



Zavarovalnica Triglav, d.d.  
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**triglav**

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# Unaudited Interim Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2017 to 30 June 2017



## MANAGEMENT BOARD:

President: Andrej Slapar

Members: Benjamin Jošar

Uroš Ivanc

Tadej Čoroli

Marica Makoter

Ljubljana, August 2017



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

In 2017, the Triglav Group has continued to effectively implement its strategic guidelines of profitability and safety of operations. In the first half of 2017, the Group operated well and posted a net profit of EUR 36.1 million or 6% more than in the same period last year, whilst profit before tax amounted to EUR 42.4 million (index 98). The Group is financially solid as its capital adequacy ratio stood at 246% as at the 2016 year-end. Taking into account the business conditions anticipated until the end of the year, we estimate that the annual profit before tax of the Triglav Group will be within the planned range.

As the result of economic recovery, the situation on the Group's insurance markets has been improving despite the persisting aggressive competitive conditions. In 2017, we continued to carry out intensive sales activities, adapt the pricing policy, create new insurance products and redesign the existing ones, which are gradually upgraded with assistance services. In the first half of 2017, the Group increased its insurance portfolio, raised the scope of insurance coverage with existing policyholders and acquired new clients. The results are satisfying; the Group booked a total of EUR 547.8 million in consolidated insurance premium or 8% more than in the respective period of 2016. Premium growth was recorded in all three insurance segments and on all insurance markets in which the Group operates. The average growth on the Slovene market was 7% and on the markets outside of Slovenia it stood at 12%. We are pleased that the proportion of insurance premium in the markets outside Slovenia is gradually increasing, up by 0.6 percentage point to 17.6% compared with the same period last year.

The Group's performance was affected to a certain extent by mass loss events, which amounted to EUR 13.1 million in the reporting period. Gross claims paid totalled EUR 314.2 million, up by 4% compared to the corresponding period of 2016. The increase in gross claims paid is the result of the increased scope of insurance coverage and a higher claim frequency. Premium growth is also connected to increased insurance business operating expenses (4%), primarily due to higher acquisition costs. The Group's combined ratio of 95.5% as at the reporting date is favourable despite the increase in the claims ratio.

As at 30 June 2017, the Group's financial investments totalled EUR 3,062.5 million. They are managed in line with the investment policy, which we consider to be effective in the low interest rate environment. Returns on financial investments in the first half of 2017 rose by 13% compared to the year before, partly as the result of some one-off events in 2016 and this year.

The year 2017 is the first year of the new strategy period. The Triglav Group is being transformed into a group that develops new ways of doing business as the foundation of its responsible long-term development, while at the same time operating profitably and safely. With a team of over 5,100 employees, the Triglav Group is changing the way it is governed, renewing its organisational culture and digitising its operations. In the first six months of 2017, a number of activities were undertaken within the Group. Some were carried out in order to continue the

work started in previous years, while others represent new projects. We will certainly try to effectively achieve our strategic objectives.

**Andrej Slapar**

**President of the Management Board of Zavarovalnica Triglav**

A handwritten signature in blue ink, consisting of a stylized 'S' followed by a horizontal line with a small peak at the end.

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# 1. FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP IN THE FIRST HALF OF 2017

## 1.1 Performance of the Triglav Group

	in EUR million		
	H1 2017	H1 2016	Index 2017/2016
Gross written premium from insurance, reinsurance and co-insurance contracts	547.8	506.6	108
Net premium income	440.0	415.6	106
Gross claims paid*	314.2	301.1	104
Net claims incurred	312.4	294.2	106
Gross operating costs**	122.5	117.8	104
Profit before tax	42.4	43.2	98
Net profit	36.1	34.2	106
Net profit attributable to the controlling company	35.7	33.5	107
	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>Index 2017/2016</b>
Insurance technical provisions as at	2,765.5	2,660.8	104
Equity as at	716.4	744.3	96
Equity attributable to the controlling company as at	708.9	734.0	97
Number of employees as at	5,102	5,046	101

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

\*\*Insurance business gross operating costs

## Key performance indicators of the Triglav Group

	H1 2017	H1 2016
ROE annualised	10.2%	10.1%
Claims ratio	66.1%	63.1%
Expense ratio	29.4%	30.3%
Combined ratio	95.5%	93.4%
Ratio between gross operating costs and gross written premium	22.4%	23.3%

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

	in EUR million		
	H1 2017	H1 2016	Index 2017/2016
Gross written premium from insurance, reinsurance and co-insurance contracts	352.1	329.9	107
Net premium income	260.6	252.2	103
Gross claims paid*	200.7	198.1	101
Net claims incurred	192.3	183.5	105
Gross operating costs	84.5	84.1	101
Profit before tax	40.4	36.8	110
Net profit	35.1	29.6	119
	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>Index 2017/2016</b>
Insurance technical provisions as at	2,145.9	2,076.3	103
Equity as at	540.4	563.4	96
Number of employees as at	2,305	2,335	99

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

## Key performance indicators of Zavarovalnica Triglav

	H1 2017	H1 2016
ROE annualised	13.2%	11.7%
Claims ratio	62.1%	56.5%
Expense ratio	30.0%	31.1%
Combined ratio	92.1%	87.6%
Ratio between gross operating costs and gross written premium	24.0%	25.5%

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

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

The Group's key business pillars:



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

The insurance-oriented part of the Group encompasses:

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

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

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

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

## 1.4 Composition of the Triglav Group

### The Triglav Group as at 30 June 2017

<b>Controlling company:</b>	<ul style="list-style-type: none"><li>▪ Zavarovalnica Triglav d.d.</li></ul>
<b>Subsidiaries of the Triglav Group:</b>	<ul style="list-style-type: none"><li>▪ Pozavarovalnica Triglav Re d.d.</li><li>▪ Triglav, Zdravstvena zavarovalnica d.d.</li><li>▪ Skupna pokojninska družba d.d.</li><li>▪ Triglav INT, holdinška družba d.d.<ul style="list-style-type: none"><li>▪ Triglav Osiguranje d.d., Zagreb</li><li>▪ Triglav Osiguranje d.d., Sarajevo<ul style="list-style-type: none"><li>▪ Autocentar BH d.o.o.</li><li>▪ Unis automobili i dijelovi d.o.o.</li><li>▪ Sarajevostan d.d.</li></ul></li><li>▪ Lovćen Osiguranje a.d., Podgorica<ul style="list-style-type: none"><li>▪ Lovćen životna osiguranja a.d.</li><li>▪ Lovćen Auto a.d.</li></ul></li><li>▪ Triglav Osiguranje a.d.o., Belgrade</li><li>▪ Triglav Osiguranje a.d., Banja Luka<ul style="list-style-type: none"><li>▪ Triglav Auto d.o.o.</li></ul></li><li>▪ Triglav Osiguruvanje a.d., Skopje</li></ul></li><li>▪ Triglav Skladi, družba za upravljanje d.o.o.<ul style="list-style-type: none"><li>▪ PROF-IN d.o.o.</li></ul></li><li>▪ Salnal d.o.o.</li><li>▪ Triglav Svetovanje, zavarovalno zastopanje d.o.o.<ul style="list-style-type: none"><li>▪ Triglav Savjetovanje d.o.o., Sarajevo</li><li>▪ TRI-LIFE d.o.o., Zagreb</li><li>▪ Triglav Savetovanje d.o.o., Belgrade</li></ul></li><li>▪ Triglav Avtoservis, družba za storitve in trgovino d.o.o.</li><li>▪ Triglav, Upravljanje nepremičnin d.d.<ul style="list-style-type: none"><li>▪ Golf Arboretum d.o.o.</li><li>▪ AKM nepremičnine d.o.o.</li><li>▪ Triglav, upravljanje nekretninama d.o.o., Zagreb</li><li>▪ Triglav, upravljanje nekretninama d.o.o., Podgorica</li><li>▪ Hotel Grad Podvin d.d.</li></ul></li><li>▪ Vse bo v redu, Zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti</li></ul>
<b>Associated companies of the Triglav Group:</b>	<ul style="list-style-type: none"><li>▪ Triglavko, zavarovalno zastopniška družba d.o.o.</li><li>▪ TRIGAL d.o.o.</li><li>▪ Nama trgovsko podjetje d.d.</li><li>▪ IF Prof Plus d.d.</li><li>▪ Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka</li><li>▪ Nacionalni biro osiguravača Crne Gore</li></ul>

## **Changes in the Triglav Group in the first six months of 2017:**

- In February 2017, Zavarovalnica Triglav and KGAL Beteiligungsverwaltungs GmbH (hereinafter: the KGAL Group) established the company TRIGAL d.o.o., Ljubljana. The share capital of the newly founded company amounts to EUR 1 million, of which EUR 499 thousand was paid in by Zavarovalnica Triglav. The Company thereby became a 49.9% owner of Triglav.
- Triglav INT acquired a 19% equity stake from non-controlling interest holders of Triglav Osiguranje, Sarajevo, thereby becoming its 88% owner. The acquisition price amounted to BAM 8,756,665 or EUR 4,477,212. Triglav Osiguranje, Sarajevo purchased 4,156 shares from non-controlling interest holders or 10% of treasury shares. The acquisition price amounted to BAM 4,594,458 or EUR 2,349,109. The stake of non-controlling shareholders dropped from 31% to 2%, thereby reducing the value of minority interest to EUR 3,316,564.
- Triglav INT acquired a 0.09% equity stake from non-controlling interest holders of Triglav Osiguranje, Zagreb, thereby becoming its 100% owner. The acquisition price was HRK 100,570.
- Together with Penzijski rezervni fond Republike Srpske from Banja Luka (The Pension Reserve Fund Of Republic of Srpska a.d. Banja Luka), Skupna pokojninska družba d.d. established Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka. The share capital of the newly founded company amounts to BAM 2,948,000, of which BAM 1,496,000 or EUR 764,893 was paid in by Skupna pokojninska družba. Skupna pokojninska družba thereby became a 50.75% owner of the abovementioned company. Immediately after the establishment, the capital increase procedure has been initiated, within which a strategic partner, i.e. the European Bank for Reconstruction and Development, will become one of its owners. Following the share capital increase planned in August 2017, Skupna pokojninska družba will become a 34% owner of the abovementioned company.

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

## **1.5 Strategy and implementation of strategic objectives in the first six months of 2017**

### **Mission**

**We are building a safer future.** Triglav is building a safer future for all its stakeholders, while being committed to responsible and sustainable development. The cornerstone of the Group is its team of over five thousand employees, who achieve the Group's mission through their commitment, expertise and dedication.

### **Vision of the Triglav Group**

To dynamically develop new ways of doing business as the foundation of the Group's responsible long-term development, while at the same time operating profitably and safely.

### **Key strategic guidelines by 2020**

- Profitable operations and greater value of the Triglav Group.
- Efficient asset management of the Triglav Group.
- Comprehensive client relationships.
- Transformed operations of the Triglav Group.
- Development of a modern culture and dedicated staff.



## Information at the end of the first half of 2017

In the first six months of 2017, a number of activities were undertaken within the Group, aimed at implementing the five key guidelines of the Strategy of the Triglav for the 2017–2020 Period. Some were carried out in order to continue the work started in previous years, while others represent new projects. After six months, some results were already visible, whereas in relation to more extensive projects the emphasis was on making analysing and defining concepts.

The Triglav Group considers itself to be a modern, innovative and dynamic insurance/financial group, which firmly remains the leader both in Slovenia and the wider region. To this end, the Group placed a special emphasis on development in its new Strategy. With the aim of achieving the desired level of **digitisation of the Group's operations**, in the first six months of 2017 the activities and interdisciplinary cooperation within the Group were outlined (the projects of establishing a common digital sale, digitisation of insurance business processes and the central IT and IT infrastructure management). Furthermore, the foundations of a single information and data system were laid, which will support a rapid and effective decision-making at the level of the whole Group. To make better use of the available internal and external data, in March 2017 the Business Intelligence (BI) Department was established in the parent company.

For an efficient **transformation of the Group's operations**, the method of its governance had to be adapted, which in the future will be performed through the management of the six strategic activities (non-life, life, health and pension insurance, reinsurance and asset management). The performance of every strategic activity will be strategically upgraded in relation to the clients' existing and future needs. The Group's development is aimed at adopting a multi-channel approach and upgrading its insurance products with assistance services.

Using modern technologies, the Group gradually introduces paperless, mobile and simple business with clients and business partners. Its internal business processes are being upgraded and optimised. This involves a number of activities, which will be carried out during the strategy period and which will introduce **digitisation of internal processes**, including of those not directly related to communication with clients. The Group's strategic guideline is also **effective asset management** within the Group. Over the past years, the tools relating to capital and asset-liability management have been systematically improved, while the new information system supporting these processes is in the final phase and will go into production this year. Last but not least, the focus of the new Strategy remains **profitable operations of the Group**, whose sound performance is confirmed by the business results in the first half of 2017.

For an effective implementation of the Strategy of the Group, the project of **upgrading the organisational culture within the Group** will be very important. The common values, rules and methods of operation of all employees have to support or enable the implementation of the set strategic guidelines in practice. In an ideal organisational culture of the Triglav Group, creativity, quality before quantity of work, performance of tasks and the development of individuals are much appreciated. Such an organisational culture ensures that employees are satisfied with their work, promotes their personal growth and encourages them to take on new and interesting activities.

## 1.6 Significant events in the reporting period

Significant events in the reporting period were the following:

- On 5 January 2017, Zavarovalnica Triglav received from the Insurance Supervision Agency (hereinafter: ISA) a notification on the completion of the review of operations in relation to the use of own subsidiary valuation models, which began on 23 February 2015. In the said notification, the ISA informed the Company that, because the Company committed itself to amend the subsidiary valuation model, update the valuation bases and use an additional test valuation method in the valuation of its insurance subsidiaries, no measures needed to be imposed, thus completing the review of operations.
- On 17 November 2016, Zavarovalnica Triglav received a request to review its operations from the ISA, on the basis of which on 24 November 2016 the ISA began a review of operations in relation to the Company's cooperation with doctors – reviewers. On 7 February 2017, the ISA notified the Company that, based on the findings of the review of operations, no measures needed to be imposed, thus completing the review of operations.
- The ISA performed a review of operations of Zavarovalnica Triglav in 2014 in order to inspect, whether the Company's operations were in compliance with the Insurance Act and the pertaining secondary legislation, regulating its operations and accounting activities. Based on the said review, on 10 June 2015 the ISA issued the Order to eliminate the violations pertaining to the valuation of certain investments and to the amendment and testing of the business continuity plan (hereinafter: the Order). In line with the issued Order, Zavarovalnica Triglav is required to implement the additional measures imposed by the Order: to revise the internal documents which define the values of such investments and to take them into account in the future when valuating and/or categorising investments, as well as to amend and test the business continuity plan. On 22 June 2015, Zavarovalnica Triglav lodged an appeal against this Order, stating that the said violations were not mentioned in the Order. The Insurance Supervision Agency rejected the Company's appeal and established that the Company eliminated the violations pertaining to the valuation of certain investments within the prescribed time limit. On 8 March 2016, it was further established that the alleged violation was eliminated in the part relating to the amendment and testing of the business continuity plan. On 7 August 2015, Zavarovalnica Triglav brought legal proceedings before the Administrative Court of the Republic of Slovenia, challenging the validity of the ISA Order and stating that the said violations were not mentioned in the issued Order. On 27 February 2017, the Company received the judgement of the Administrative Court, refusing the appeal.
- In the proceedings relating to the order and the finding of the ISA that Ivan Sotošek and Boštjan Molan, an employee representative in the Supervisory Board of Zavarovalnica Triglav, do not satisfy the statutory conditions for performing the function of a member of the Supervisory Board of Zavarovalnica Triglav, on 12 April 2017 the Company received the judgement of the Administrative Court in the case Ivan Sotošek vs. ISA. According to the judgement, the Court finds that the contested decision of the ISA is correct in terms of the content (i.e. with regard to the assessment of competence and suitability of Ivan Sotošek), but it refers to the wrong legal basis and, therefore, the Court partially upheld the action and annulled the contested decision in the part referring to the wrong legal basis and replaced it with the correct legal basis (by taking into account the act in force during the appointment of Ivan Sotošek as a Supervisory Board member, i.e. the ZZavar and not ZZavar-1). On the basis of the judgement, the Management Board addressed a letter to the President of the Works Council, in which it proposed to convene a meeting of the Works Council of Zavarovalnica Triglav and to recall Ivan Sotošek as a member of the Supervisory Board of Zavarovalnica Triglav – employee representative. The Works Council discussed the proposal but it will form an opinion concerning the Management Board's draft decision to

recall Ivan Sotošek when it will be decided on all legal remedies available to Ivan Sotošek and after a request for a constitutional review of the Insurance Act will be lodged, because the Works Council considers Ivan Sotošek's appointment on 8 April 2015 legal. The handling in relation to the ruling of the Administrative Court in the case Boštjan Molan vs. ISA, which Zavarovalnica Triglav received on 21 June 2017, was, *mutatis mutandis*, the same. The action filed by Boštjan Molan against the ISA was rejected. The Management Board informed the ISA about the abovementioned measures.

- The action of Matjaž Rakovec lodged against Zavarovalnica Triglav due to the findings of the nullity of the resolution of the Supervisory Board dated 22 May 2013 with respect to the dismissal of Matjaž Rakovec from the office of President of the Management Board and the appointment of Andrej Slapar as President of the Management Board and the payment of damages was described in detail in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2016. Below are described the new facts in connection to the labour law dispute.

In the labour law dispute brought against the Company by the plaintiff Matjaž Rakovec, the court of first instance ruled that the employment agreement remained in force, therefore Zavarovalnica Triglav owed the plaintiff compensation for salaries plus interest in the amount of around EUR 430,000. Zavarovalnica Triglav appealed against this ruling. The Higher Labour and Social Court upheld the appeal and partly modified and partly annulled the contested part of the first instance ruling. The first instance ruling was thus modified in the part relating to the unlawful termination of the employment agreement or the employment relationship, the call to return to work, the recognition of years of service and the entry of insurance period in the central record, in that the Higher Court rejected the plaintiff's claim, as well as set aside the part of the judgement which reads "including all the resulting rights" and referred the parts of the case relating to the claim for compensation for salaries, holiday allowance and legal costs back to the first instance court for fresh consideration. The plaintiff lodged an appeal on points of law against the part in which the Higher Labour and Social Court modified the ruling of the first instance court.

- The 42<sup>nd</sup> General Meeting of Shareholders of Zavarovalnica Triglav was held on 30 May 2017. At the meeting, the shareholders:
  - adopted a resolution on the distribution of accumulated profits for 2016;
  - granted a discharge for the business year 2016 to both the Management and the Supervisory Board of Zavarovalnica Triglav;
  - appointed new members of the Supervisory Board, shareholder representatives, for a four-year term of office starting on 13 June 2017: Nataša Damjanovič, Mario Gobbo, Žiga Škerjanc, Andrej Andoljšek and Milan Tomaževič.

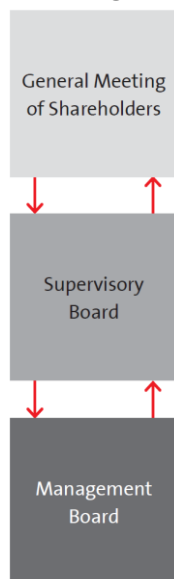
See Section 2.2.1 *General Meetings of Shareholders in H1 2017* for more details.

## 2. GOVERNANCE OF THE TRIGLAV GROUP

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

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

*Two tier governance of Zavarovalnica Triglav*



### 2.2 General Meeting of Shareholders

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

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

#### 2.2.1 General Meeting of Shareholders in the first half of 2017

In the reporting period, the shareholders of Zavarovalnica Triglav gathered on the 42<sup>nd</sup> General Meeting of Shareholders held on 30 May 2017. The total number of shares and voting rights represented at the General Meeting of Shareholders was 17,442,505 or 76.80% of all shares to which voting rights are attached.

- The shareholders took note on: the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2016 with the accompanying independent auditor's opinion, the Annual Internal Audit Report for 2016, the Supervisory Board's Report on the Verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2016 and the Opinion

of the Supervisory Board of Zavarovalnica Triglav d.d. on the Annual Internal Audit Report for 2016 by the Internal Audit Department of Zavarovalnica Triglav d.d.

- The shareholders adopted a resolution on the following distribution of the accumulated profit of EUR 82,421,880.73 as at 31 December 2016:
  - a part of accumulated profit in the amount of EUR 56,837,870.00 shall be allocated for dividend payments. The dividend in the amount of EUR 2.50 gross per share shall be paid to the shareholders appearing in the Share Register 15 June 2017. The dividends were paid on 16 June 2017.
  - The distribution of the remaining accumulated profit of EUR 25,584,010.73 shall be decided in the next few years.
- The Shareholders granted a discharge for the business year 2016 to both the Management Board and the Supervisory Board of Zavarovalnica Triglav.
- The General Meeting of Shareholders took note that of the term of office of five Supervisory Board members, shareholder representatives Dubravko Štimac, Mario Gobbo, Gregor Kastelic, Rajko Stanković and Matija Blažič expires on 12 June 2017. Nataša Damjanovič, Mario Gobbo, Žiga Škerjanc, Andrej Andoljšek and Milan Tomažević were appointed as new Supervisory Board members, shareholder representatives. Their four-year term of office commenced on 13 June 2017.

