CONSIDERATION</b>	<b>22,519,136</b>
- fixed consideration	18,606,034
- contingent consideration	3,913,102
- deferred consideration	1,930,000
- consideration for Flegma product	1,983,102
<b>FINANCIAL LIABILITY</b> for contingent consideration	<b>3,913,102</b>
<b>GOODWILL</b>	<b>10,398,949</b>

Goodwill adjustments are possible during the measurement period (within one year of the acquisition), but only because of a change in contingent consideration and any changes in the fair value of assets acquired and liabilities assumed that relate to the facts and circumstances existing as at the acquisition date. Any changes in the fair value of financial liabilities of contingent consideration due to new information relating to changes in events after the acquisition date will be recognised in profit or loss.

From 1 May to 30 June 2019, Alta Skladi d.d. generated income of EUR 1,019,069 and net profit of EUR 207,162.

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

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

#### **Capital increase of Lovćen Auto d.o.o.**

Lovćen Osiguranje a.d. increased its equity stake in its subsidiary Lovćen Auto d.o.o. in the amount of EUR 2,100,000, thus remaining a 100% owner of the said company.

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

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

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

In Q2 2019, Triglav Svetovanje d.o.o. and Triglav Osiguranje d.d., Zagreb increased the capital of their subsidiary Triglav Savjetovanje d.o.o., Zagreb in accordance with their proportional stakes.

The capital increase was raised by in-cash contributions of HRK 2,100,000 or EUR 284 thousand, As a result, both companies maintained their stakes in said company, 51% and 49% respectively.

#### **Establishment of Triglav penzisko društvo a.d., Skopje**

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

#### **Sale of ZIF Prof Plus d.d., Sarajevo**

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

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

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

## 2.9 Related party transactions

### Revenues of the Management and Supervisory Board

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

in EUR							
Surname and name	Fixed salaries (gross)	Other additional payments*	Bonuses	Net pay received	Insurance premiums**	Other benefits***	Reimbursements
Slapar Andrej	89,461	2,017	48,895	52,289	28,923	564	842
Ivanc Uroš	84,988	2,017	46,450	47,787	19,898	2,864	759
Čoroli Tadej	84,988	2,017	46,450	47,237	19,870	4,788	498
Smolnikar Barbara	84,988	2,017	24,590	38,889	19,607	4,776	361
Makoter Marica	84,988	2,017	46,450	47,014	19,862	4,164	350
Jošar Benjamin****	0	0	4,400	2,570	0	0	0
<b>TOTAL</b>	<b>429,413</b>	<b>10,085</b>	<b>217,235</b>	<b>235,786</b>	<b>108,160</b>	<b>17,156</b>	<b>2,810</b>

\* Other additional payments include holiday allowances.

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

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

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

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

As at 30 June 2019, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

in EUR		
Surname and name	Receivables as at 30 June 2019	Liabilities as at 30 June 2019
Slapar Andrej	0	69,944
Ivanc Uroš	6	66,390
Čoroli Tadej	30	66,402
Smolnikar Barbara	14	42,743
Makoter Marica	16	66,396
Jošar Benjamin****	0	8,223
<b>TOTAL</b>	<b>66</b>	<b>320,098</b>

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

in EUR					
Surname and name	Compensation	Attendance fee	Reimbursements	Total gross pay	Total net pay
Stebernak Igor	11,719	2,112	433	14,264	10,374
Andoljšek Andrej	8,438	1,320	0	9,758	7,097
Tomažević Milan	8,594	1,320	433	10,347	7,525
Škerjanec Žiga	9,375	2,332	433	12,140	8,830
Damjanovič Nataša	9,375	2,992	433	12,800	9,310
Gobbo Mario	8,594	1,980	30,473	41,047	27,039
Celar Peter	7,812	1,045	73	8,930	6,495
Molan Boštjan	7,812	2,112	507	10,431	7,587
Sotošek Ivan	7,812	1,265	1,146	10,223	7,435
Kolenc Simon*	3,125	1,100	176	4,401	3,201
<b>Total</b>	<b>82,656</b>	<b>17,578</b>	<b>34,107</b>	<b>134,341</b>	<b>94,893</b>

\* External committee member.

As at 30 June 2019, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

in EUR		
Surname and name	Receivables as at 30 June 2019	Liabilities as at 30 June 2019
Stebernak Igor	0	2,489
Andoljšek Andrej	0	1,687
Tomažević Milan	0	1,864
Škerjanec Žiga	0	2,021
Damjanovič Nataša	0	2,021
Gobbo Mario	0	1,880
Gorjan Branko	0	1,250
Celar Peter	0	1,562
Molan Boštjan	0	146
Sotošek Ivan	0	146
Kolenc Simon*	0	625
Štimac Dubravko	449	0
<b>TOTAL</b>	<b>449</b>	<b>15,691</b>

\* External committee member.



## Transactions with subsidiaries

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

	in EUR	
	30 June 2019	31 December 2018
<b>ASSETS</b>		
Shares	134,938,667	131,938,667
Debt securities and loans	11,113,061	14,264,601
Right of use assets	925,417	0
Receivables from insurers	38,997	13,835
Premium receivable from re-insurance	3,319,469	2,561,802
Receivables from co-insurers' share in claim	820	245
Receivables from re-insurers' share in claim	5,338,397	8,499,977
Other short-term receivables from insurance operation	46,944	30,972
Short term receivables from financing	80,440	1,372,945
Other short-term receivables	691,102	740,157
Long-term receivables	0	0
Deffered short-term expenses of insurance contract acquisition	31,491	30,809
<b>LIABILITIES</b>		
Liabilities to agents and brokers	364,953	350,644
Liabilities for co-insurance premiums	22,604	13,862
Liabilities for re-insurance premiums	9,489,775	9,022,657
Liabilities for co-insurers' share in claim	0	13,712
Liabilities for re-insurers' share in claims	1,124,769	684,674
Other liabilities from co-insurance and re-insurance	116,774	0
Lease liabilities	930,848	0
Other short-term liabilities	119,020	163,432

	in EUR	
	H1 2019	H1 2018
<b>INCOME AND EXPENSES</b>		
Gross written premium and active reinsurance premium	9,418,883	9,498,970
Outward re-/co-insurance premium (-)	-39,676,160	-35,471,589
<b>Net premium income</b>	<b>-30,257,277</b>	<b>-25,972,619</b>
Reinsurance commission income	8,332,783	6,339,948
Other income from insurance operations	2,149,176	2,441,063
Interest income	246,799	388,023
Other insurance income	846,477	895,825
Income from land and buildings	395,807	402,614
Other income	183,676	141,379
Dividends	3,172,950	4,442,997
Other income from financial assets	285	9,627
<b>TOTAL INCOME</b>	<b>-14,929,324</b>	<b>-10,911,143</b>
Gross claims settled	2,003,418	4,108,805
Re-/co-insurers' share in gross claim	-9,532,198	-10,196,190
Shares in indemnities from assumed co-insurances abroad	0	0
<b>Net claims</b>	<b>-7,528,780</b>	<b>-6,087,385</b>
Expenses for reinsurance premiums	972,875	989,272
Other financial expenses	17	764
Interest expenses on lease liabilities	11,905	0
Depreciation of rights to use assets	45,009	0
<b>TOTAL EXPENSES</b>	<b>-6,498,974</b>	<b>-5,097,349</b>

## Transactions with associates

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

	Triglav Group		Zavarovalnica Triglav	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<b>ASSETS</b>				
Shares	13,300,409	14,125,973	18,054,026	16,959,355
Receivables from insurers	2,634	618	2,470	182
Other short – term deferred items	56	0	0	0
<b>LIABILITIES</b>				
Liabilities to policy holders	27	27	0	0
Liabilities to agents and brokers	12,127	11,752	12,127	11,236
Other short - term liabilities	21,438	484	0	0
Accrued expenses	1,131	702	0	0

	Triglav Group		Zavarovalnica Triglav	
	H1 2019	H1 2018	H1 2019	H1 2018
Gross written premium	29,999	28,000	28,800	26,364
Income from dividends	0	0	40,988	0
<b>TOTAL INCOME</b>	<b>29,999</b>	<b>28,000</b>	<b>96,788</b>	<b>26,364</b>
Gross claims settled	23,247	537	23,247	537
Acquisition costs	2,429	4,009	0	0
<b>TOTAL EXPENSES</b>	<b>25,676</b>	<b>4,546</b>	<b>23,247</b>	<b>537</b>

## Transactions with shareholders and shareholder-related companies

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

The shareholder-related companies are those in which SDH and the Republic of Slovenia together directly hold at least a 20% stake. As at 30 June 2019, 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.

	Triglav Group		Zavarovalnica Triglav	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
in EUR				
<b>ASSETS</b>				
Stakes and shares	9,418,539	9,017,103	17,772,138	16,269,741
Debt securities	74,997,060	80,752,961	56,204,019	65,876,560
Operating receivables	6,594	5,747	14,036	10,383
Re-insurance receivables	0	0	22,302	39,386
Other assets	6,924,584	4,983,653	0	0
<b>LIABILITIES</b>				
Operating liabilities	1,020,063	2,056,005	1,220,118	1,861,031
Re-insurance liabilities	0	0	8,490	33,852
	<b>H1 2019</b>	<b>H1 2018</b>	<b>H1 2019</b>	<b>H1 2018</b>
<b>INCOME</b>				
Gross written premium	11,984,815	13,392,008	12,198,060	13,469,405
Financial income	1,016,548	1,160,280	748,342	711,671
Other income	30,351	102,285	57,306	102,263
<b>EXPENSES</b>				
Gross claims settled	3,696,561	3,727,936	3,763,075	3,724,184
Financial expenses	101,538	170,084	69,355	54,850
Other expenses	5,179,427	6,782,961	5,317,347	5,036,646

## 2.10 Significant events after the reporting date

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

On 31 July 2019, S&P Global Ratings affirmed its »A« Long-Term Credit Rating and Financial Strength Rating of the Triglav Group and thereby of its parent company Zavarovalnica Triglav and its subsidiary Pozavarovalnica Triglav Re. Both ratings have a stable medium-term outlook. According to S&P, the high rating is a reflection of the Triglav Group's leading position in the insurance and asset management markets in Slovenia, as well as its position and strengthening in the regional markets. Furthermore, the Agency pointed out the Group's stable and profitable operations, adequate risk profile and strong capital adequacy.

Zavarovalnica Triglav and Sava Re, d.d. signed a purchase agreement, under which Zavarovalnica Triglav has the option to acquire a 40% stake in the share capital of Diagnostični center Bled, d.o.o., representing 50% of the voting rights. Zavarovalnica Triglav and Sava Re intend to obtain joint control of Diagnostični center Bled, d.o.o. via ZTSR d.o.o., which is jointly owned by both companies. The investment is part of the regular activities of pursuing the financial investment management policy of the Triglav Group and will not have a significant impact on the structure of its financial investment portfolio. Before the transaction is executed, certain conditions precedent have to be fulfilled.