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, and presents and represents the Company without limitations. In legal transactions, the Company is always jointly presented and represented by two members of the Management Board, one of whom must be its President.

Any person fulfilling the requirements stipulated by the Insurance Act, the Companies Act and the applicable documents of the Company may be appointed to the Management Board as its President or member. The professional competence and adequacy criteria, which the Management Board members and other individuals are required to meet, are clearly defined in the Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of Zavarovalnica Triglav d.d. The Policy has applied from 1 January 2016, precisely defining the professional competence and adequacy assessment procedure for the Management Board members, which has to be performed before the appointment, periodically, extraordinarily or after the appointment of an individual Management Board member. The Policy also determines the professional competence and adequacy assessment criteria and procedures for the Management Board as a collective body. In assessing the competence of the Management Board as a collective body, the Supervisory Board takes into account the diversity of knowledge and competences which not only allow comprehensive functioning of the Management Board but also contribute to an appropriate variety of skills, knowledge and experience for professional management of Zavarovalnica Triglav. All members should collectively possess the relevant knowledge and experience relating to insurance and financial markets, the business strategy and business models, governance systems, financial and actuarial analyses, risk management, and the regulatory and legal environment in which Zavarovalnica Triglav operates.

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

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

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

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

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

As at 30 June 2017 the Management Board of Zavarovalnica Triglav was composed of:

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

## **2.4 Supervisory Board**

The Supervisory Board is composed of six representatives of the shareholders and three representatives of employees, The Supervisory Board as a supervisory body supervises the Company's business conduct with full responsibility.

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

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

### 2.4.1 Composition of the Supervisory Board

Composition of the Supervisory Board as at 30 June 2017:

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

On 12 June 2017 the term of office of five Supervisory Board members, shareholder representatives Dubravko Štimac, Mario Gobbo, Gregor Kastelic, Rajko Stanković and Matija Blažič expired. Nataša Damjanovič, Mario Gobbo, Žiga Škerjanc, Andrej Andoljšek and Milan Tomaževič were appointed as new Supervisory Board members, shareholder representatives starting their four-year term of office on 13 June 2017.

### 3. THE SHARE AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV

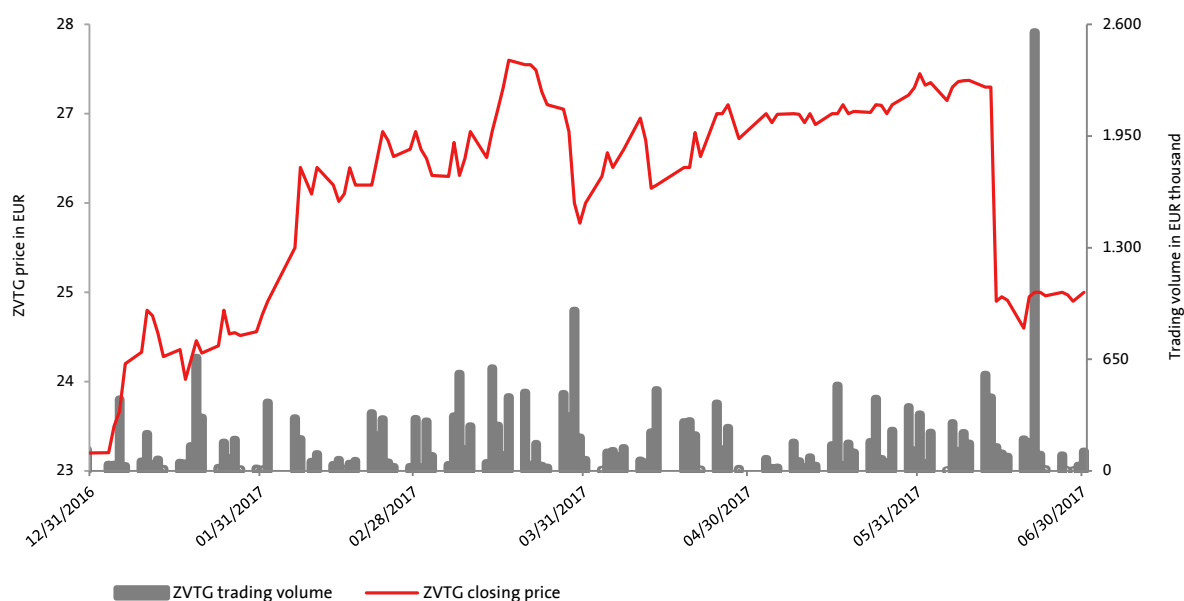
#### 3.1 Zavarovalnica Triglav's share trading on the Ljubljana Stock Exchange

Zavarovalnica Triglav's share is traded in the top segment of the Ljubljana Stock Exchange, as it is one of the most liquid and highest dividend-yielding shares. In terms of liquidity and market capitalisation, the ZVTG share was the second and third most traded share, respectively, on the Ljubljana Stock Exchange in the first six months of 2017.

Positive trends were observed on the Ljubljana Stock Exchange in the first half of 2017. The SBI TOP Index climbed by 11%, and a rise in the ZVTG share price was seen. Starting at EUR 23.20 as at the 2016 year-end, the ZVTG price increased by 8% to EUR 25.00 as at 30 June 2017. As expected, the share price went down on 14 June 2017, when holding the share no longer meant being entitled to the dividend payment for 2016.

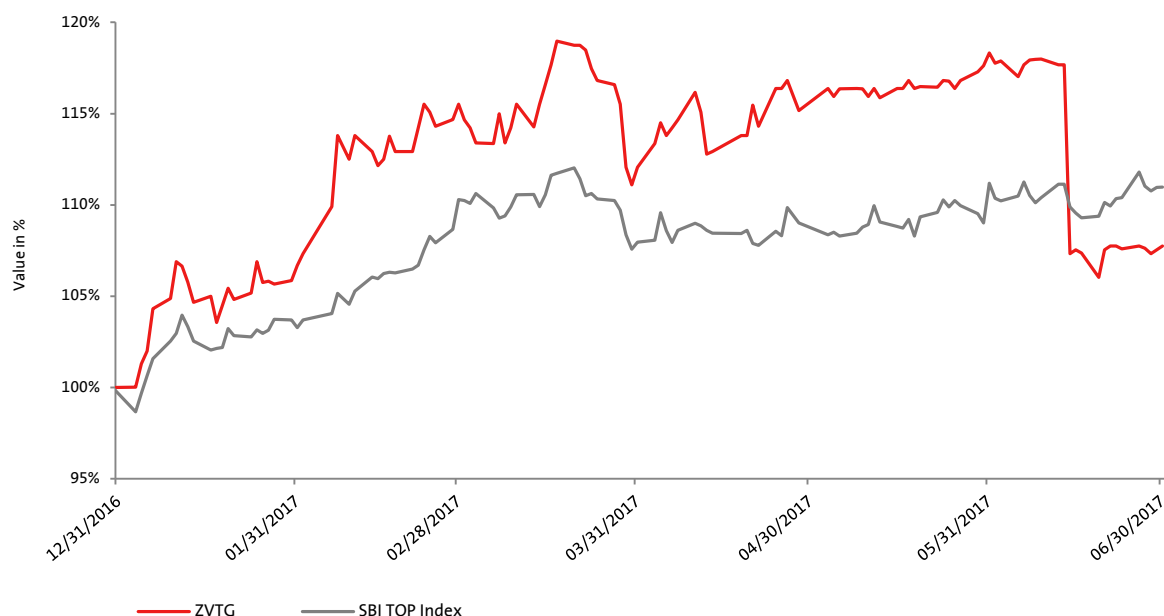
As much as 22% of the share turnover on the Ljubljana Stock Exchange was accounted for by the ZVTG share, i.e. over 6,100 transactions. The average daily trading volume of ZVTG shares was EUR 185,000, which was 61% more than the 2016 average (EUR 115 thousand) and 21% more than the average in the respective period of 2016 (EUR 153,000).

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





**Movements in the ZVTG share price and in the value of the SBI TOP Index in H1 2017 (starting date 31 December 2016 = 100)**



**Key figures for the Zavarovalnica Triglav's share in H1 2017 (in EUR)**

Items	
Maximum closing price	27.60
Minimum closing price	23.21
Closing price	25.00
Book value per share (parent company)*	23.77
Book value per share (consolidated data)*	31.51
Net earnings per share (consolidated data)**	1.59
Market capitalisation	568,378,700
Average daily trading volume	185,419
Payed dividend per share for 2016	2.50
Traded on	Ljubljana Stock Exchange - LJSE
No. of shares	22,735,148
The percentage of floating stock***	31.0%
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 (consolidated data), the equity of the Triglav Group and the number of shares as at the reporting date were taken into account, whilst in calculating the book value per share for the parent company, the equity of the parent company and the number of shares as at the reporting date were taken into account.

\*\*In calculating net earnings 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

In 2017, the share capital of Zavarovalnica Triglav remained at the same level and stood at EUR 73,701,391.79 as at the reporting date. It was divided into 22,735,148 ordinary registered no-par value shares. All the shares of Zavarovalnica Triglav are of the same class, freely transferable

and issued in a dematerialised form. Each represents the same stake and a corresponding amount in the share capital. All have been fully paid in.

### 3.3 Shareholder structure

In the reporting period, the shareholder structure did not significantly change, however two trends observed in past years continued. The first trend is **further strengthening of the share of international shareholders**. In 2008 when the ZVTG share was listed on the Ljubljana Stock Exchange, the share of international shareholders stood at 4%. As at the 2016 year-end, international shareholders in 37 countries held as much as 17% of total shares, whilst as at the reporting date this share rose to 18%. Considering only the free float, the international shareholders held 37%. The observed trend is also the result of the promotion of the Triglav Group among international investors and, in a broader sense, an active investor relations policy implemented by Zavarovalnica Triglav.

The second trend, which emerged in 2016, is linked to the abolition of free registry accounts kept by KDD – Centralno klirinška depotna družba and the consequent exit of primarily natural persons holding a small number of shares from the Company's shareholder structure. Given the above, in 2016 **the total number of shareholders went down** by 35% to 18,334. In the first six months of 2017, a further decrease of 20% to 14,615 shareholders was recorded.

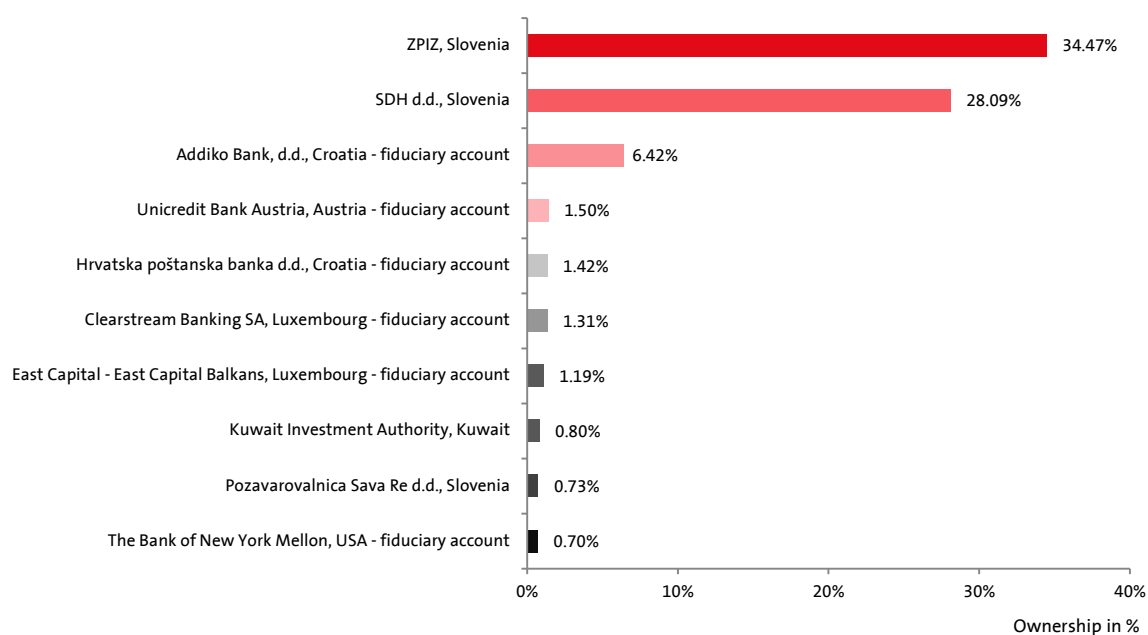
#### *Shareholder structure of Zavarovalnica Triglav as at 30 June 2017*

	Total	Domestic	Foreign	Legal entities	Individuals
Number of shares	22,735,148	18,686,330	4,048,818	20,407,345	2,327,803
Number of shareholders	14,615	14,178	437	515	14,100
Number of shares - percentage	100.0%	82.19%	17.81%	89.76%	10.24%
Number of shareholders - percentage	100.0%	97.01%	2.99%	3.52%	96.48%

The total number of shares held by the Management and Supervisory Boards equalled 480 and remained unchanged as at 30 June 2017.

As at the reporting date, the **ten top shareholders**, whose structure remained unchanged, held 76.6% of total shares, which was 0.3 percentage point more over the 2016 year-end. Among them, the highest equity stake increase was recorded by Unicredit Bank Austria – fiduciary account and Kuwait Investment Authority, while East Capital – East Capital Balkans, Luxemburg (the former Balkan Fund) experienced the highest decrease.

### Top ten shareholders of Zavarovalnica Triglav as at 30 June 2017



### 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 and A.M. Best. Both agencies assigned the Group an **»A« stand-alone credit rating**. Both ratings have a **stable medium-term outlook**.

## **4. PERFORMANCE IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017**

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

The global economic situation is improving slowly but steadily. The growth of both global trade and industrial production is on the rise. Sentiment indicators of the largest global economies remain at a high level. The euro area continues to maintain a moderate and somewhat more homogeneous growth than in previous years, which is primarily fuelled by private consumption. The annual inflation rate remains relatively low, but it is slowly normalising at just over 1%. According to the latest forecasts of international institutions for 2017, the euro area is expected to record an almost 2% growth. The rapid and widespread economic recovery in Slovenia continues. In the first quarter, its stability is confirmed by the data on GDP growth, while in the second quarter by the indicators of international trade, industrial production and economic climate. The situation on the labour market noticeably improved, whilst the annual inflation rate of under 1% in June remained relatively low. During the year, official institutions considerably improved the forecast growth of the Slovene economy. According to the latest forecasts for 2017, it will stand at just over 3%.

In the first half of the year, the financial markets were marked by political uncertainty, in addition to the improved forecast for the global economy. At the beginning of the year, the latter was increased particularly by the potential effects of the measures taken by the new U.S. administration and later by the elections held in the Netherlands and France. By the end of June, these risks were largely insignificant. In June, the U.S. Federal Reserve increased the key interest rate by 0.25 percentage point for a second consecutive time, while in the same month the ECB loosened its stance on the expansionary monetary policy for the first time in over a year. The ECB slightly changed its guidelines on the interest rate policy and started to hint that its quantitative easing programme will be reduced. The value of the euro against the US dollar significantly strengthened, i.e. by 8.6%. In the reporting period, the return on the 10-year German government bond was around 0.30%, but at the end of the first six months it increased to 0.47%, which is 0.26 percentage point higher than at the beginning of the year. Following a strong but uneven rise, the return on the bonds of peripheral countries started to gradually decrease in the first quarter. The return on the 10-year Slovene government bond climbed by 0.31 percentage point to 1.17% as at the end of the reporting period. The stock markets were characterised by the positive sentiment with a relatively high price growth, both in the emerging and the developed markets. The Slovene central stock exchange index recorded a strong, almost 11% growth in the first half of the year.

Economic recovery of countries had a positive impact on the insurance premiums, as the premium growth was recorded in all the markets where the Triglav Group is present. The fierce price competition among insurance companies continues. The Company and its subsidiaries respond to the market conditions by adapting their marketing, sales and price policies, launching new products and redesigning the existing ones, and taking measures to improve the insurance technical result in insurance.

Moreover, the reporting year saw several mass loss events in the amount of EUR 13.1 million, which impacted the Group's performance. In January, wind storms in Western Slovenia caused approximately EUR 700 thousand of damage, and in April a hail storm with frost resulted in EUR 5.1 million of damage. End of May and in the beginning of June, Eastern Slovenia was hit by hailstorms, which caused damage of around EUR 5.7 million. In June, storms in Croatia caused damage on real properties, cars and crops of EUR 508 thousand. In May in Macedonia, frost and

hail caused damage on crops in the amount of EUR 1.0 million, whilst the June hail resulted in damage on cars in the amount of EUR 157 thousand.

#### 4.2 The insurance market and the position of the Group members in the first half of 2017

There were 14 insurance companies, 4 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 March 2017 a portfolio of ERGO, a life insurer, was transferred to the ERGO subsidiary. In May 2017, Prva osebna zavarovalnica joined SZZ.

In the first six months of 2017, all insurers together recorded a gross written premium in the amount of EUR 1,176.2 million, which represented a **growth of 7.8%**. **Non-life insurance**, accounting for 72.0% of total premium, experienced a 6.3% growth, (non-life insurance premium excluding health insurance premium was higher by 7.7%), whilst **health insurance premium** was 3.2% higher. Non-life insurance premiums increased foremost as a result of higher premiums from motor vehicle insurance (comprehensive car insurance premium was up by as much as 11%) and other property insurance (14% growth). **Life insurance** premium grew by 11.7%.

The Slovene insurance market continues to be characterised by a high degree of concentration as the four major insurers controlled 73.5% of the market. With a market share of 29.9%, **Zavarovalnica Triglav** maintained the leading position (H1 2016: 30.2%). The second largest market share was held by Zavarovalnica Sava, a company 1.7 times smaller. With a 36.6% market share on the Slovene insurance market, **the Triglav Group** (parent company, Triglav, Zdravstvena zavarovalnica and Skupna pokojninska družba) decreased its market share by 0.1 percentage point over the corresponding period in the preceding year. The Triglav Group's market shares by segments were the following:

All three insurance companies of the Triglav Group held a 36.6% share on the Slovene insurance market as at the reporting date.

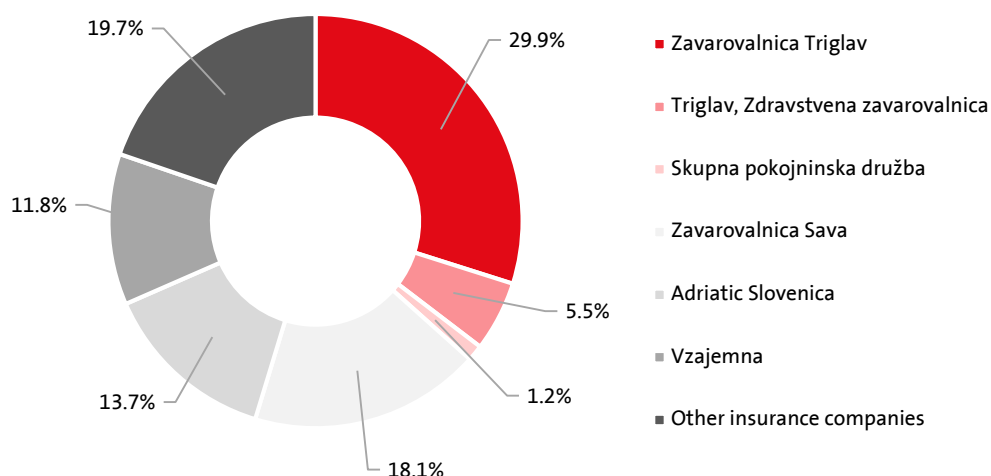
- non-life insurance (excluding health insurance): 44.2% (44.4% in 2016);
- life insurance: 31.7% (33.7% in 2016);
- health insurance: 25.5% (23.0% in 2016).

**Zavarovalnica Triglav's** non-life insurance market share was 30.9%, which is 0.2 percentage points more over the previous year, whilst the life insurance market share stood at 27.2%, 1.7 percentage points less than in the respective period of 2016.

**Triglav, Zdravstvena zavarovalnica** increased its market share by 2.4 percentage points to 25.3%, consolidating its 2<sup>nd</sup> rank among the health insurance providers. Among the top three health insurance providers (accounting for 99.0% of the health insurance market), it recorded the highest health premium growth of 14.3%.

**Skupna pokojninska družba** ranked first on the supplemental voluntary pension insurance market in terms of accumulated assets, holding an 19.1% market share (data for Q1-4 2016).

### The market share of insurance companies in Slovenia as at 30 June 2017



Source: Slovenian Insurance Association

### Market share and market rank trends of the Triglav Group insurance companies outside Slovenia as at 30 June 2017

Market	Market share	Market share trend	Ranked in 2017	Ranked in 2016
Croatia	4.8%	↑ +0.3-percentage point	8	8
Bosnia and Herzegovina	8.1%	↓ -0.3-percentage point	3	4
- Federation of BiH	9.3%	↓ -0.4-percentage point	6	6
- Republic of Srpska*	5.5%	↓ -0.1-percentage point	7	7
Montenegro	39.1%	↓ -0.1-percentage point	1	1
Serbia**	5.7%	↑ +1.2-percentage point	5	5
Macedonia (non-life insurance)**	17.8%	↑ +0.9-percentage point	1	1

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

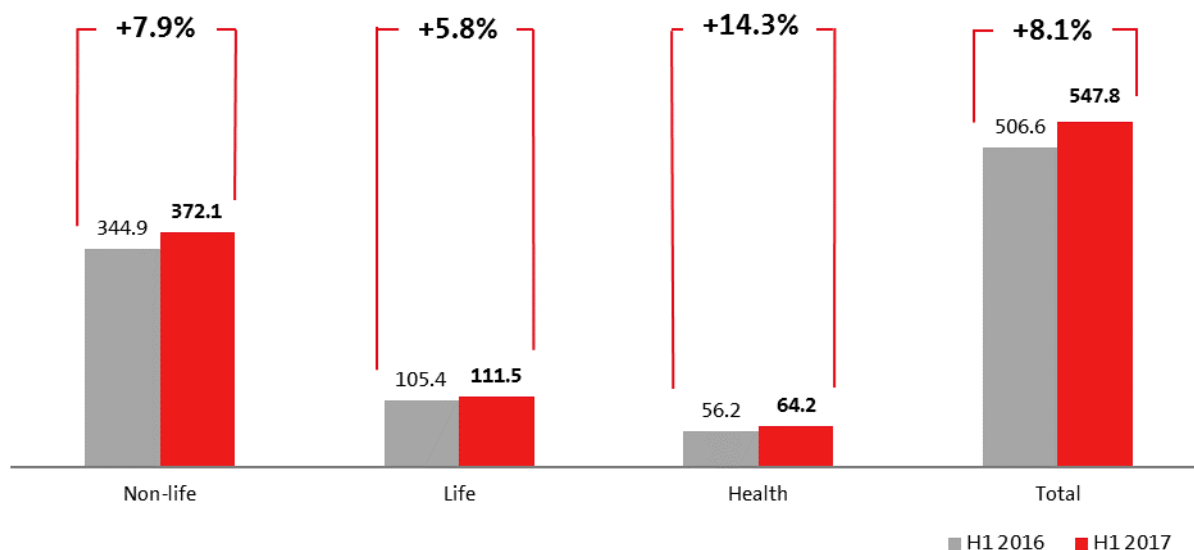
\*\*Data from January to March 2017

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

The Triglav Group increased the volume of consolidated gross written insurance, co-insurance and reinsurance premiums by 8%. Written premium totalled EUR 547.8 million. **Non-life insurance** total was EUR 372.1 million (index 108), **life insurance** reached EUR 111.5 million (index 106) and **health insurance** EUR 64.2 million (index 114).

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

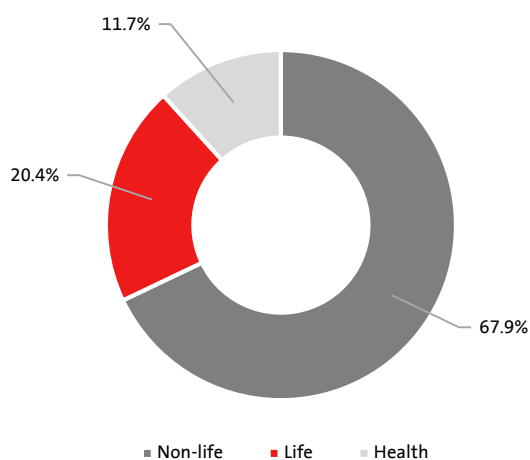
*Gross written insurance, co-insurance and reinsurance premiums in H1 2017 compared to H1 2016*



Consolidated written premium had the following structure in H1 2017:

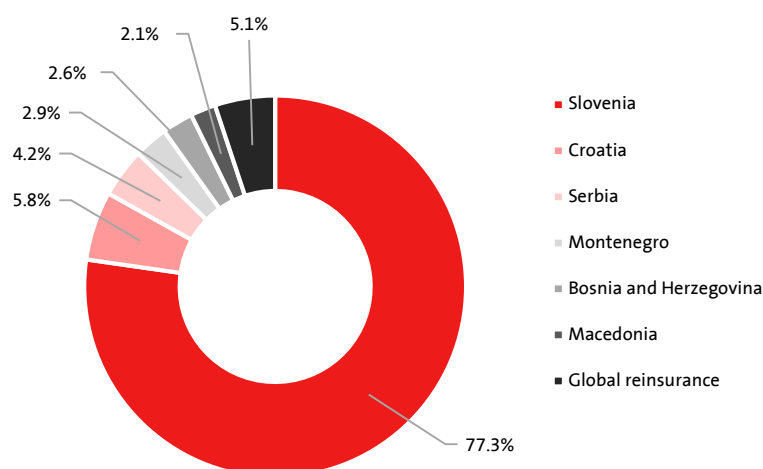
- non-life insurance accounted for 67.9% (H1 2016: 68.1%);
- life insurance accounted for 20.4% (H1 2016: 20.8%); and
- health insurance for 11.7% (H1 2016: 11.1%).

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



A total of 77.3% of consolidated gross written premium was charged in the Slovene insurance market, 17.6% of premium was booked in the markets outside Slovenia, while global reinsurance premium accounted for 5.1% of written premium. The share of the insurance premium earned on the markets outside Slovenia was up by 0.6 percentage point compared to the same period of the previous year.

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



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

Country	Gross written premium		Index	Structure	
	H1 2017	H1 2016	H1 2017/ H1 2016	H1 2017	H1 2016
Slovenia	423,226,693	394,237,586	107	77.3%	77.8%
Croatia	31,979,518	28,755,542	111	5.8%	5.7%
Serbia	22,859,867	17,139,754	133	4.2%	3.4%
Montenegro	15,638,048	15,160,588	103	2.9%	3.0%
Bosnia and Herzegovina	14,393,013	13,691,354	105	2.6%	2.7%
Macedonia	11,729,054	11,502,783	102	2.1%	2.3%
Global reinsurance	27,956,014	26,075,052	107	5.1%	5.1%
<b>Total</b>	<b>547,782,207</b>	<b>506,562,659</b>	<b>108</b>	<b>100.0%</b>	<b>100.0%</b>

Premium growth was recorded in all insurance markets. The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) booked EUR 528.1 million in non-consolidated gross written premium, up by 8% compared to the same period last year. In the Slovene insurance market, 7% more in written premium was charged by the parent company, whereas Triglav, Zdravstvena zavarovalnica and Skupna pokojninska družba recorded 14% and 2% higher written premium respectively. Triglav Osiguranje, Belgrade recorded premium growth of as much as 33%. Written premiums were higher by 11% in Triglav Osiguranje, Zagreb, by 6% in Lovćen životna osiguranja, by 5% in Triglav Osiguranje, Sarajevo, by 4% in Triglav Osiguranje, Banja Luka, by 3% in Lovćen Osiguranje and by 2% in Triglav Osiguranje, Skopje.

Pozavarovalnica Triglav Re posted a total of EUR 72.2 million in gross written reinsurance premium, up by 4% compared to the year before. In operations outside the Triglav Group, the reinsurance premiums experienced a 7% growth resulting from newly concluded contracts. The highest premium growth was recorded on the Austrian, German and Swiss markets. Transactions with the Triglav Group experienced a 3% premium growth.



## Gross written insurance, co-insurance and reinsurance premiums in H1 2017 by insurance company of the Triglav Group

Insurance company	Gross written premium			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	H1 2017
Zavarovalnica Triglav*	262,454,929	89,679,538	352,134,467	107	105	107	66.7%
Triglav, Zdravstvena zavarovalnica	64,649,614		64,649,614	114	0	114	12.2%
Skupna pokojninska družba		14,659,538	14,659,538	0	102	102	2.8%
Triglav Osiguranje, Zagreb	28,127,341	3,852,177	31,979,518	113	97	111	6.1%
Triglav Osiguranje, Sarajevo	8,577,055	3,059,227	11,636,282	101	121	105	2.2%
Lovćen Osiguranje, Podgorica	14,973,594		14,973,594	103	0	103	2.8%
Triglav Osiguranje, Belgrade	21,142,840	1,717,318	22,860,158	127	372	133	4.3%
Triglav Osiguranje, Banja Luka	2,771,122		2,771,122	104	0	104	0.5%
Triglav Osiguruvanje, Skopje	11,729,054		11,729,054	102	0	102	2.2%
Lovćen životna osiguranja, Podgorica		664,454	664,454	0	106	106	0.1%
<b>Total</b>	<b>414,425,549</b>	<b>113,632,252</b>	<b>528,057,801</b>	<b>109</b>	<b>106</b>	<b>108</b>	<b>100.0%</b>
Pozavarovalnica Triglav Re	72,200,933		72,200,933	104	0	104	
Consolidation eliminations	-50,346,390	-2,130,137	-52,476,527	105	128	106	
<b>Total consolidated</b>	<b>436,280,092</b>	<b>111,502,115</b>	<b>547,782,207</b>	<b>109</b>	<b>106</b>	<b>108</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 subsidiaries charged EUR 414.4 million in non-consolidated written premium or 9% more than in the same period of 2016.

In total written premium, **motor vehicle insurance** remained the largest insurance class with a 30.1% share. The Triglav Group insurance companies collected EUR 73.4 million in **comprehensive car insurance** premium or 10% more compared to 2016. The highest growth was observed in Triglav Osiguranje, Zagreb (index 119), Lovćen Osiguranje (index 112) and Triglav Osiguranje, Belgrade (index 111), as the result of effective sales campaigns, an increased scope of insurance coverage and intensified sales activities. The Montenegrin subsidiary achieved the growth primarily through the higher sale of insurance via leasing houses and rent-a-car insurance. The parent company, accounting for 85% of the Group's total premiums, recorded a high 10% growth in written premium. Such a good result is a reflection of effective sales activities, sales campaigns ("Buy the vignette at Petrol" and "Free Time"), the redesign of motor vehicle insurance tariffs and the increased number of sold insurance policies via leasing houses. A lower premium than in the same period last year was recorded by Triglav Osiguruvanje, Skopje (loss of premium of a major policyholder, lower sale of new vehicles and the national regulation which abolished commercial discounts for corporate clients and natural persons for payments in instalments), by Triglav Osiguranje, Banja Luka (loss of premium of two major policyholders, a decrease in the volume of insurance policies written by leasing houses and aggressive price competition) and by Triglav Osiguranje, Sarajevo (non-renewal of premium of a major policyholder and a lower scope of cooperation with brokers).

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

The Group collected EUR 85.6 million in **motor liability insurance** premium, up by 2% compared to the preceding year. This insurance class continues to account for the largest share on the markets outside Slovenia. In motor liability insurance, most insurance subsidiaries of the Group experienced premium growth. The exceptions were Triglav Osiguranje, Sarajevo (cancellation or a lower scope of cooperation with some insurance agencies) and Triglav Osiguranje, Banja Luka (due to the introduction of a premium system in June 2016, most of policyholders took out insurance earlier). The highest premium growth was seen in Triglav Osiguranje, Zagreb (14%), followed by Triglav Osiguranje, Belgrade (8%) and Triglav Osiguruvanje, Skopje (5%). The parent

company, holding a 60% share of motor liability insurance premium, maintained approximately the same premium level as in 2016 (index 100).

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), premium of EUR 104.5 million was booked, having increased by 11%. In fire and natural disaster insurance, a premium growth of 3% was recorded, while in other damage to property insurance a 17% premium growth was seen. Premium growth was recorded in all insurance companies of the Group excluding Triglav Osiguruvanje, Skopje. The strongest increase in written premiums was observed in Triglav Osiguranje, Belgrade (index 158) and Triglav Osiguranje, Banja Luka (index 112), which resulted from the acquisition of new policyholders, the increased scope of insurance coverage with certain existing policyholders and the higher volume of fronting operations. The premium in the real property insurance booked by the parent company accounted for 79% of the Group's total premium, up by 10% compared to the corresponding period last year. Premium growth is the result of the acquisition of new policyholders, the increased scope of insurance coverage with existing policyholders and partly of a different dynamics of the account of premium compared to the previous year. The parent company achieved the highest growth in combined non-life insurance, construction insurance and crop insurance. The increased volume of crop insurance policies is the result of the higher number of insured permanent crops and a higher proportion of the Government's co-financing in wine-growing and hop-growing.

A 15% growth was seen in **health insurance**, where the Group wrote EUR 66.2 million in premium. Triglav, Zdravstvena zavarovalnica generated the largest portion of the premium amounting to EUR 64.6 million, thus achieving a 14% growth. The bulk of its written premium stems from supplemental health insurance, whose premium became more expensive as of February 2017. Most other insurance companies offering health insurance products also recorded a high premium growth.

A premium growth of 15% was achieved in health insurance.

In **general liability insurance**, the Triglav Group recorded a 9% premium growth or EUR 27.8 million in nominal terms. Zavarovalnica Triglav, which accounted for 81% of total premium, charged 10% more premium than in 2016, predominantly as the result of the high growth recorded in general liability insurance, the largest insurance subclass, and in product liability insurance. The parent company achieved premium growth through the acquisition of new policyholders and partly through a different dynamics of the account of premium compared to the previous year. A high increase in premiums was also recorded in the insurance subsidiaries Triglav Osiguranje, Belgrade (a new large policyholder) and Triglav Osiguranje, Banja Luka (the higher volume of fronting operations).

**Accident insurance** accounted for 4.1% of total written premium or EUR 21.5 million in nominal terms, having decreased by 4% compared to the year before. The parent company, accounting for 68% of the Group's total premiums, recorded the highest fall in written premium (index 94), primarily as the result of two insurance sub-classes taken out simultaneously with car insurance (the driver's bodily injury insurance or AO-plus insurance and driver and passenger accident insurance) and accounting for almost half of accident insurance premiums. A decline in written premium was also observed by Triglav Osiguruvanje, Skopje (lower premiums in collective accident insurance) and Lovćen Osiguranje (lower premiums in accident insurance for pensioners and in collective accident insurance). Premium growth was recorded by other insurance subsidiaries, the largest by Triglav Osiguranje, Belgrade (index 133), which resulted from higher sales via banks and growth in accident insurance for pensioners.

**Credit insurance** totalled EUR 13.7 million and accounted for 2.6% of total premium, which was 11% higher than the year before. Zavarovalnica Triglav, which accounted for 97% of total premium, recorded a 9% growth in written premium. The parent company achieved good results

in insurance in the event of unemployment, disability and death (marketed by banks as an additional product taken out simultaneously with consumer and housing loans), financial gap insurance and insurance of payment card receivables. The premium of consumer loan insurance, the largest credit insurance subclass (a 61% share), depends on the retail lending volume in banks was 1% higher than in the corresponding period last year. A high growth in credit insurance was also seen in the Serbian insurance subsidiary, which resulted from acquiring new large policyholders.

Premium from **other non-life insurance** (accounting for 4.1% of total premium) increased by as much as 25% to EUR 21.5 million. A high premium growth was observed in all insurance subsidiaries, with the highest recorded in Triglav Osiguranje, Banja Luka (premium growth in goods in transit insurance), Triglav Osiguruvanje, Skopje (the highest premium growth in aircraft insurance and miscellaneous financial loss insurance) and Triglav Osiguranje, Zagreb (the highest premium growth in marine insurance), which resulted from the acquisition of new policyholders and the increased scope of insurance coverage with existing policyholders. Zavarovalnica Triglav, accounting for 71% of total premium, saw a 20% growth in written premium compared to the preceding year. This increase was primarily generated by assistance insurance (a high growth in car assistance premium), railway insurance (a different dynamics of the account of premium compared to the previous year) and goods in transit insurance (premium growth for international transport).

#### 4.3.2 Life insurance

In total, the Triglav Group insurance companies charged EUR 113.6 million in non-consolidated gross written premium from **life insurance** contracts or 6% more than in the same period last year. This accounted for 21.5% of total gross written premiums, which was 0.5 percentage point less than in the corresponding period of 2016.

**Life insurance** premium (traditional life insurance, annuity pension insurance, pension insurance and voluntary pension insurance) increased by 2% to EUR 50.3 million (44.2% of the life insurance class total). The parent company recorded a 1% premium decrease (an 84% share), mainly resulting from reduced premiums paid-in and lower retained sums paid out on maturity. Significant growth in premium was achieved by Triglav Osiguranje, Belgrade (a higher volume of insurance sold via banking sales channels) and Triglav Osiguranje, Sarajevo (a higher volume of insurance sold via agencies, agents, banking sales channels and the internal sales network).

The premiums generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) rose by 6% compared to the preceding year. With EUR 54.1 million, they accounted for 47.6% of total life insurance premium. The 7% premium growth achieved by the parent company is primarily the result of retained sums paid out on maturity and higher premium payments. Skupna pokojninska družba experienced a growth of 2%, whilst premium earned by with the Triglav Osiguranje, Zagreb decreased by 1%.

**Supplemental voluntary pension insurance** (capital redemption insurance) generated EUR 9.3 million or 8.1% of the total life insurance premium. The 39% premium growth stemmed from transfers of assets from other insurance companies and higher regular premium payments in the parent company.

*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 2017	H1 2016	H1 2017/ H1 2016	H1 2017
Accident insurance	21,529,924	22,331,286	96	4.1%
Health insurance	66,246,911	57,584,631	115	12.5%
Comprehensive car insurance	73,436,830	66,769,185	110	13.9%
Real property insurance	104,535,357	94,530,263	111	19.8%
Motor liability insurance	85,640,087	83,835,596	102	16.2%
General liability insurance	27,828,950	25,486,467	109	5.3%
Credit insurance	13,695,255	12,326,498	111	2.6%
Other non-life insurance	21,512,235	17,148,093	125	4.1%
<b>Non-life insurance</b>	<b>414,425,549</b>	<b>380,012,019</b>	<b>109</b>	<b>78.5%</b>
Life insurance	50,250,057	49,158,132	102	9.5%
Unit-linked life insurance*	54,122,742	36,896,387	147	10.2%
Capital redemption insurance	9,259,453	21,038,033	44	1.8%
<b>Life insurance</b>	<b>113,632,252</b>	<b>107,092,552</b>	<b>106</b>	<b>21.5%</b>
<b>Total</b>	<b>528,057,801</b>	<b>487,104,571</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*

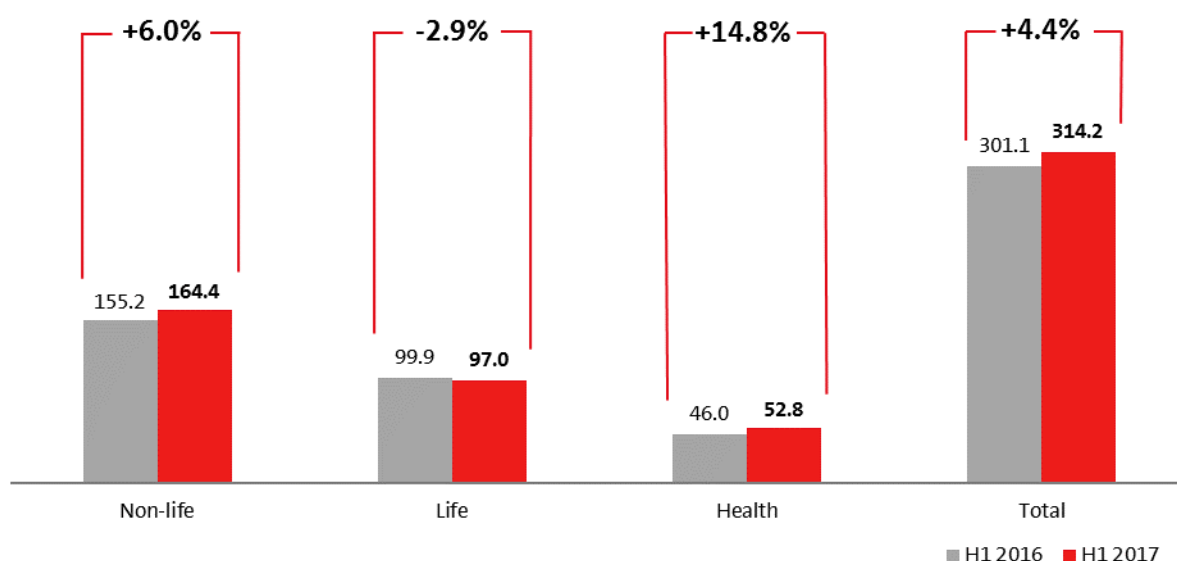
Insurance class	Gross written premium		Index	Structure
	H1 2017	H1 2016	H1 2017/ H1 2016	H1 2017
Accident insurance	14,533,352	15,539,819	94	4.1%
Health insurance	242,764	232,757	104	0.1%
Comprehensive car insurance	62,072,925	56,351,529	110	17.6%
Real property insurance	82,916,961	75,455,476	110	23.6%
Motor liability insurance	51,389,501	51,479,606	100	14.6%
General liability insurance	22,634,840	20,658,166	110	6.4%
Credit insurance	13,332,199	12,287,186	109	3.8%
Other non-life insurance	15,273,164	12,731,692	120	4.3%
<b>Non-life insurance</b>	<b>262,395,706</b>	<b>244,736,230</b>	<b>107</b>	<b>74.5%</b>
Life insurance	42,320,532	42,962,458	99	12.0%
Unit-linked life insurance	38,099,481	35,519,893	107	10.8%
Capital redemption insurance	9,259,453	6,656,188	139	2.6%
<b>Life insurance</b>	<b>89,679,466</b>	<b>85,138,539</b>	<b>105</b>	<b>25.5%</b>
<b>Total</b>	<b>352,075,172</b>	<b>329,874,768</b>	<b>107</b>	<b>100.0%</b>

#### 4.4 Gross claims paid

In the reporting period, the Triglav Group posted a total of EUR 314.2 million in consolidated gross claims paid (including claim handling costs, income from exercised subrogation receivables and gross claims paid from inward reinsurance), or 4% more than in the respective period of the previous year. Gross claims paid experienced growth in **non-life insurance**, equalling EUR 164.4 million (index 106), and in **health insurance**, totalling EUR 52.8 million (index 115), whilst in **life insurance** they dropped by 3% to EUR 97.0 million.

Gross claims paid increased by 4% compared to 2016.

### Gross claims paid in H1 2017 compared to H1 2016



Excluding Pozavarovalnica Triglav Re, the insurance companies of the Triglav Group posted EUR 301.4 million in non-consolidated gross claims paid, representing an increase of 5% over the preceding year. Except for Skupna pokojninska družba (index 94), all companies recorded an increase in gross claims paid. The highest growth rates in gross claims paid were recorded by Triglav Osiguranje, Belgrade (index 124), Triglav Osiguranje, Sarajevo and Lovćen životna osiguranja (index 120), and Triglav Osiguranje, Banja Luka (index 119).

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 24.2 million, or 1% more compared to the previous year. This increase was primarily the result of growth in operations within the Triglav Group (index 123) due to an increase in motor vehicle liability insurance. Gross claims in operations outside the Triglav Group decreased by 11%.

### Gross claims paid in H1 2017 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	H1 2017
Zavarovalnica Triglav*	113,663,731	87,041,646	200,705,377	106	96	101	66.6%
Triglav, Zdravstvena zavarovalnica	52,777,306		52,777,306	115	0	115	17.5%
Skupna pokojninska družba		6,787,821	6,787,821	0	94	94	2.3%
Triglav Osiguranje, Zagreb	13,451,301	2,920,716	16,372,017	112	131	115	5.4%
Triglav Osiguranje, Sarajevo	3,689,533	1,084,005	4,773,538	109	181	120	1.6%
Lovćen Osiguranje, Podgorica	7,798,325		7,798,325	108	0	108	2.6%
Triglav Osiguranje, Belgrade	6,303,132	509,730	6,812,862	120	207	124	2.3%
Triglav Osiguranje, Banja Luka	653,719		653,719	119	0	119	0.2%
Triglav Osiguruvanje, Skopje	4,198,365		4,198,365	116	0	116	1.4%
Lovćen životna osiguranja, Podgorica		516,927	516,927	0	120	120	0.2%
<b>Total</b>	<b>202,535,412</b>	<b>98,860,845</b>	<b>301,396,257</b>	<b>109</b>	<b>98</b>	<b>105</b>	<b>100.0%</b>
Pozavarovalnica Triglav Re	24,208,182		24,208,182	101	0	101	
Consolidation eliminations	-9,569,061	-1,831,543	-11,400,604	114	131	117	
<b>Total - consolidated</b>	<b>217,174,533</b>	<b>97,029,302</b>	<b>314,203,835</b>	<b>108</b>	<b>97</b>	<b>104</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** amounted to EUR 202.5 million, up by 9% compared to the corresponding period of 2016. 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 15%, accounting for 17.6% of total gross claims paid, and amounted to EUR 53.1 million. The largest portion of claims, amounting to EUR 52.8 million, which accounted for a 15% growth, was posted by Triglav, Zdravstvena zavarovalnica. The increase in the number of policyholders and their changed age structure, which is nearing the Slovene average, resulted in higher average claims paid; in addition, the increase was affected by medical inflation. Due to the changed age structure, equalisation scheme expenses (index 94) were down to EUR 3.3 million.

Claims related to **motor liability insurance** increased by 18% over the respective period of 2016. They accounted for 15.5% of total gross claims paid by the Triglav Group, amounting to EUR 46.7 million. The high growth rates in gross claims paid were posted by all insurance companies excluding Lovćen Osiguranje (index 94), primarily due to the increase in the portfolio and the higher number of reported claims. Growth in gross claims of Triglav Osiguranje, Sarajevo resulted from the payment of four substantial claims due to death and some substantial individual claims, whilst in Triglav Osiguranje, Banja Luka higher gross claims resulted from the payment of some substantial older claims as the consequence of a court ruling. The number of non-material claims paid out by the Croatian insurer went up. The number of reported claims (arising primarily from goods vehicle claims and claims abroad) and the payments of material claims increased in the parent company. In addition, the average non-material claim payment also went up.

Claims related to **comprehensive car insurance** declined by 2% compared to the corresponding period of 2016, amounting to EUR 41.5 million. They accounted for 13.8% of total gross claims paid by the Triglav Group. Most members of the Group recorded lower gross claims. In Zavarovalnica Triglav, which accounts for 84% of total comprehensive car insurance, gross claims paid experienced a 3% decrease. In contrast, high growth rates in gross claims paid were posted by Triglav Osiguranje, Belgrade (index 136), Triglav Osiguruvanje, Skopje (index 126) and Triglav Osiguranje, Banja Luka (index 125). Growth in gross claims by the Serbian insurer mainly resulted from a larger portfolio and due to the higher number of reported claims, whereas gross claims by Triglav Osiguranje, Banja Luka and Triglav Osiguruvanje, Skopje primarily increased as the result of some substantial individual claim payments.

In **real property insurance**, total gross claims paid amounted to EUR 32.3 million or 12% more than the year before, accounting for 10.7% of total gross claims paid. In fire and natural disaster insurance, a 28% increase in gross claims paid was seen, along with a 4% growth in other damage to property insurance. Zavarovalnica Triglav, holding an 81% share of this insurance class, recorded a 9% increase, predominantly as the result of substantial claims paid in fire insurance. High growth rates in gross claims paid were recorded by Lovćen Osiguranje (due to the payment of some substantial individual claims in fire and construction insurance), Triglav Osiguranje, Sarajevo (due to the payment of some substantial individual claims in fire insurance) and Triglav Osiguranje, Zagreb (due to the payment of a substantial claim from previous years and an increase in claims from agricultural insurance).

Claims from **accident insurance** rose by 6%, amounting to EUR 12.0 million. The increase in claims in this insurance class primarily resulted from the high 16% growth in gross claims paid in Lovćen Osiguranje as the consequence of the higher number of reported claims from accident insurance for pensioners and occupational accident insurance. Growth in gross claims paid was

observed in the parent company (growth in AO-plus insurance), Triglav Osiguruvanje, Skopje (growth in claims paid from management liability insurance) and Triglav Osiguranje, Zagreb (an increased number of reported claims).

Gross claims paid in **general liability insurance** amounted to EUR 8.0 million, up by 11% compared to the year before. The high growth mainly resulted from a 19% growth in gross claims paid by the parent company, accounting for a 91% share of total claims of this insurance class. The increase resulted from the payment of some substantial individual claims in product liability insurance and doctors professional indemnity insurance.

Gross claims paid in **credit insurance** decreased by 44% to EUR 1.2 million. Gross claims paid by the parent company (index 58) accounted for the majority of total claims, as a decrease was seen in almost all credit insurance subclasses.

Gross claims paid in **other non-life insurance** amounted to EUR 7.7 million and remained approximately at the same level as the year before (index 100). A high increase in gross claims was also recorded by Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Zagreb. A 49% increase in the Sarajevo insurer was the result of higher claims in suretyship and assistance insurance. The main reason for the increase in the Croatian insurer were higher gross claims paid in marine liability insurance (the payment of the claim from 2015 resulting from a court ruling). Zavarovalnica Triglav, holding an 82% share of this insurance class, recorded a 2% decrease in claims.

#### 4.4.2 Life insurance

Non-consolidated gross claims paid in **life insurance** equalled EUR 98.9 million and were 2% lower compared to the previous year. Their share in total non-consolidated claims paid fell by 2.5 percentage points to 32.8%.

Gross claims settled by the **life insurance** class (traditional life, pension, annuity pension and voluntary pension insurance) totalled EUR 46.6 million or 6% less compared to the previous year, mainly due to a decrease in sums paid out on maturity and the decreased number of surrenders in Zavarovalnica Triglav (index 91). Other insurance subsidiaries of the Group selling this insurance class recorded a growth in gross claims paid.

The bulk of total claims settled was accounted for by **unit-linked life insurance**, amounting to EUR 49.3 million, up by 6%. Higher gross claims paid resulted primarily from an increase in sums paid out on maturity in Zavarovalnica Triglav (index 107) and Triglav Osiguranje, Zagreb (index 173). Gross claims paid by Skupna pokojninska družba were down 6%.

Gross claims paid in **supplemental voluntary pension insurance** decreased by 40%. This decrease in the parent company, the only insurer offering this insurance type, was primarily due to reduced payments arising from the withdrawals from insurance contracts.

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

	Gross claims paid		Index	Structure
	H1 2017	H1 2016	H1 2017/ H1 2016	H1 2017
Accident insurance	11,953,117	11,227,162	106	4.0%
Health insurance	53,119,607	46,175,974	115	17.6%
Comprehensive car insurance	41,507,336	42,482,515	98	13.8%
Real property insurance	32,343,413	28,920,072	112	10.7%
Motor liability insurance	46,684,771	39,573,989	118	15.5%
General liability insurance	8,031,105	7,219,804	111	2.7%
Credit insurance	1,236,658	2,206,371	56	0.4%
Other non-life insurance	7,659,404	7,662,674	100	2.5%
<b>Non-life insurance</b>	<b>202,535,411</b>	<b>185,468,561</b>	<b>109</b>	<b>67.2%</b>
Life insurance	46,555,954	49,770,345	94	15.4%
Unit-linked life insurance*	49,308,527	39,337,883	125	16.4%
Capital redemption insurance	2,996,365	12,233,734	24	1.0%
<b>Life insurance</b>	<b>98,860,846</b>	<b>101,341,962</b>	<b>98</b>	<b>32.8%</b>
<b>Total</b>	<b>301,396,257</b>	<b>286,810,523</b>	<b>105</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 in by insurance class*

Insurance class	Gross claims paid		Index	Structure
	H1 2017	H1 2016	H1 2017/ H1 2016	H1 2017
Accident insurance	6,628,891	6,482,824	102	3.3%
Health insurance	6,449	250	2,577	0.0%
Comprehensive car insurance	34,710,979	35,630,521	97	17.3%
Real property insurance	26,132,718	23,954,524	109	13.0%
Motor liability insurance	31,318,841	26,683,179	117	15.6%
General liability insurance	7,287,052	6,130,352	119	3.6%
Credit insurance	1,281,724	2,223,938	58	0.6%
Other non-life insurance	6,287,653	6,402,891	98	3.1%
<b>Non-life insurance</b>	<b>113,654,307</b>	<b>107,508,479</b>	<b>106</b>	<b>56.6%</b>
Life insurance	42,627,296	46,898,280	91	21.2%
Unit-linked life insurance	41,417,986	38,698,846	107	20.6%
Capital redemption insurance	2,996,365	5,018,220	60	1.5%
<b>Life insurance</b>	<b>87,041,646</b>	<b>90,615,345</b>	<b>96</b>	<b>43.4%</b>
<b>Total</b>	<b>200,695,953</b>	<b>198,123,825</b>	<b>101</b>	<b>100.0%</b>

#### 4.5 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group equalled EUR 135.2 million, which was 5% less compared to the preceding year. **Insurance business operating expenses** grew by 4% to EUR 122.5 million. On contrast, **non-insurance business expenses** were down by 47%, reaching EUR 12.7 million, mainly due to the sale of the stake of the Avrigo Group and of Slovenijales Trgovina as their costs are no more included in the consolidated financial statements of the Triglav Group. Increased expenses of insurance business were mainly caused by higher acquisition costs and costs of entertainment, advertising and trade shows due to strong premium growth.

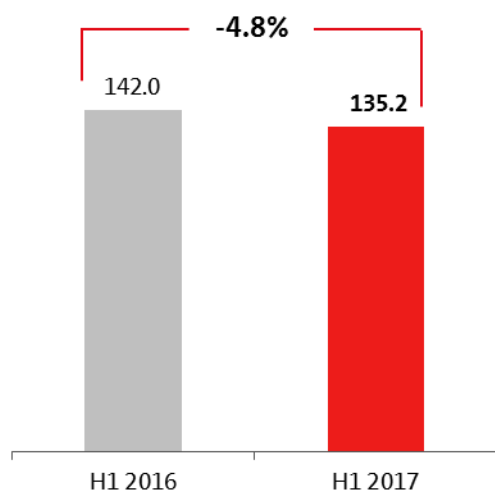
Gross operating expenses decreased by 5% compared to 2016.

Operating expenses accounted for 22.4% of gross written premium and were 0.9 percentage point lower than in the respective period of 2016. Operating expenses in **non-life insurance**



increased by 5% (EUR 98.8 million), in **health insurance** they were up by 11% (EUR 5.9 million), whereas in the **life-insurance** segment they decreased by 2% (EUR 17.8 million).

*Gross operating expenses of the Triglav Group in H1 2017 compared to the same period of 2016*



Acquisition costs (fees and commissions) totalled EUR 21.6 million and were 5% higher than in the preceding year mostly due to higher acquisition costs in Triglav Osiguranje, Belgrade and Triglav, Zdravstvena zavarovalnica. The costs of goods sold were down to EUR 107 thousand, primarily as a result of the sale of the stake of Slovenijales Trgovina, whilst in the same period of 2016 they amounted to EUR 8.8 million. A 5% decrease of depreciation costs (in the amount of EUR 6.5 million) was mainly a consequence of the sale of an equity stake of the Avrigo Group and Slovenijales Trgovina. With 50.1%, labour costs accounted for the largest portion of total expenses, equalling EUR 72.0 million. They remained at approximately the same level as the year before (index 100). Costs of services provided by natural persons other than sole proprietors equalled EUR 584 thousand, representing an increase of 20%. This increase is mainly a result of higher costs related to work contracts in the parent company. Other operating expenses represented an increase of 3%, reaching EUR 43.0 million. Among other operating expenses, the highest increase was seen in costs of entertainment, advertising, trade shows (foremost due to the growth in Lovćen Osiguranje and Triglav Osiguranje, Belgrade) and other costs of services (mostly due to the transfer management of real property of insurance business from the parent company to Triglav, Upravljanje nepremičnin).

In total gross operating expenses broken down by functional group, an increase was seen in acquisition costs, accounting for 59.9% (vs. 58.8% in 2016), whilst a decrease was recorded by claim handling costs with 10.6%, (0.5 percentage point less than in 2016), other operating expenses with 28.5% (0.3 percentage point less) and asset management, accounting for a 1.0% (vs. 1.2% in 2016).

### Gross operating expenses of the Triglav Group in H1 2017 by nature

	Gross operating expenses		Index	Structure
	H1 2017	H1 2016	H1 2017/ H1 2016	H1 2017
<b>Operating expenses by nature</b>				
Acquisition costs (fees and commissions)	21,564,988	20,522,086	105	15.0%
Costs of goods sold	107,430	8,812,646	1	0.1%
Depreciation of operating assets	6,491,787	6,811,232	95	4.5%
Labour costs	71,966,183	71,944,226	100	50.1%
- wages and salaries	48,749,098	48,188,076	101	33.9%
- social securities and pension insurance costs	11,490,668	11,331,110	101	8.0%
- other labour costs	11,726,417	12,425,040	94	8.2%
Costs of services provided by natural persons other than SPs together with pertaining taxes	584,053	487,247	120	0.4%
Other operating expenses	42,964,520	41,529,197	103	29.9%
- costs of entertainment, advertising, trade shows	10,085,546	8,686,418	116	7.0%
- costs of material and energy	3,829,384	4,244,553	90	2.7%
- maintenance costs	6,446,133	6,551,693	98	4.5%
- travel expenses	2,770,627	2,817,258	98	1.9%
- costs of intellectual and personal services	2,473,558	2,538,851	97	1.7%
- non-income-related costs, excluding insurance	1,552,980	1,912,305	81	1.1%
- costs of transport and communication services	2,461,185	2,373,063	104	1.7%
- costs of insurance premiums	602,750	653,047	92	0.4%
- payment transaction costs and banking services	3,762,905	3,539,641	106	2.6%
- rents	3,447,186	3,437,087	100	2.4%
- costs of services of professional training	517,526	422,340	123	0.4%
- other costs of services	5,014,740	4,349,011	115	3.5%
- long-term employee benefits	0	3,930	0	0.0%
<b>Total</b>	<b>143,678,961</b>	<b>150,106,634</b>	<b>96</b>	<b>100.0%</b>
Consolidation eliminations	-8,496,744	-8,084,562	105	
<b>Total consolidated</b>	<b>135,182,217</b>	<b>142,022,072</b>	<b>95</b>	

### Gross operating expenses of Zavarovalnica Triglav in H1 2017 by nature

	Gross operating expenses		Index	Structure
	H1 2017	H1 2016	H1 2017/ H1 2016	H1 2017
<b>Operating costs by nature</b>				
Acquisition costs (fees and charges)	12,105,794	12,135,221	100	14.3%
Depreciation of operating assets	4,382,967	4,197,064	104	5.2%
Labour costs	49,366,531	48,453,768	102	58.4%
- wages and salaries	33,836,078	32,786,848	103	40.0%
- social security and pension insurance costs	5,922,780	5,736,571	103	7.0%
- other labour costs	9,607,673	9,930,349	97	11.4%
Costs of services provided by natural persons other than SPs together with pertaining taxes	124,595	44,736	279	0.1%
Other operating expenses	18,547,848	19,224,813	96	21.9%
- costs of entertainment, advertising, trade shows	4,058,291	4,533,065	90	4.8%
- costs of material and energy	1,629,065	1,768,886	92	1.9%
- maintenance costs	4,181,680	4,324,393	97	4.9%
- reimbursement of labour-related costs	1,814,520	1,736,438	104	2.1%
- costs of intellectual and personal services	1,002,093	940,238	107	1.2%
- non-income-related costs, excluding insurance	676,966	978,061	69	0.8%
- costs of transport and communication services	1,367,390	1,336,993	102	1.6%
- costs for insurance premiums	206,246	185,789	111	0.2%
- payment transaction costs and banking services	795,948	928,108	86	0.9%
- rents	1,271,429	1,189,300	107	1.5%
- costs of professional training services	266,697	229,936	116	0.3%
- other costs of services	1,277,523	1,073,606	119	1.5%
<b>Total</b>	<b>84,527,735</b>	<b>84,055,602</b>	<b>101</b>	<b>100.0%</b>

## 4.6 Reinsurance

In the first half of 2017, the **Triglav Group** allocated EUR 61.2 million of reinsurance and coinsurance premiums to external equalisation, which was 21% more than in the respective period of 2016. Reinsurance premiums accounted for 11.2% total gross written insurance and coinsurance premiums. A reinsurers' share of gross claims settled of EUR 8.9 million (index 125) was received from reinsurance.

In the reporting period, **Zavarovalnica Triglav** allocated EUR 58.1 million to of reinsurance and coinsurance premiums to external equalisation, which was 17% more than in the respective period of 2016. Reinsurance premium accounted for 16.5% of total gross written premium. In the reporting period, a reinsurers' and co-insurers' share of gross claims settled of EUR 9.1 million was received from reinsurance and coinsurance (index 110).

## 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 2,765.5 million to gross insurance technical provisions, which in total represented an increase of 4% compared to 31 December 2016. The amount of gross insurance technical provisions increased in **non-life insurance** (index 110), **life insurance** (index 101) and in **health insurance** (index 102). As at the reporting date, **Zavarovalnica Triglav** allocated EUR 2,145.9 million to gross insurance technical provisions, which was 3% more over the 2016 year-end.

The total amount of gross insurance technical provisions of the Triglav Group went up by 4%.

The **Triglav Group's** provisions by type as at 30 June 2017 compared to the 2016 year-end:

- **Gross provisions for unearned premium** increased by 28% and reached EUR 337.7 million. Unearned premium from non-life insurance amounted to EUR 334.3 million (index 128), unearned premium from life insurance totalled EUR 491 thousand (index 109) and unearned premium from health insurance reached EUR 3.0 million (index 127).
- **Gross claims provisions** rose by 2% and amounted to EUR 648.5 million. Claims provisions from non-life insurance totalled EUR 620.1 million (index 102), those from the life-insurance segment stood at EUR 18.9 million (index 100) and those from health insurance amounted to EUR 9.5 million (index 104).
- **Mathematical provisions** were 1% higher and amounted to EUR 1,746.6 million. Of the total amount of mathematical provisions, EUR 1,294.8 million originated from the guarantee fund backing life insurance (index 102) and EUR 451.7 million from the guarantee fund backing unit-linked life insurance (index 99). Gross claims provisions of **Zavarovalnica Triglav** amounted to EUR 1,393.4 million and remained at a level approximately equal to the 2016 year-end (index 100). Of the total amount of mathematical provisions, EUR 737.1 million originated from the guarantee fund backing life insurance, EUR 420.6 million from the guarantee fund backing unit-linked life insurance, EUR 196.1 million from the guarantee fund backing SVPI (Zajamčeni, Drzni in Zmerni), and EUR 39.6 million from the guarantee fund backing SVPI during the annuity payout period.
- **Provisions for bonuses and discounts** were down 1% and totalled EUR 19.0 million.
- **Other insurance technical provisions** were 18% higher over the 2016 year-end and amounted to EUR 13.7 million. A high growth in other insurance technical provisions was seen in Triglav, Zdravstvena zavarovalnica (index 204) due to the increase in provisions for unexpired risks arising from the sale of Zobje and Zobje+ insurance. Other insurance

technical provisions of Zavarovalnica Triglav totalled EUR 8.7 million and increased by 13%. Provisions for unexpired risks grew by 30% (EUR 3.8 million), provisions for the guarantee fund backing supplemental voluntary pension insurance during the annuity payout period identified by the Liability Adequacy Test (LAT) increased by 1% (EUR 4.0 million) and provisions for cancellations were up by 6% (EUR 938 thousand).

*Gross insurance technical provisions of the Triglav Group as at 30 June 2017*

	Gross insurance technical provisions		Index
	30 June 2017	31 December 2016	2017/2016
Unearned premiums	337,734,950	263,639,620	128
Mathematical provisions	1,746,583,357	1,731,221,699	101
Claims provisions	648,538,332	635,240,895	102
Provisions for bonuses and discounts	18,978,572	19,105,924	99
Other insurance technical provisions	13,671,250	11,580,177	118
<b>Total</b>	<b>2,765,506,461</b>	<b>2,660,788,315</b>	<b>104</b>

*Gross insurance technical provisions of Zavarovalnica Triglav as at 30 June 2017*

	Gross insurance technical provisions		Index
	30 June 2017	31 December 2016	2017/2016
Unearned premiums	244,204,048	188,487,876	130
Mathematical provisions	1,393,371,437	1,390,394,245	100
Claims provisions	481,179,889	471,240,774	102
Provisions for bonuses and discounts	18,495,379	18,495,379	100
Other insurance technical provisions	8,650,136	7,684,844	113
<b>Total</b>	<b>2,145,900,888</b>	<b>2,076,303,118</b>	<b>103</b>

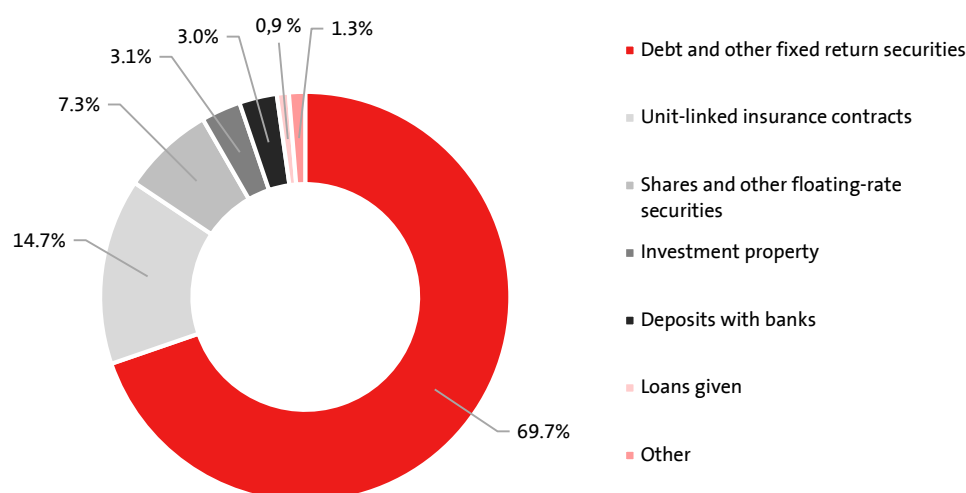
#### 4.8 Structure of financial investments

Financial assets, including investment property of the Triglav Group as at 30 June 2017 stood at EUR 3,062.5 million, which was approximately at the same level as at the 2016 year-end (index 100). Their share in total assets went down by 2.3 percentage point and reached 83.8%.

*Financial investments of the Triglav Group as at 30 June 2017 and 31 December 2016*

	Financial investments		Index	Structure	
	30 June 2017	31 December 2016	2017/2016	30 June 2017	31 Dec. 2016
Investment property	95,508,655	95,842,720	100	3.1%	3.1%
Shares in associates	7,582,085	6,826,400	111	0.2%	0.2%
Shares and other floating-rate securities	223,527,435	238,449,950	94	7.3%	7.7%
Debt and other fixed return securities	2,135,245,845	2,134,902,600	100	69.7%	69.4%
Loans given	29,070,766	29,824,585	97	0.9%	1.0%
Deposits with banks	91,009,885	81,237,845	112	3.0%	2.6%
Other financial investments	26,223,676	24,733,673	106	0.9%	0.8%
Financial investments of reinsurance companies in reinsurance contracts with cedents	5,330,864	5,171,806	103	0.2%	0.2%
Unit-linked insurance contracts	449,043,714	459,982,822	98	14.7%	14.9%
<b>Total</b>	<b>3,062,542,925</b>	<b>3,076,972,401</b>	<b>100</b>	<b>100.0%</b>	<b>100.0%</b>

### Structure of financial investments of the Triglav Group as at 30 June 2017



The investment policy of the Triglav Group is relatively conservative, its basic emphasis being on ensuring the safety and liquidity of investments while achieving adequate profitability. In 2017, the structure of financial investments has followed these guidelines and has not changed significantly compared to 2016. Debt and other fixed-return securities accounted for 69.7% of total financial investments. In terms of volume, excluding unit-linked life insurance assets, equity investments are followed by investment properties and bank deposits.

In the context of the abovementioned guidelines, the Group actively adapts the shares of individual investment grades. Its objective is to maintain a high overall rating of the whole investment portfolio. In the first six months of 2017, only minor adjustments were made compared to the 2016 year-end. The share of **debt securities and other fixed-return securities** increased by 0.3 percentage point, the share of equity investments went down by 0.4 percentage point. The share of investment property remained the same, whereas the share of bank deposits in the portfolio increased by 0.4 percentage point. The latter is the result of short-term liquidity management of the Group.

Below is presented the structure of the largest investment grade – debt securities broken down by issuer sector, issuer rating and issuer country.

**In terms of issuer sector**, government bonds account for almost a half of all bonds; in the first half of 2017, their volume slightly decreased (index 99). Corporate and financial bonds each represented 25% share of total financial assets. The share of the latter slightly decreased, whilst the financial bonds were up due to the harmonisation of the structure. An already lower share of structured bonds decreased additionally.

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

Issuer sector	Debt securities		Index	Structure	
	30 June 2017	31 December 2016	2017/2016	30 June 2017	31 Dec. 2016
Corporate	547,323,159	504,467,444	108	25.6%	23.6%
Financial	516,574,614	543,495,982	95	24.2%	25.5%
Government	1,058,252,551	1,068,719,391	99	49.6%	50.1%
Structured	13,095,520	18,219,783	72	0.6%	0.9%
<b>Total</b>	<b>2,135,245,845</b>	<b>2,134,902,600</b>	<b>100</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Unit-linked insurance contract investments data excluded.

The investment portfolio consists of investments in debt securities with a high credit rating, primarily in developed markets, which ensures adequate liquidity for the Group. In terms of **issuer rating**, the bulk of the portfolio is accounted for by debt securities of issuers having an investment grade credit rating of at least BBB.

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

Credit rating	Debt securities		Index	Structure	
	30 June 2017	31 December 2016	2017/2016	30 June 2017	31 Dec. 2016
AAA	220,356,466	211,893,186	104	10.3%	9.9%
AA	117,392,244	126,423,500	93	5.5%	5.9%
A	569,983,940	576,015,797	99	26.7%	27.0%
BBB	751,227,570	741,012,325	101	35.2%	34.7%
Below BBB	376,916,865	392,749,250	96	17.7%	18.4%
Not rated	99,368,760	86,808,541	114	4.7%	4.1%
<b>Total</b>	<b>2,135,245,845</b>	<b>2,134,902,600</b>	<b>100</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 the countries with a high credit rating. Minor changes in the exposure to individual countries are a result of price fluctuations and adjustment of some items.

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

Country of issuer	Debt securities		Index	Structure	
	30 June 2017	31 December 2016	2017/2016	30 June 2017	31 Dec. 2016
Slovenia	432,154,981	443,032,245	98	20.2%	20.8%
Germany	167,711,604	160,146,983	105	7.9%	7.5%
Spain	167,504,086	165,634,669	101	7.8%	7.8%
Netherlands	165,000,060	171,442,648	96	7.7%	8.0%
France	132,907,131	136,772,348	97	6.2%	6.4%
Italy	111,781,282	121,225,847	92	5.2%	5.7%
Other	958,186,702	936,647,861	102	44.9%	43.9%
<b>Total</b>	<b>2,135,245,845</b>	<b>2,134,902,600</b>	<b>100</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Unit-linked insurance contract investments data excluded.

In total financial assets, the proportion of **equity investments** (shares and other floating rate securities and investments in associates) dropped by 6% in H1 2017, primarily resulting from the purchases of units of equity and target money funds. Equity investments also include the category "other funds", which consists of real property, alternative and allocation funds. Currently, this category accounts for only 3% of equity investments, but compared to its previous share it grew the most in relative terms in the first half of 2017.

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

Equity investment type	Equity investments		Index	Structure	
	30 June 2017	31 December 2016	2017/2016	30 June 2017	31 Dec. 2016
Shares	73,551,098	68,892,275	107	31.8%	28.1%
Equity funds	77,643,053	89,046,478	87	33.6%	36.3%
Bond funds	38,870,966	39,428,528	99	16.8%	16.1%
Money market funds	34,290,999	42,053,747	82	14.8%	17.1%
Other funds	6,753,405	5,855,322	115	2.9%	2.4%
<b>Total</b>	<b>231,109,520</b>	<b>245,276,350</b>	<b>94</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 2017	31 December 2016	2017/2016	30 June 2017	31 Dec. 2016
Slovenia	59,752,918	59,816,111	100	25.9%	24.4%
Developed markets	147,562,806	160,652,378	92	63.8%	65.5%
Developing markets	12,654,593	15,428,349	82	5.5%	6.3%
Balkans	11,139,203	9,379,512	119	4.8%	3.8%
<b>Total</b>	<b>231,109,520</b>	<b>245,276,350</b>	<b>94</b>	<b>100.0%</b>	<b>100.0%</b>

In **Zavarovalnica Triglav**, financial investments, including investment properties, amounted to EUR 2,417.1 million which is 1% less than as at the 2016 year-end.

### Financial investments of Zavarovalnica Triglav as at 30 June 2017

	Financial investments		Index	Structure	
	30 June 2017	31 December 2016	2017/2016	30 June 2017	31 Dec. 2016
Investment property	49,289,966	49,611,416	99	2.0%	2.0%
Investments in subsidiaries and associates	142,591,985	140,135,485	102	5.9%	5.8%
Shares and other floating-rate securities	130,552,965	139,671,350	93	5.4%	5.7%
Debt and other fixed return securities	1,576,663,061	1,589,007,928	99	65.2%	65.2%
Loans given	48,223,581	43,651,675	110	2.0%	1.8%
Deposits with banks	48,375,669	37,045,982	131	2.0%	1.5%
Other financial investments	1,700,237	1,700,237	100	0.1%	0.1%
Derivative financial instruments	1,331,110	1,423,429	94	0.1%	0.1%
Unit-linked insurance contract investments	418,371,087	434,043,269	96	17.3%	17.8%
<b>Total</b>	<b>2,417,099,660</b>	<b>2,436,290,771</b>	<b>99</b>	<b>100.0%</b>	<b>100.0%</b>

## 5. FINANCIAL RESULT AND FINANCIAL STANDING

### 5.1 Financial result

In the first six months of 2017, the Triglav Group posted a net profit of EUR 36.1 million or 6% more than in the same period last year. Net profit attributable to the shareholders of controlling company amounted to EUR 35.7 million (index 107), whereas net profit attributable to minority shareholders totalled EUR 390 thousand (index 57). Profit before tax amounted to EUR 42.4 million (index 98). Compared to 2016, net return on equity increased by 0.1 percentage point to 10.2%.

The Triglav Group ended the first six months of 2017 with a 6% higher net profit over the respective period of 2016.

Zavarovalnica Triglav posted a net profit of EUR 35.1 million or 19% more compared to the corresponding period of 2016. Higher net profit is primarily the result of higher returns on investments due to higher net gains on the sale of financial assets, higher received dividends and permanent impairments of certain investments from 2016.

Combined ratio of the Triglav Group remains favourable at 95.5% (H1 2016: 93.4%). 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 2017	H1 2016	Change
Zavarovalnica Triglav	92.1%	87.6%	4.4 p.p.
Triglav, Zdravstvena zavarovalnica	100.8%	99.1%	1.7 p.p.
Pozavarovalnica Triglav Re	96.8%	99.8%	-3.0 p.p.
Triglav Osiguranje, Zagreb	103.4%	115.3%	-11.9 p.p.
Triglav Osiguranje, Sarajevo	99.9%	98.2%	1.6 p.p.
Lovćen Osiguranje, Podgorica	96.9%	100.2%	-3.3 p.p.
Triglav Osiguranje, Belgrade	100.8%	101.3%	-0.5 p.p.
Triglav Osiguranje, Banja Luka	94.2%	98.0%	-3.8 p.p.
Triglav Osiguruvanje, Skopje	99.9%	93.9%	6.0 p.p.
<b>The Triglav Group</b>	<b>95.5%</b>	<b>93.4%</b>	<b>2.1 p.p.</b>

Net premiums earned increased by 6% to EUR 440.0 million compared to the preceding year. Net premium income from non-life insurance rose by 4%, net premium income from life and health insurance went up by 6% and 14% respectively.

Net claims incurred increased by 6% to EUR 312.4 million. Net claims incurred from non-life insurance and health insurance increased by 9% and 15% respectively, whilst from life insurance they were 2% lower.

Income from financial assets went up by 12%, reaching EUR 67.4 million, whilst income from financial assets in associates totalled EUR 107 thousand or 96% less than in the preceding year mainly as a result of lower net gains on the sale of financial assets. Income from other financial assets was 3% lower or EUR 54.7 million in nominal terms. Net unrealised losses on unit-linked life insurance assets increased to EUR 12.6 million (in 2016 EUR 0.9 million).

Over the reporting period, financial expenses decreased by 48% to EUR 18.9 million. Expenses from financial assets in associates totalled EUR 0.2 million (index 165), while expenses from other financial assets equalled EUR 17.7 million. The latter went down by 34% mainly as a result



of permanent impairments of certain investments in the preceding year, lower losses arising from sale of financial assets and lower expenses arising from the changes in the fair value in the reporting period. Net unrealised losses on unit-linked life insurance assets reached EUR 1.0 million compared to EUR 9.7 million in the respective period of 2016.

**Return on investment of the Triglav Group** (excluding unit-linked life insurance contract investments) represents the difference between income and expenses from financial assets. It amounted to EUR 36.9 million, having increased by 13% compared to the preceding year. Higher return on investment is a result of higher net gains on the sale of financial assets and lower impairments of certain investments compared to the same period of 2016.

Return on financial investments increased by 13% in comparison to 2016.

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 technical provisions** summed up to EUR 24.9 million or 17% more than one year earlier, primarily due to higher mathematical provisions and other insurance technical provisions for health insurance. **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR -6.2 million (in 2016 EUR -24.3 million) due to a decrease in price of fund units. **Provisions for bonuses and discounts** increased by 7% to EUR 3.9 million.

**Operating expenses** (acquisition costs and other operating expenses) amounted to EUR 108.3 million and were 5% higher than in 2016. With a 6% growth, acquisition costs amounted to EUR 73.3 million, other operating expenses experienced an increase of 3%, totalling to EUR 34.9 million.

**Other income from insurance operations**, excluding fees and commissions, increased by 21% and reached EUR 2.8 million. **Other insurance expenses**, excluding fees and commissions expenses, decreased by 23%, amounting to EUR 5.4 million. Net fee and commission income (in the income statement for the reporting period, fee and commission income and expenses are disclosed separately) was up 108% and amounted to EUR 1.9 million.

**Other income** was down 50%, reaching EUR 16.5 million due to the sale of a land plot and an equity stake of Avrigo in 2016. **Other expenses** dropped by 31% to EUR 18.6 million.

## Individual items in the consolidated income statement of the Triglav Group for H1 2017

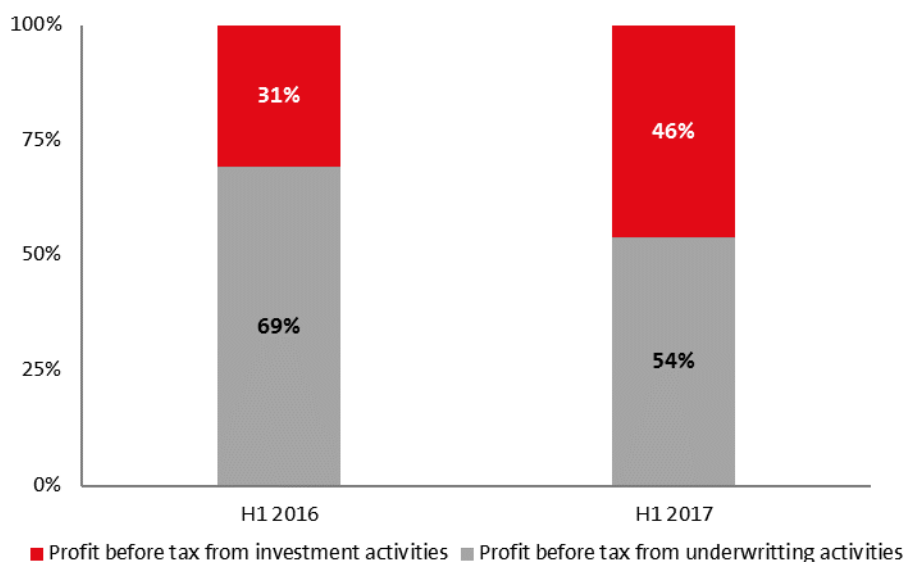
	H1 2017	H1 2016	Index
Net premium earned	406,827,137	415,610,355	98
Income from financial assets	67,422,537	60,330,988	112
Other income from insurance operations	12,737,978	3,184,136	400
Other income	16,470,759	32,816,253	50
Net claims incurred	296,732,394	294,238,774	101
Change in other insurance technical provisions	24,860,516	21,288,655	117
Change in insurance technical provisions for unit-linked insurance contracts	-6,246,320	-24,329,574	26
Expenses for bonuses and discounts	3,904,309	3,662,454	107
Operating expenses	108,287,679	103,206,298	105
Expenses from financial assets and liabilities	18,868,571	36,559,173	52
Other insurance expenses	13,519,593	7,062,035	191
Other expenses	18,580,235	27,037,752	69
<b>Profit/loss before tax</b>	<b>42,425,945</b>	<b>43,216,165</b>	<b>98</b>
Income tax expense	-6,307,978	-9,024,611	70
<b>Net profit/loss for the accounting period</b>	<b>36,117,967</b>	<b>34,191,554</b>	<b>106</b>

## Profit/loss before tax of the Triglav Group in H1 2017 and H1 2016\*

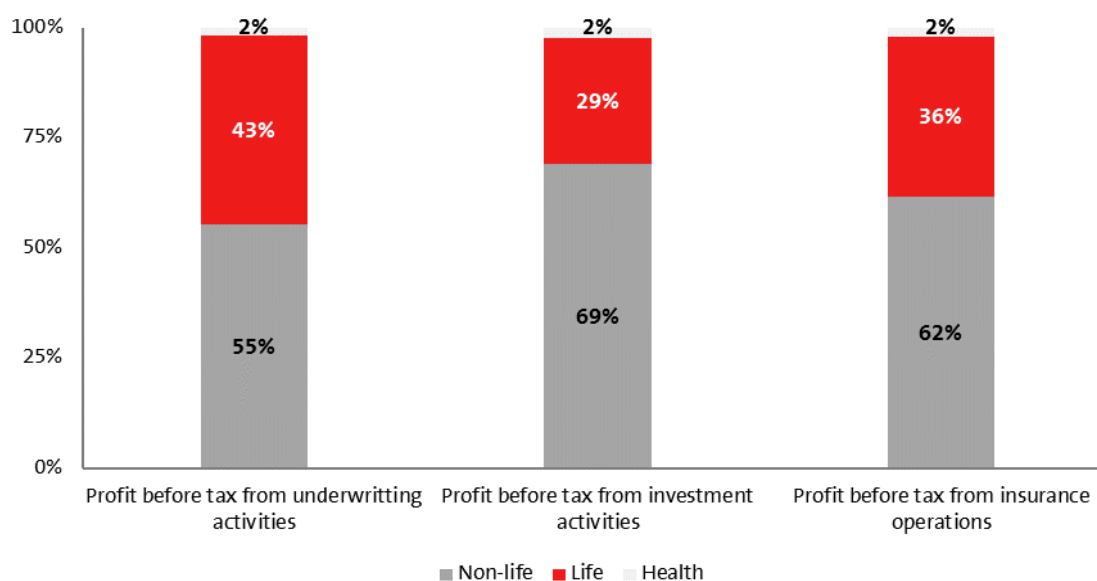
	H1 2017				H1 2016			
	Non-life	Life	Health	Total	Non-life	Life	Health	Total
Profit before tax from underwriting activities	12,570,986	9,763,747	424,817	22,759,550	19,663,706	4,890,928	1,309,945	25,864,579
Profit before tax from investment activities	13,344,870	5,541,360	449,879	19,336,109	13,556,947	-2,580,065	454,413	11,431,295
Profit before tax from insurance operations	25,915,856	15,305,107	874,696	42,095,659	33,220,653	2,310,863	1,764,358	37,295,874
Profit before tax from non-insurance operations				330,286				5,920,291
<b>Total profit before tax</b>				<b>42,425,945</b>				<b>43,216,165</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.

## Structure of profit/loss before tax of the Triglav Group in H1 2017 and H1 2016



### Structure of profit/loss before tax of the Triglav Group by insurance type in H1 2017



### Individual items in the income statement of Zavarovalnica Triglav for H1 2017

	H1 2017	H1 2016	Index
Net premium income	260,633,200	252,192,448	103
Income from financial assets	57,464,238	45,304,423	127
Other income from insurance operations	13,140,484	10,815,784	121
Other income	5,245,542	5,168,423	101
Net claims incurred	192,332,957	183,476,646	105
Change in other insurance technical provisions	17,007,433	16,654,551	102
Change in insurance technical provisions for unit-linked insurance contracts	-10,481,381	-28,337,842	
Expenses for bonuses and discounts	3,177,740	2,661,656	119
Operating expenses	73,128,123	72,384,664	101
Expenses from financial assets and liabilities	12,102,481	24,287,180	50
Other insurance expenses	3,464,145	3,472,400	100
Other expenses	5,359,278	2,120,775	253
<b>Profit/loss before tax</b>	<b>40,392,691</b>	<b>36,761,049</b>	<b>110</b>
Income tax expense	5,276,654	7,157,110	74
<b>Net profit/loss for the accounting period</b>	<b>35,116,037</b>	<b>29,603,939</b>	<b>119</b>

## 5.2 Financial standing

The total **balance sheet** of the Triglav Group as at 30 June 2017 stood at EUR 3,655.3 million or 2% more compared to the 2016 year-end.

The **total equity capital** as at the reporting date amounted to EUR 716.4 million or 4% less than at the 2016 year-end. The portion of equity in the balance sheet total decreased by 1.2 percentage points, from 20.8% to 19.6%. Equity attributable to the controlling company amounted to EUR 708.9 million, while non-controlling interest holders had EUR 7.6 million. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. Share premium decreased by 6%, amounting to EUR 50.4 million due to an additional payment made to minority shareholders of Pozavarovalnica Triglav Re and acquisition of minority shareholding of Triglav Osiguranje, Sarajevo. In the reporting period, reserves from profit decreased by 1% to EUR 303.3 million. They include other

As at the reporting date, total equity capital reached EUR 716.4 million.

reserves from profit, which remained unchanged and legal and statutory reserves, which increased by EUR 168 thousand from a net profit brought forward and decreased by EUR 2.4 million due to the acquisition of a minority stake of Triglav Osiguranje, Sarajevo. As a result of an increase in the value of available-for-sale financial assets, fair value reserve increased by 1% to EUR 88.3 million. As at the reporting date, accumulated profit for the period was EUR 196.2 million (index 90), including net profit for the period of EUR 35.7 million (index 81) and net profit brought forward of EUR 160.5 million (index 93). Net profit brought forward increased by EUR 44.2 million due to a transfer of net profit of the preceding year to 1 January 2016 and decreased by EUR 56.8 million due to the payment of dividends.

**Subordinated liabilities** were down 8% due to higher volume of inter-company transactions, which were excluded in consolidation. They accounted for 0.4% of total liabilities or EUR 15.5 million in nominal terms.

**Gross insurance technical provisions** grew by 4% and reached EUR 2,765.5 million. In the balance sheet total, their share increased by 1.2 percentage points over the 2016 year-end, from 74.4% to 75.7%. Mathematical provisions increased by 1%, reaching EUR 1,746.6 million. Gross claims provisions of EUR 648.5 million were up 2% over the 2016 year-end. Provisions for gross unearned premiums and other insurance technical provisions were up by 28% and 6% respectively. Insurance technical provisions are discussed in greater detail under *Section 4.7*.

Compared to 31 December 2016, **other financial liabilities** (EUR 6.4 million) experienced a high growth of 20%, foremost as a result of transactions in acquisition of securities which will be settled after the end of the reporting period. They accounted for a 0.2% share of total balance sheet liabilities.

**Operating liabilities** as at the reporting date totalled EUR 47.9 million, having increased by 14% over the 2016 year-end. They accounted for 1.3% of total balance sheet liabilities, which was 0.1 percentage point higher over the 2016 year-end. Liabilities from direct insurance operations went up by 10% to EUR 17.6 million. With EUR 28.5 million (index 123), liabilities from co-insurance and reinsurance were higher, whereas current tax liabilities, amounting to EUR 1.8 million (index 62) decreased.

**Other provisions** shrunk by 1% to EUR 17.4 million compared to 31 December 2016 (a 0.5% share in total liabilities). **Deferred tax liabilities** amounted to EUR 24.8 million, which was 2% less than at the 2016 year-end, and accounted for 0.7% of the balance sheet total. As at the reporting date, **other liabilities** decreased by 2% to EUR 61.5 million, representing a 1.7% share of total liabilities.

**Financial assets** accounted for 81.0% of total assets (2.2 percentage points less than at the 2016 year-end) and totalled EUR 2,959.5 million. They remained approximately at the same level as at 31 December 2016 (index 100). Unit-linked insurance assets amounted to EUR 449.0 million (index 98) and financial investments to EUR 2,510.4 million (index 100). In total financial investments, EUR 160.0 million (index 108) was accounted for by deposits and loans, EUR 220.1 million by held-to-maturity assets (index 95), EUR 1,721.4 million (index 99) by available-for-sale assets and EUR 409.0 million (index 103) by assets recognised at a fair value through profit or loss. The structure of financial assets is discussed in greater detail under *Section 4.8*.

**Financial investments in associates of the Triglav Group** amounted to EUR 7.6 million, having increased by 11% (a 0.2% share in total assets) as a result of a new investments in Triglav d.o.o. and Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka.

**Investment property** amounted to EUR 95.5 million and remained at a level approximately equal to the 2016 year-end (index 100), accounting for 2.6% of total assets.

Compared to the 2016 year-end, **receivables and deferred tax assets** increased by 32% to EUR 222.4 million, having increased by 4% compared to the respective period of 2016. They accounted for 6.1% of total assets, of which receivables from direct insurance operations accounted for the bulk, totalling EUR 123.9 million (index 147), which experienced an increase of 6% compared to 30 June 2016. Receivables from co-insurance and reinsurance operations reached EUR 46.3 million (index 132), other receivables stood at EUR 35.9 million (index 109) and current tax receivables at EUR 0.3 million (index 37). Deferred tax assets amounted to EUR 15.9 million (index 101).

**Insurance technical provisions transferred to reinsurance contracts** stood at EUR 103.4 million, having increased by 34% over the 2016 year-end. Assets from reinsurance contracts from claim provisions were 15% higher and totalled EUR 66.5 million, while those from unearned premiums grew by 92% to EUR 36.8 million.

Compared to 31 December 2016, **property, plant and equipment** decreased by 1% to EUR 107.2 million, representing 2.9% of total financial assets. **Intangible assets** stood at EUR 80.9 million, having increased by 10% primarily due to higher long-term deferred acquisition costs, accounting for 2.2% of total assets.

**Cash and cash equivalents** amounted to EUR 69.6 million (index 106), whilst **other assets** totalled EUR 6.8 million (index 188).

**Non-current assets held for sale** equalled EUR 2.4 million due to the planned sale of specific land plots and buildings. In 2017, non-current assets held for sale increased by EUR 1.4 million due to the planned sale of a building of Triglav, Upravljanje nekretninama, Zagreb.

*Individual items in the consolidated balance sheet of the Triglav Group as at 30 June 2017*

	30 June 2017	31 December 2016	Index
<b>Assets</b>	<b>3,655,273,167</b>	<b>3,574,885,423</b>	<b>102</b>
Intangible assets	80,861,348	73,823,588	110
Property, plant and equipment	107,249,238	107,933,428	99
Investment property	95,508,655	95,842,720	100
Investment in associates	7,582,085	6,826,400	111
Financial assets	2,959,452,187	2,974,303,281	100
Reinsurers' share of insurance technical provisions	103,433,232	77,084,783	134
Receivables and deferred tax assets	222,354,513	168,714,203	132
Other assets	6,814,184	3,622,253	188
Cash and cash equivalents	69,590,308	65,714,474	106
Non-current assets held for sale	2,427,417	1,020,293	238
<b>Equity and liabilities</b>	<b>3,655,273,167</b>	<b>3,574,885,422</b>	<b>102</b>
Equity	716,422,193	744,349,747	96
Subordinated liabilities	15,456,679	16,869,102	92
Insurance technical provisions	2,313,762,766	2,203,105,224	105
Insurance technical provisions for unit-linked insurance contracts	451,743,695	457,683,091	99
Other provisions	17,356,826	17,521,481	99
Deferred tax liabilities	24,774,425	25,400,544	98
Other financial liabilities	6,360,775	5,288,693	120
Operating liabilities	47,861,572	42,028,195	114
Other liabilities	61,534,236	62,639,345	98

*Individual items in the balance sheet of Zavarovalnica Triglav as at 30 June 2017*

	30 June 2017	31 December 2016	Index
<b>Assets</b>	<b>2,785,762,458</b>	<b>2,740,333,045</b>	<b>102</b>
Intangible assets	60,183,002	55,884,567	108
Property, plant and equipment	65,110,250	66,230,456	98
Investment property	49,289,966	49,611,417	99
Investments in subsidiaries and associates	142,591,985	140,135,485	102
Financial assets	2,225,217,709	2,246,543,870	99
Reinsurers' share of insurance technical provisions	101,246,869	76,455,107	132
Receivables and deferred tax assets	108,543,335	75,869,086	143
Other assets	3,696,186	1,949,412	190
Cash and cash equivalents	29,883,155	27,653,646	108
<b>Equity and liabilities</b>	<b>2,785,762,458</b>	<b>2,740,333,045</b>	<b>102</b>
Equity	540,430,648	563,389,118	96
Subordinated liabilities	20,604,909	21,103,108	98
Insurance technical provisions	1,725,334,712	1,645,177,811	105
Insurance technical provisions for unit-linked insurance contracts	420,566,176	431,125,308	98
Other provisions	11,362,518	11,237,183	101
Deferred tax liabilities	6,073,556	7,065,409	86
Other financial liabilities	2,431,356	1,852,710	131
Operating liabilities	28,390,773	24,451,950	116
Other liabilities	30,567,809	34,930,448	88

## **6. RISK MANAGEMENT**

### **6.1 Risk Management**

In the first half of 2017, there were no significant changes in the risk management system or in the risk profile as compared to the situation described in the Annual Report of the Triglav Group and Zavarovalnica Triglav for 2016 (Section *Risk Management*). The capital level of the parent company and the Triglav Group remains within the set strategic guidelines and adequately exceeds the level of underwritten risks.

The risk of political uncertainty both in European and other countries, in combination with the low interest rate environment and the expansionary monetary policy of central banks, may result in the occurrence of events on financial markets, which are not always in line with expectations. Both the parent company and the Group pay particular attention to the monitoring of political and macroeconomic developments and to the preparation of appropriate responses. Being aware of the uncertainty arising from the external environment, the Company constantly upgrades its risk management system, thereby strengthening the stability of the Company and the Group.

In May, the world witnessed the WannaCry ransomware attack, which affected more than 200 thousand computers in 150 countries. The Company was not affected by the attack and promptly responded to the threat by carrying out a series of activities aimed at limiting the possibilities of a direct attack. The Company is aware that cyber attacks will constitute a significant threat also in the future, which is why additional attention will be paid to the protection against such attacks.

In May and June 2017, the first Solvency and Financial Condition Report was published for both Zavarovalnica Triglav and the Triglav Group. In these reports, detailed information on the operations of the parent company and the Group were disclosed in terms of presenting the governance system, describing the risk profile and outlining the capital management process.

### **6.2 Internal audit**

In the first six months of 2017, the Internal Audit Department complied with its annual work plan. It conducted internal audits of various divisions in Zavarovalnica Triglav and audits in some subsidiaries. The findings were reported to the management of the audited divisions and to the Management Board.

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

## **7. EMPLOYEES IN THE TRIGLAV GROUP**

As at the reporting date, 5,102 employees or 56 more compared to the 2016 year-end were employed in the Triglav Group. The number of employees increased mostly due to higher number of employees of Triglav, Osiguranje, Belgrade due to strengthening of the internal sales network.

Compared to the 2016 year-end, in the educational structure of employees an increase was registered in the number of employees with higher education, with masters or doctoral degrees and secondary education, while the number of staff with secondary school education and post-secondary education degrees decreased.



# FINANCIAL OVERVIEW

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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board herewith confirms the financial statements for the period from 1 January 2017 to 30 June 2017 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 2017 to 30 June 2017 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 2017 to 30 June 2017 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

Benjamin Jošar

Member of the Management Board

Uroš Ivanc

Member of the Management Board

Tadej Čoroli

Member of the Management Board

Marica Makoter

Member of the Management Board

Ljubljana, 10 August 2017

# 1. FINANCIAL STATEMENTS

in EUR

STATEMENT OF FINANCIAL POSITION	Triglav Group		Zavarovalnica Triglav	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<b>ASSETS</b>	<b>3,655,273,167</b>	<b>3,574,885,423</b>	<b>2,785,762,458</b>	<b>2,740,333,045</b>
Intangible assets	80,861,348	73,823,588	60,183,002	55,884,567
Property, plant and equipment	107,249,238	107,933,428	65,110,250	66,230,456
Deferred tax assets	15,932,482	15,793,114	0	0
Investment property	95,508,655	95,842,720	49,289,967	49,611,417
Investments in subsidiaries	0	0	132,589,937	130,632,438
Investments in associates	7,582,085	6,826,400	10,002,047	9,503,047
Financial assets	2,959,452,187	2,974,303,281	2,225,217,710	2,246,543,870
Financial investments:	2,510,408,473	2,514,320,459	1,806,846,623	1,812,500,601
- loans and deposits	159,964,210	148,731,638	98,299,487	82,397,894
- held to maturity	220,085,298	231,342,393	163,739,077	168,983,706
- available for sale	1,721,389,210	1,738,043,072	1,347,709,282	1,365,449,446
- recognised at fair value through profit and loss	408,969,755	396,203,356	197,098,777	195,669,555
Unit-linked insurance assets	449,043,714	459,982,822	418,371,087	434,043,269
Reinsurers' share of technical provisions	103,433,232	77,084,783	101,246,869	76,455,107
Assets from investment contracts	0	0	0	0
Receivables	206,422,031	152,921,089	108,543,335	75,869,085
- receivables from direct insurance operations	123,893,008	84,059,166	83,683,733	58,491,603
- receivables from reinsurance and co-insurance operations	46,322,465	35,099,850	12,827,938	7,538,096
- current tax receivables	326,094	890,276	0	0
- other receivables	35,880,464	32,871,797	12,031,664	9,839,386
Other assets	6,814,184	3,622,253	3,696,186	1,949,412
Cash and cash equivalents	69,590,308	65,714,474	29,883,155	27,653,646
Non-current assets held for sale	2,427,417	1,020,293	0	0
<b>EQUITY AND LIABILITIES</b>	<b>3,655,273,167</b>	<b>3,574,885,423</b>	<b>2,785,762,458</b>	<b>2,740,333,045</b>
Equity	716,422,193	744,349,747	540,430,649	563,389,117
Controlling interests	708,866,090	733,955,514	540,430,649	563,389,117
- share capital	73,701,392	73,701,392	73,701,392	73,701,392
- share premium	50,440,933	53,488,690	53,412,884	53,412,884
- reserves from profit	303,274,540	305,535,457	288,962,643	288,962,643
- treasury share reserves	364,680	364,680	0	0
- treasury shares	-364,680	-364,680	0	0
- fair value reserve	88,314,852	87,735,128	63,653,682	64,890,318
- net profit brought forward	160,464,220	173,192,869	25,584,011	44,688,278
- net profit for the year	35,728,129	44,216,477	35,116,037	37,733,602
- currency translation differences	-3,057,975	-3,914,499	0	0
- reserve of disposal group held for sale	0	0	0	0
Non-controlling interests	7,556,103	10,394,233	0	0
Subordinated liabilities	15,456,679	16,869,102	20,604,909	21,103,108
Insurance technical provisions	2,313,762,766	2,203,105,224	1,725,334,712	1,645,177,811
- unearned premiums	337,734,950	263,639,620	244,204,047	188,487,876
- mathematical provisions	1,294,839,662	1,273,538,608	972,805,261	959,268,937
- claims provisions	648,538,332	635,240,895	481,179,889	471,240,775
- other insurance technical provisions	32,649,822	30,686,101	27,145,515	26,180,223
Insurance technical provisions for unit-linked insurance contracts	451,743,695	457,683,091	420,566,176	431,125,308
Employee benefits	13,540,704	13,550,264	10,573,054	10,547,514
Other provisions	3,816,122	3,971,217	789,464	689,669
Deferred tax liabilities	24,774,425	25,400,544	6,073,556	7,065,409
Liabilities from investment contracts	0	0	0	0
Other financial liabilities	6,360,775	5,288,693	2,431,356	1,852,710
Operating liabilities	47,861,572	42,028,195	28,390,773	24,451,951
- liabilities from direct insurance operations	17,565,786	16,020,020	12,558,757	11,202,342
- liabilities from reinsurance and co-insurance operations	28,524,434	23,129,245	14,305,338	11,507,586
- current tax liabilities	1,771,352	2,878,930	1,526,678	1,742,023
Other liabilities	61,534,236	62,639,346	30,567,809	34,930,448
Non-current liabilities held for sale and discontinued operations	0	0	0	0

INCOME STATEMENT	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	H1 2017	H1 2016	H1 2017	H1 2016
<b>NET PREMIUM INCOME</b>	<b>440,015,652</b>	<b>415,610,355</b>	<b>260,633,200</b>	<b>252,192,448</b>
- gross written premium	547,782,207	506,562,659	352,075,172	329,874,768
- ceded written premium	-61,169,263	-50,351,727	-58,053,433	-49,708,915
- change in unearned premium reserve	-46,597,292	-40,600,577	-33,388,539	-27,973,405
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>67,422,537</b>	<b>60,330,988</b>	<b>57,464,238</b>	<b>45,304,423</b>
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	107,270	2,946,202	5,151,433	9,560,527
- profit on equity investments accounted for using the equity method	107,270	17,733	0	0
- interest income	0	0	421,050	582,545
- dividends	0	0	4,727,954	62,153
- fair value gains	0	0	0	0
- realised gains on disposals	0	2,928,469	0	8,911,599
- other financial income	0	0	2,429	4,231
INCOME FROM OTHER FINANCIAL ASSETS	54,669,669	56,456,759	40,241,780	34,815,869
- interest income	32,116,061	34,830,158	22,549,184	24,237,547
- dividends	761,997	1,359,651	168,349	612,182
- fair value gains	3,141,230	8,704,959	811,778	2,702,431
- realised gains on disposals	17,312,784	10,143,349	16,210,070	6,960,523
- other financial income	1,337,597	1,418,642	502,399	303,186
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	12,645,598	928,027	12,071,025	928,027
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>12,737,978</b>	<b>3,184,136</b>	<b>13,140,485</b>	<b>10,815,784</b>
- fees and commission income	9,986,533	907,126	11,009,728	8,948,339
- other income from insurance operations	2,751,445	2,277,010	2,130,757	1,867,445
<b>OTHER INCOME</b>	<b>16,470,759</b>	<b>32,816,253</b>	<b>5,245,543</b>	<b>5,168,423</b>
<b>NET CLAIMS INCURRED</b>	<b>312,446,398</b>	<b>294,238,774</b>	<b>192,332,957</b>	<b>183,476,646</b>
- gross claims settled	314,203,835	301,098,453	200,695,953	198,123,825
- reinsurers' share	-8,910,466	-7,100,188	-9,071,158	-8,225,329
- changes in claims provisions	3,890,372	-3,240,268	708,162	-6,421,851
- equalisation scheme expenses for supplementary health insurance	3,262,657	3,480,777	0	0
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>24,860,516</b>	<b>21,288,655</b>	<b>17,007,433</b>	<b>16,654,551</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-6,246,320</b>	<b>-24,329,574</b>	<b>-10,481,381</b>	<b>-28,337,842</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>3,904,309</b>	<b>3,662,454</b>	<b>3,177,740</b>	<b>2,661,656</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>108,287,679</b>	<b>103,206,298</b>	<b>73,128,123</b>	<b>72,384,664</b>
- acquisition costs	73,340,761	69,269,816	53,262,849	52,597,696
- other operating costs	34,946,918	33,936,482	19,865,274	19,786,968
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>18,868,571</b>	<b>36,559,173</b>	<b>12,102,480</b>	<b>24,287,180</b>
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	227,303	137,379	3,759	550,684
- loss on investments accounted for using the equity method	227,303	137,379	0	0
- interest expense	0	0	0	0
- fair value losses	0	0	0	0
- realised loss on disposals	0	0	0	544,414
- loss on impairment of financial assets	0	0	0	0
- other expenses from financial assets and liabilities	0	0	3,759	6,270
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	17,669,215	26,696,831	11,759,090	15,298,972
- interest expense	791,325	812,877	858,811	662,387
- fair value losses	3,669,169	8,700,588	1,699,470	751,141
- realised loss on disposals	5,536,829	10,348,545	5,168,705	9,270,816
- loss on impairment of financial assets	66,953	2,105,195	0	2,103,997
- other expenses from financial assets and liabilities	7,604,939	4,729,626	4,032,104	2,510,630
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	972,053	9,724,963	339,631	8,437,524
<b>OTHER INSURANCE EXPENSES</b>	<b>13,519,593</b>	<b>7,062,035</b>	<b>3,464,145</b>	<b>3,472,400</b>
- fees and commission expenses	8,098,747	0	1,402,214	0
- other expenses from insurance operations	5,420,846	7,062,035	2,061,931	3,472,400
<b>OTHER EXPENSES</b>	<b>18,580,235</b>	<b>27,037,752</b>	<b>5,359,278</b>	<b>2,120,775</b>
<b>PROFIT BEFORE TAX</b>	<b>42,425,945</b>	<b>43,216,165</b>	<b>40,392,691</b>	<b>36,761,049</b>
Income tax expense	6,307,978	9,024,611	5,276,654	7,157,110
<b>NET PROFIT FOR THE PERIOD</b>	<b>36,117,967</b>	<b>34,191,554</b>	<b>35,116,037</b>	<b>29,603,939</b>
Earnings per share (basic and diluted)	1.59	1.50		
Net profit/loss attributable to the controlling company	35,728,129	33,508,800		
Net profit/loss attributable to the non-controlling interest holders	389,838.00	682,754		

in EUR

## STATEMENT OF OTHER COMPREHENSIVE INCOME

	Triglav Group		Zavarovalnica Triglav	
	H1 2017	H1 2016	H1 2017	H1 2016
<b>Net profit for the period after tax</b>	<b>36,117,967</b>	<b>34,191,554</b>	<b>35,116,037</b>	<b>29,603,939</b>
<b>Other comprehensive income after tax</b>	<b>1,533,381</b>	<b>11,760,253</b>	<b>-1,236,636</b>	<b>10,798,607</b>
Items which will not be transferred in P&L in future periods	0	0	0	0
Fair value gains/losses on PP&E and intangible assets	0	0	0	0
Actuarial gains/losses for pension plans	0	0	0	0
Share of OCI of entities accounted for using the equity method	0	0	0	0
Other items which will not be transferred in P&L	0	0	0	0
Tax on items which will not be transferred in P&L	0	0	0	0
Items which could be transferred into P&L in future periods	1,533,381	11,760,253	-1,236,636	10,798,607
Fair value gains/losses on available-for-sale financial assets	-2,777,940	25,531,374	-4,745,723	24,911,516
- net gains/losses recognized directly in equity	14,596,835	28,545,621	12,214,770	25,644,111
- transfers from equity to income statement	-17,374,775	-3,014,247	-16,960,493	-732,594
Fair value gains / losses on non-current assets held for sale	0	0	0	0
Fair value gains/losses on cashflow hedges	0	0	0	0
Share of OCI of entities accounted for using the equity method	45,100	293,217	0	0
Liabilities from insurance contracts with DPF	2,580,306	-9,995,547	2,580,306	-9,995,547
Currency translation differences	867,349	185,265	0	0
Tax on other comprehensive income	818,566	-4,254,056	928,781	-4,117,363
<b>COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX</b>	<b>37,651,346</b>	<b>45,951,807</b>	<b>33,879,401</b>	<b>40,402,546</b>
Controlling interest	37,164,378	45,479,938	0	0
Non-controlling interest	486,968	471,869	0	0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Reserves from profit											Equity attributable to non-controlling interest holders		in EUR		
	Share capital	Share premium	Contingency reserves	Legal and statutory reserves	Treasury share reserves	Treasury shares (deductible item)	Credit risk reserves	Other reserves from profit	Fair value reserve	Reserve of disposal group held for sale	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
<b>As at 1 January 2017</b>	<b>73,701,392</b>	<b>53,488,690</b>	<b>592,269</b>	<b>20,642,424</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>284,300,001</b>	<b>87,735,128</b>	<b>0</b>	<b>173,192,869</b>	<b>44,216,477</b>	<b>-3,914,499</b>	<b>733,955,514</b>	<b>10,394,233</b>	<b>744,349,747</b>
Comprehensive income for the period from 1 January 2017 to 30 June 2017	0	0	0	0	0	0	0	0	579,724	0	0	35,728,129	856,524	37,164,378	486,968	37,651,346
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	0	0	44,216,477	-44,216,477	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	0	-56,777,141	0	0	-56,777,141	-4,311	-56,781,452
Allocation to legal and statutory reserves	0	0	0	167,985	0	0	0	0	0	0	-167,985	0	0	0	0	0
Changes in consolidation area	0	-3,047,757	0	-2,428,902	0	0	0	0	0	0	0	0	0	-5,476,661	-3,320,787	-8,797,448
<b>As at 30 June 2017</b>	<b>73,701,392</b>	<b>50,440,933</b>	<b>592,269</b>	<b>18,381,507</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>284,300,001</b>	<b>88,314,852</b>	<b>0</b>	<b>160,464,220</b>	<b>35,728,129</b>	<b>-3,057,975</b>	<b>708,866,090</b>	<b>7,556,103</b>	<b>716,422,193</b>
<b>As at 1 January 2016</b>	<b>73,701,392</b>	<b>54,955,911</b>	<b>592,269</b>	<b>20,371,784</b>	<b>452,880</b>	<b>-452,800</b>	<b>763</b>	<b>246,700,001</b>	<b>77,567,319</b>	<b>-40,167</b>	<b>137,784,522</b>	<b>85,802,552</b>	<b>-4,510,483</b>	<b>692,925,865</b>	<b>11,118,634</b>	<b>704,044,499</b>
Comprehensive income for the period from 1 January 2016 to 30 June 2016	0	0	0	0	0	0	0	0	11,781,969	0	0	33,508,800	189,171	45,479,938	471,869	45,951,807
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	0	0	85,802,552	-85,802,552	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	0	-56,777,090	0	0	-56,777,090	0	-56,777,090
Allocation to legal and statutory reserves	0	0	0	151,362	0	0	0	0	0	0	-151,362	0	0	0	0	0
Changes in consolidation area	0	-202,393	0	0	-88,200	88,200	0	0	0	40,167	0	0	0	-162,226	5,955	-156,271
<b>As at 30 June 2016</b>	<b>73,701,392</b>	<b>54,753,518</b>	<b>592,269</b>	<b>20,523,146</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>246,700,001</b>	<b>89,349,288</b>	<b>0</b>	<b>166,658,620</b>	<b>33,508,800</b>	<b>-4,321,311</b>	<b>681,466,486</b>	<b>11,596,458</b>	<b>693,062,944</b>

STATEMENT OF CHANGES IN EQUITY OF ZAVAROVALNICA TRIGLAV	Reserves form profit							in EUR	
	Share capital	Share premium	Legal and statutory reserves	Credit risk reserves	Other reserves from profit	Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
<b>As at 1 January 2017</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>284,300,000</b>	<b>64,890,318</b>	<b>44,688,278</b>	<b>37,733,602</b>	<b>563,389,117</b>
Comprehensive income for the period from 1 January 2017 to 30 June 2017	0	0	0	0	0	-1,236,636	0	35,116,037	<b>33,879,401</b>
Allocation to net profit/loss brought forward	0	0	0	0	0	0	37,733,602	-37,733,602	<b>0</b>
Dividend payment	0	0	0	0	0	0	-56,837,868	0	<b>-56,837,868</b>
<b>As at 30 June 2017</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>284,300,000</b>	<b>63,653,682</b>	<b>25,584,011</b>	<b>35,116,037</b>	<b>540,430,649</b>
<b>As at 1 January 2016</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>246,700,000</b>	<b>55,751,443</b>	<b>38,514,448</b>	<b>57,817,462</b>	<b>530,560,272</b>
Comprehensive income for the period from 1 January 2016 to 30 June 2016	0	0	0	0	0	10,798,607	0	29,603,939	40,402,546
Allocation to net profit/loss brought forward	0	0	0	0	0	0	57,817,462	-57,817,462	0
Dividend payment	0	0	0	0	0	0	-56,837,870	0	-56,837,870
<b>As at 30 June 2016</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>246,700,000</b>	<b>66,550,050</b>	<b>39,494,040</b>	<b>29,603,939</b>	<b>514,124,948</b>



in EUR

	Triglav Group		Zavarovalnica Triglav	
	H 1 2017	H 1 2016	H 1 2017	H 1 2016
<b>A. OPERATING CASH FLOW</b>				
<b>Income statement items</b>	<b>65,158,584</b>	<b>46,347,409</b>	<b>36,692,614</b>	<b>27,712,219</b>
Operating income(excluding revaluation ) and financial income from operating receivables	529,515,578	504,529,768	304,742,795	290,429,895
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-457,594,203	-450,770,408	-262,495,110	-257,151,140
Corporate income tax and other taxes excluded from operating expenses	-6,762,791	-7,411,951	-5,555,071	-5,566,536
<b>Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items</b>	<b>-47,008,613</b>	<b>-24,931,325</b>	<b>-31,163,675</b>	<b>-25,724,329</b>
Movements in receivables and prepayments and accrued income	-52,031,982	-16,285,947	-31,637,432	-20,582,059
Movements in deferred tax assets	-853,951	-2,094,231	0	0
Movements in inventories	277,373	-201,995	-36,912	-29,808
Movements in operating debts	3,369,642	-1,853,949	738,993	-707,942
Movements in accruals and deferred income and provisions	1,612,968	-5,206,446	-228,324	-4,404,520
Movements in deferred tax liabilities	617,337	711,243	0	0
<b>OPERATING CASH FLOW</b>	<b>18,149,971</b>	<b>21,416,084</b>	<b>5,528,939</b>	<b>1,987,890</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash inflows from investing activities</b>	<b>667,411,519</b>	<b>814,378,368</b>	<b>567,352,861</b>	<b>660,528,832</b>
Cash inflows from interest received and profit sharing arising from investing activities	39,857,362	34,884,970	31,299,308	25,566,685
Income from dividends and profit sharing	314,357	377,962	4,882,915	10,019,793
Cash inflows from the disposal of intangible assets	1,528	0	0	0
Cash inflows from the disposal of property, plant and equipment	771,003	18,829,392	344,867	1,344,095
Cash inflows from the disposal of financial investments	626,467,269	746,097,329	527,810,191	609,409,543
Cash inflows for the acquisition of financial investments in associates	0	14,188,715	3,015,580	14,188,715
<b>Cash outflows from investing activities</b>	<b>-621,407,565</b>	<b>-758,489,039</b>	<b>-512,587,055</b>	<b>-586,328,038</b>
Cash outflows for the purchase of intangible assets	-2,074,740	-2,775,355	-1,235,404	-2,353,842
Cash outflows for the purchase of property, plant and equipment	-1,919,722	-5,526,782	-1,140,279	-1,185,478
Cash outflows for the purchase of financial investments	-610,465,766	-750,186,902	-504,739,292	-582,788,718
Cash outflows for the acquisition of financial investments in associates	-6,947,337	0	-5,472,080	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>46,003,954</b>	<b>55,889,329</b>	<b>54,765,806</b>	<b>74,200,794</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Cash inflows from financing activities</b>	<b>0</b>	<b>5,405</b>	<b>0</b>	<b>0</b>
Receipts from issuance of capital	0	5,405	0	0
Cash inflows from long-term loans received	0	0	0	0
Cash inflows from short-term loans received	0	0	0	0
<b>Cash outflows from financing activities</b>	<b>-60,353,620</b>	<b>-56,870,668</b>	<b>-58,065,236</b>	<b>-56,931,448</b>
Interest paid from financing activities	-1,227,366	-1,257,116	-1,227,366	-1,257,116
Izdatki za nakup lastnih delnic	-2,349,109	0	0	0
Cash outflows for payments of financial liabilities	0	0	0	0
Cash outflows from dividends paid and profit sharing	-56,777,145	-55,613,552	-56,837,870	-55,674,332
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-60,353,620</b>	<b>-56,865,263</b>	<b>-58,065,236</b>	<b>-56,931,448</b>
<b>D. Opening balance of cash and cash equivalents</b>	<b>65,714,474</b>	<b>47,928,768</b>	<b>27,653,646</b>	<b>7,549,958</b>
<b>E1. Net cash flow for the period</b>	<b>3,800,305</b>	<b>20,440,150</b>	<b>2,229,509</b>	<b>19,257,236</b>
<b>E2. Foreign exchange differences</b>	<b>75,529</b>	<b>-19,230</b>	<b>0</b>	<b>0</b>
<b>F. Closing balance of cash and cash equivalents</b>	<b>69,590,308</b>	<b>68,349,688</b>	<b>29,883,155</b>	<b>26,807,194</b>

## **2. SELECTED NOTES TO THE FINANCIAL STATEMENTS**

### **2.1 Statement of compliance**

The financial statements for the period from 1 January 2017 to 30 June 2017 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 2017 to 30 June 2017 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 2016 were used for the preparation of the financial statements for the period from 1 January 2017 to 30 June 2017.

The tax expense calculation for the period from 1 January 2017 to 30 June 2017 was made by applying the average effective tax rate of 2016.

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

### **2.3 Seasonal operations**

Operations of Zavarovalnica Triglav are not of a seasonal character. In the first six months of 2017, gross written premium in non-life insurance was somewhat higher than in the remaining part of the year, as insurance to corporate clients is sold at the beginning of the year (as policies expire at the beginning of the financial year).

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

The management monitors the operations of Triglav Group based on the following segments:

- business segments (non-life insurance, life insurance, health insurance, non-insurance operations);
- 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 2017

	Non-life	Life	Health	Other	TOTAL NON- CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
<b>ASSETS</b>	<b>1,804,582,848</b>	<b>1,955,605,821</b>	<b>53,555,483</b>	<b>196,887,103</b>	<b>4,010,631,255</b>	<b>-355,358,088</b>	<b>3,655,273,167</b>
Intangible assets	73,668,674	2,402,862	1,331,275	3,458,537	80,861,348	0	80,861,348
Property, plant and equipment	86,548,518	10,837,193	1,433,254	8,430,273	107,249,238	0	107,249,238
Deferred tax assets	13,924,800	1,382,647	293,588	331,447	15,932,482	0	15,932,482
Investment property	52,827,859	2,262,293	0	35,054,532	90,144,684	5,363,971	95,508,655
Investments in subsidiaries	130,183,004	10,579,556	0	70,735,205	211,497,765	-211,497,765	0
Investments in associates	4,469,025	753,232	0	2,359,828	7,582,085	0	7,582,085
Financial assets	1,015,517,971	1,882,551,013	44,808,711	49,331,075	2,992,208,770	-32,756,583	2,959,452,187
Financial investments:	1,015,517,971	1,433,507,299	44,808,711	49,331,075	2,543,165,056	-32,756,583	2,510,408,473
- loans and deposits	110,997,258	70,243,878	989,712	5,341,716	187,572,564	-27,608,354	159,964,210
- held to maturity	0	220,085,298	0	0	220,085,298	0	220,085,298
- available for sale	895,660,457	742,569,184	43,818,999	43,989,359	1,726,037,999	-4,648,789	1,721,389,210
- recognised at fair value through profit and loss	8,860,256	400,608,939	0	0	409,469,195	-499,440	408,969,755
Unit-linked insurance assets	0	449,043,714	0	0	449,043,714	0	449,043,714
Reinsurers' share of technical provisions	192,423,496	118,158	63,697	0	192,605,351	-89,172,119	103,433,232
Receivables	207,422,823	7,280,392	4,457,569	14,370,704	233,531,488	-27,109,457	206,422,031
- receivables from direct insurance operations	119,268,094	579,892	4,238,859	0	124,086,845	-193,837	123,893,008
- receivables from reinsurance and co-insurance operations	66,845,394	10,676	54,852	3,339,257	70,250,179	-23,927,714	46,322,465
- current tax receivables	315,739	154	0	10,201	326,094	0	326,094
- other receivables	20,993,596	6,689,670	163,858	11,021,246	38,868,370	-2,987,906	35,880,464
Other assets	5,859,276	54,352	209,725	876,966	7,000,319	-186,135	6,814,184
Cash and cash equivalents	21,737,402	37,384,123	957,664	9,511,119	69,590,308	0	69,590,308
Non-current assets held for sale	0	0	0	2,427,417	2,427,417	0	2,427,417
<b>EQUITY AND LIABILITIES</b>	<b>1,804,582,848</b>	<b>1,955,605,821</b>	<b>53,555,483</b>	<b>196,887,103</b>	<b>4,010,631,255</b>	<b>-355,358,088</b>	<b>3,655,273,167</b>
Equity	574,212,100	151,669,670	29,348,340	167,718,627	922,948,737	-206,526,544	716,422,193
Controlling interests	574,212,100	151,669,670	29,348,340	167,718,627	922,948,737	-214,082,647	708,866,090
- share capital	115,729,153	42,885,603	25,822,144	92,230,534	276,667,434	-202,966,042	73,701,392
- share premium	42,947,231	13,658,827	0	25,088,124	81,694,182	-31,253,250	50,440,933
- reserves from profit	253,095,544	47,156,605	222,040	1,713,085	302,187,274	1,087,266	303,274,540
- treasury share reserves	1,010,640	196,320	0	0	1,206,960	-842,280	364,680
- treasury shares	-1,010,640	-196,320	0	0	-1,206,960	842,280	-364,680
- fair value reserve	62,022,407	13,272,820	1,394,930	22,719,002	99,409,159	-11,094,307	88,314,852
- net profit brought forward	76,000,393	22,564,516	2,055,271	24,816,015	125,436,195	35,028,025	160,464,220
- net profit for the year	26,729,013	12,865,030	-146,045	1,175,270	40,623,268	-4,895,139	35,728,129
- currency translation differences	-2,311,641	-733,731	0	-23,403	-3,068,775	10,800	-3,057,975
Non-controlling interests	0	0	0	0	0	7,556,103	7,556,103
Subordinated liabilities	10,774,001	9,830,908	1,500,000	0	22,104,909	-6,648,230	15,456,679
Insurance technical provisions	1,070,410,185	1,316,818,408	14,225,263	0	2,401,453,856	-87,691,090	2,313,762,766
- unearned premiums	360,330,488	504,530	3,095,515	0	363,930,533	-26,195,583	337,734,950
- mathematical provisions	0	1,293,393,403	0	0	1,293,393,403	1,446,259	1,294,839,662
- claims provisions	683,049,057	18,924,190	9,506,851	0	711,480,098	-62,941,766	648,538,332
- other insurance technical provisions	27,030,640	3,996,285	1,622,897	0	32,649,822	0	32,649,822
Insurance technical provisions for unit-linked insurance contracts	0	451,743,694	0	0	451,743,694	1	451,743,695
Employee benefits	10,375,220	2,104,047	473,311	588,126	13,540,704	0	13,540,704
Other provisions	1,638,747	1,555,256	217,621	404,498	3,816,122	0	3,816,122
Deferred tax liabilities	15,171,644	6,301,869	0	3,300,912	24,774,425	0	24,774,425
Other financial liabilities	5,923,075	1,408,803	49,021	1,718,096	9,098,995	-2,738,220	6,360,775
Operating liabilities	62,125,298	7,634,366	2,299,166	191,566	72,250,396	-24,388,824	47,861,572
- liabilities from direct insurance operations	8,114,786	7,607,769	2,264,460	0	17,987,015	-421,229	17,565,786
- liabilities from reinsurance and co-insurance operations	52,430,726	26,597	34,706	0	52,492,029	-23,967,595	28,524,434
- current tax liabilities	1,579,786	0	0	191,566	1,771,352	0	1,771,352
Other liabilities	53,952,578	6,538,800	5,442,761	22,965,278	88,899,417	-27,365,181	61,534,236
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT**
**31 December 2016**

	Non-life	Life	Health	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
<b>ASSETS</b>	<b>1,710,431,404</b>	<b>1,950,198,994</b>	<b>50,565,069</b>	<b>189,872,226</b>	<b>3,901,067,693</b>	<b>-326,182,270</b>	<b>3,574,885,423</b>
Intangible assets	66,610,433	2,543,966	957,696	3,711,493	73,823,588	0	73,823,588
Property, plant and equipment	87,241,429	11,088,587	1,430,541	8,172,871	107,933,428	0	107,933,428
Deferred tax assets	13,900,553	1,336,641	270,553	285,367	15,793,114	0	15,793,114
Investment property	53,171,613	2,286,948	0	35,020,188	90,478,749	5,363,971	95,842,720
Investments in subsidiaries	128,224,747	10,578,066	0	66,439,368	205,242,181	-205,242,181	0
Investments in associates	0	4,144,637	0	2,681,763	6,826,400	0	6,826,400
Financial assets	1,027,520,871	1,881,153,435	43,172,848	47,480,986	2,999,328,140	-25,024,859	2,974,303,281
Financial investments:	1,027,520,871	1,421,170,613	43,172,848	47,480,986	2,539,345,318	-25,024,859	2,514,320,459
- loans and deposits	99,799,691	65,243,436	94,678	4,384,687	169,522,492	-20,790,854	148,731,638
- held to maturity	0	231,342,393	0	0	231,342,393	0	231,342,393
- available for sale	915,935,021	739,668,176	43,078,170	43,096,299	1,741,777,666	-3,734,594	1,738,043,072
- recognised at fair value through profit and loss	11,786,159	384,916,608	0	0	396,702,767	-499,411	396,203,356
Unit-linked insurance assets	0	459,982,822	0	0	459,982,822	0	459,982,822
Reinsurers' share of technical provisions	146,560,701	45,965	65,090	0	146,671,756	-69,586,973	77,084,783
Receivables	164,484,623	5,305,518	4,490,337	10,191,907	184,472,385	-31,551,296	152,921,089
- receivables from direct insurance operations	82,083,004	613,437	4,077,473	0	86,773,914	-2,714,748	84,059,166
- receivables from reinsurance and co-insurance operations	59,119,683	9,485	36,998	0	59,166,166	-24,066,316	35,099,850
- current tax receivables	747,686	154	0	142,436	890,276	0	890,276
- other receivables	22,534,250	4,682,442	375,866	10,049,471	37,642,029	-4,770,232	32,871,797
Other assets	2,766,763	46,341	18,490	931,591	3,763,185	-140,932	3,622,253
Cash and cash equivalents	19,949,671	31,668,890	159,514	13,936,399	65,714,474	0	65,714,474
Non-current assets held for sale	0	0	0	1,020,293	1,020,293	0	1,020,293
<b>EQUITY AND LIABILITIES</b>	<b>1,710,431,404</b>	<b>1,950,198,994</b>	<b>50,565,069</b>	<b>189,872,226</b>	<b>3,901,067,693</b>	<b>-326,182,270</b>	<b>3,574,885,423</b>
Equity	591,821,655	157,208,258	29,592,588	166,050,727	944,673,228	-200,323,481	744,349,747
Controlling interests	591,821,655	157,208,258	29,592,588	166,050,727	944,673,228	-210,717,714	733,955,514
- share capital	115,729,153	42,885,603	25,822,144	92,230,534	276,667,434	-202,966,042	73,701,392
- share premium	42,947,231	13,658,827	0	25,088,124	81,694,184	-28,205,492	53,488,690
- reserves from profit	253,088,684	46,665,650	222,038	1,956,708	301,933,080	3,602,377	305,535,457
- 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	59,890,604	15,157,857	1,493,135	22,201,532	98,743,128	-11,008,000	87,735,128
- net profit brought forward	91,831,887	22,941,388	951,202	13,663,954	129,388,431	43,804,438	173,192,869
- net profit for the year	31,031,308	17,001,668	1,104,069	10,995,776	60,132,821	-15,916,344	44,216,477
- currency translation differences	-2,697,212	-1,102,735	0	-85,901	-3,885,848	-28,651	-3,914,499
Non-controlling interests	0	0	0	0	0	10,394,233	10,394,233
Subordinated liabilities	11,073,221	10,029,887	1,500,000	0	22,603,108	-5,734,006	16,869,102
Insurance technical provisions	963,579,734	1,295,414,018	12,364,372	0	2,271,358,124	-68,252,900	2,203,105,224
- unearned premiums	275,336,728	462,864	2,463,639	0	278,263,231	-14,623,611	263,639,620
- mathematical provisions	0	1,272,092,349	0	0	1,272,092,349	1,446,259	1,273,538,608
- claims provisions	662,116,426	18,911,900	9,105,769	0	690,134,095	-54,893,200	635,240,895
- other insurance technical provisions	26,126,580	3,946,905	794,964	0	30,868,449	-182,348	30,686,101
Insurance technical provisions for unit-linked insurance contracts	0	457,683,090	0	0	457,683,091	0	457,683,091
Employee benefits	10,490,082	1,981,637	477,216	601,329	13,550,264	0	13,550,264
Other provisions	1,623,462	1,714,200	258,023	375,532	3,971,217	0	3,971,217
Deferred tax liabilities	13,424,776	8,868,633	0	3,107,135	25,400,544	0	25,400,544
Other financial liabilities	5,088,991	1,112,067	99,125	1,164,440	7,464,623	-2,175,930	5,288,693
Operating liabilities	57,976,553	7,925,969	2,416,732	991,817	69,311,071	-27,282,876	42,028,195
- liabilities from direct insurance operations	6,837,341	7,912,022	2,386,126	0	17,135,489	-1,115,469	16,020,020
- liabilities from reinsurance and co-insurance operations	49,252,099	13,947	30,606	0	49,296,652	-26,167,407	23,129,245
- current tax liabilities	1,887,113	0	0	991,817	2,878,930	0	2,878,930
Other liabilities	55,352,930	8,261,234	3,857,013	17,581,246	85,052,423	-22,413,077	62,639,346
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY  
GEOGRAPHICAL AREA**

	30 June 2017				
	Slovenia	Other	TOTAL NON- CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
<b>ASSETS</b>	<b>3,611,265,192</b>	<b>399,366,063</b>	<b>4,010,631,255</b>	<b>-355,358,088</b>	<b>3,655,273,167</b>
Intangible assets	65,051,447	15,809,901	80,861,348	0	80,861,348
Property, plant and equipment	71,123,742	36,125,496	107,249,238	0	107,249,238
Deferred tax assets	15,422,335	510,147	15,932,482	0	15,932,482
Investment property	77,445,431	12,699,253	90,144,684	5,363,971	95,508,655
Investments in subsidiaries	205,097,256	6,400,509	211,497,765	-211,497,765	0
Investments in associates	7,582,085	0	7,582,085	0	7,582,085
Financial assets	2,765,369,899	226,838,871	2,992,208,770	-32,756,583	2,959,452,187
Financial investments:	2,335,799,830	207,365,226	2,543,165,056	-32,756,583	2,510,408,473
- loans and deposits	120,959,878	66,612,686	187,572,564	-27,608,354	159,964,210
- held to maturity	202,436,672	17,648,626	220,085,298	0	220,085,298
- available for sale	1,611,239,287	114,798,712	1,726,037,999	-4,648,789	1,721,389,210
- recognised at fair value through profit and loss	401,163,993	8,305,202	409,469,195	-499,440	408,969,755
Unit-linked insurance assets	429,570,069	19,473,645	449,043,714	0	449,043,714
Reinsurers' share of technical provisions	165,094,069	27,511,282	192,605,351	-89,172,119	103,433,232
Receivables	179,818,714	53,712,774	233,531,488	-27,109,457	206,422,031
- receivables from direct insurance operations	87,932,819	36,154,026	124,086,845	-193,837	123,893,008
- receivables from reinsurance and co-insurance operations	67,264,622	2,985,557	70,250,179	-23,927,714	46,322,465
- current tax receivables	211,233	114,861	326,094	0	326,094
- other receivables	24,410,040	14,458,330	38,868,370	-2,987,906	35,880,464
Other assets	4,256,750	2,743,569	7,000,319	-186,135	6,814,184
Cash and cash equivalents	54,203,171	15,387,137	69,590,308	0	69,590,308
Non-current assets held for sale	800,293	1,627,124	2,427,417	0	2,427,417
<b>EQUITY AND LIABILITIES</b>	<b>3,611,265,192</b>	<b>399,366,063</b>	<b>4,010,631,255</b>	<b>-355,358,088</b>	<b>3,655,273,167</b>
Equity	818,738,935	104,209,802	922,948,737	-206,526,544	716,422,193
Controlling interests	818,738,935	104,209,802	922,948,737	-214,082,647	708,866,090
- share capital	183,946,127	92,721,307	276,667,434	-202,966,042	73,701,392
- share premium	80,238,633	1,455,549	81,694,182	-31,253,250	50,440,933
- reserves from profit	292,830,792	9,356,482	302,187,274	1,087,266	303,274,540
- treasury share reserves	0	1,206,960	1,206,960	-842,280	364,680
- treasury shares	0	-1,206,960	-1,206,960	842,280	-364,680
- fair value reserve	92,820,958	6,588,201	99,409,159	-11,094,307	88,314,852
- net profit brought forward	130,886,302	-5,450,107	125,436,195	35,028,025	160,464,220
- net profit for the year	38,016,123	2,607,145	40,623,268	-4,895,139	35,728,129
- currency translation differences	0	-3,068,775	-3,068,775	10,800	-3,057,975
Non-controlling interests	0	0	0	7,556,103	7,556,103
Subordinated liabilities	22,104,909	0	22,104,909	-6,648,230	15,456,679
Insurance technical provisions	2,174,028,496	227,425,360	2,401,453,856	-87,691,090	2,313,762,766
- unearned premiums	285,935,284	77,995,249	363,930,533	-26,195,583	337,734,950
- mathematical provisions	1,234,297,957	59,095,446	1,293,393,403	1,446,259	1,294,839,662
- claims provisions	624,646,993	86,833,105	711,480,098	-62,941,766	648,538,332
- other insurance technical provisions	29,148,262	3,501,560	32,649,822	0	32,649,822
Insurance technical provisions for unit-linked insurance contracts	432,412,517	19,331,177	451,743,694	1	451,743,695
Employee benefits	11,865,430	1,675,274	13,540,704	0	13,540,704
Other provisions	2,697,241	1,118,881	3,816,122	0	3,816,122
Deferred tax liabilities	23,509,357	1,265,068	24,774,425	0	24,774,425
Other financial liabilities	4,304,135	4,794,860	9,098,995	-2,738,220	6,360,775
Operating liabilities	60,955,107	11,295,289	72,250,396	-24,388,824	47,861,572
- liabilities from direct insurance operations	15,227,576	2,759,439	17,987,015	-421,229	17,565,786
- liabilities from reinsurance and co-insurance operations	44,016,382	8,475,647	52,492,029	-23,967,595	28,524,434
- current tax liabilities	1,711,149	60,203	1,771,352	0	1,771,352
Other liabilities	60,649,065	28,250,352	88,899,417	-27,365,181	61,534,236
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA**
**31 December 2016**

	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
<b>ASSETS</b>	<b>3,530,198,569</b>	<b>370,869,124</b>	<b>3,901,067,693</b>	<b>-326,182,270</b>	<b>3,574,885,423</b>
Intangible assets	60,636,141	13,187,447	73,823,588	0	73,823,588
Property, plant and equipment	72,319,690	35,613,738	107,933,428	0	107,933,428
Deferred tax assets	15,295,135	497,979	15,793,114	0	15,793,114
Investment property	76,022,350	14,456,399	90,478,749	5,363,971	95,842,720
Investments in subsidiaries	198,843,920	6,398,261	205,242,181	-205,242,181	0
Investments in associates	6,826,400	0	6,826,400	0	6,826,400
Financial assets	2,776,715,851	222,612,289	2,999,328,140	-25,024,859	2,974,303,281
Financial investments:	2,335,975,934	203,369,384	2,539,345,318	-25,024,859	2,514,320,459
- loans and deposits	104,567,347	64,955,145	169,522,492	-20,790,854	148,731,638
- held to maturity	212,410,092	18,932,301	231,342,393	0	231,342,393
- available for sale	1,628,468,878	113,308,788	1,741,777,666	-3,734,594	1,738,043,072
- recognised at fair value through profit and loss	390,529,617	6,173,150	396,702,767	-499,411	396,203,356
Unit-linked insurance assets	440,739,917	19,242,905	459,982,822	0	459,982,822
Reinsurers' share of technical provisions	126,409,373	20,262,383	146,671,756	-69,586,973	77,084,783
Receivables	139,051,920	45,420,465	184,472,385	-31,551,296	152,921,089
- receivables from direct insurance operations	62,579,234	24,194,680	86,773,914	-2,714,748	84,059,166
- receivables from reinsurance and co-insurance operations	52,836,852	6,329,314	59,166,166	-24,066,316	35,099,850
- current tax receivables	687,497	202,779	890,276	0	890,276
- other receivables	22,948,337	14,693,692	37,642,029	-4,770,232	32,871,797
Other assets	2,153,552	1,609,633	3,763,185	-140,932	3,622,253
Cash and cash equivalents	54,903,944	10,810,530	65,714,474	0	65,714,474
Non-current assets held for sale	1,020,293	0	1,020,293	0	1,020,293
<b>EQUITY AND LIABILITIES</b>	<b>3,530,198,569</b>	<b>370,869,124</b>	<b>3,901,067,693</b>	<b>-326,182,270</b>	<b>3,574,885,423</b>
Equity	843,069,531	101,603,697	944,673,228	-200,323,481	744,349,747
Controlling interests	843,069,531	101,603,697	944,673,228	-210,717,714	733,955,514
- share capital	183,946,127	92,721,307	276,667,434	-202,966,042	73,701,392
- share premium	80,238,633	1,455,549	81,694,182	-28,205,492	53,488,690
- reserves from profit	292,830,748	9,102,332	301,933,080	3,602,377	305,535,457
- treasury share reserves	0	0	0	364,680	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	93,773,260	4,969,868	98,743,128	-11,008,000	87,735,128
- net profit brought forward	133,115,418	-3,726,987	129,388,431	43,804,438	173,192,869
- net profit for the year	59,165,345	967,476	60,132,821	-15,916,344	44,216,477
- currency translation differences	0	-3,885,848	-3,885,848	-28,651	-3,914,499
Non-controlling interests	0	0	0	10,394,233	10,394,233
Subordinated liabilities	22,603,108	0	22,603,108	-5,734,006	16,869,102
Insurance technical provisions	2,064,922,488	206,435,636	2,271,358,124	-68,252,900	2,203,105,224
- unearned premiums	214,691,367	63,571,864	278,263,231	-14,623,611	263,639,620
- mathematical provisions	1,215,423,328	56,669,021	1,272,092,349	1,446,259	1,273,538,608
- claims provisions	607,358,659	82,775,436	690,134,095	-54,893,200	635,240,895
- other insurance technical provisions	27,449,134	3,419,315	30,868,449	-182,348	30,686,101
Insurance technical provisions for unit-linked insurance contracts	438,557,715	19,125,376	457,683,091	0	457,683,091
Employee benefits	11,734,153	1,816,111	13,550,264	0	13,550,264
Other provisions	2,817,708	1,153,509	3,971,217	0	3,971,217
Deferred tax liabilities	24,295,651	1,104,893	25,400,544	0	25,400,544
Other financial liabilities	3,262,821	4,201,802	7,464,623	-2,175,930	5,288,693
Operating liabilities	59,136,359	10,174,712	69,311,071	-27,282,876	42,028,195
- liabilities from direct insurance operations	14,216,505	2,918,984	17,135,489	-1,115,469	16,020,020
- liabilities from reinsurance and co-insurance operations	42,225,370	7,071,282	49,296,652	-26,167,407	23,129,245
- current tax liabilities	2,694,484	184,446	2,878,930	0	2,878,930
Other liabilities	59,799,035	25,253,388	85,052,423	-22,413,077	62,639,346
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

## CONSOLIDATED INCOME STATEMENT BY SEGMENT

	H1 2017				TOTAL
	Non-life	Life	Health	Other	
<b>NET PREMIUM INCOME</b>	<b>264,983,879</b>	<b>111,438,343</b>	<b>63,593,430</b>	<b>0</b>	<b>440,015,652</b>
- gross written premium	372,065,718	111,502,115	64,214,374	0	547,782,207
- ceded written premium	-61,147,159	-22,104	0	0	-61,169,263
- change in unearned premium reserve	-45,934,680	-41,668	-620,944	0	-46,597,292
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>21,216,138</b>	<b>45,366,471</b>	<b>534,954</b>	<b>304,974</b>	<b>67,422,537</b>
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	41,598	0	0	65,672	107,270
- profit on equity investments accounted for using the equity method	41,598	0	0	65,672	107,270
- interest income	0	0	0	0	0
- dividends	0	0	0	0	0
- fair value gains	0	0	0	0	0
- realised gains on disposals	0	0	0	0	0
- other financial income	0	0	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	21,174,540	32,720,873	534,954	239,302	54,669,669
- interest income	12,768,088	18,993,243	354,146	584	32,116,061
- dividends	388,703	164,383	0	208,911	761,997
- fair value gains	94,192	3,047,038	0	0	3,141,230
- realised gains on disposals	6,958,185	10,174,150	180,449	0	17,312,784
- other financial income	965,372	342,059	359	29,807	1,337,597
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	12,645,598	0	0	12,645,598
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>12,651,029</b>	<b>65,404</b>	<b>21,545</b>	<b>0</b>	<b>12,737,978</b>
- fees and commission income	9,928,247	58,286	0	0	9,986,533
- other income from insurance operations	2,722,782	7,118	21,545	0	2,751,445
<b>OTHER INCOME</b>	<b>3,203,841</b>	<b>45,645</b>	<b>14,413</b>	<b>13,206,860</b>	<b>16,470,759</b>
<b>NET CLAIMS INCURRED</b>	<b>159,047,577</b>	<b>96,959,139</b>	<b>56,439,682</b>	<b>0</b>	<b>312,446,398</b>
- gross claims settled	164,402,175	97,029,302	52,772,358	0	314,203,835
- reinsurers' share	-8,910,466	0	0	0	-8,910,466
- changes in claims provisions	3,555,868	-70,163	404,667	0	3,890,372
- equalisation scheme expenses for supplementary health insurance	0	0	3,262,657	0	3,262,657
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>1,025,320</b>	<b>23,007,264</b>	<b>827,932</b>	<b>0</b>	<b>24,860,516</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>-6,246,320</b>	<b>0</b>	<b>0</b>	<b>-6,246,320</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>3,891,608</b>	<b>12,701</b>	<b>0</b>	<b>0</b>	<b>3,904,309</b>
<b>OPERATING EXPENSES</b>	<b>86,215,579</b>	<b>16,340,185</b>	<b>5,731,915</b>	<b>0</b>	<b>108,287,679</b>
- acquisition costs	62,027,136	9,546,627	1,766,998	0	73,340,761
- other operating costs	24,188,443	6,793,558	3,964,917	0	34,946,918
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>7,871,268</b>	<b>10,629,263</b>	<b>85,075</b>	<b>282,965</b>	<b>18,868,571</b>
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	44,805	11,661	0	170,837	227,303
- loss on investments accounted for using the equity method	44,805	11,661	0	170,837	227,303
- interest expense	0	0	0	0	0
- fair value losses	0	0	0	0	0
- realised loss on disposals	0	0	0	0	0
- loss on impairment of financial assets	0	0	0	0	0
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	7,826,463	9,645,549	85,075	112,128	17,669,215
- interest expense	500,563	288,155	0	2,607	791,325
- fair value losses	39,840	3,629,047	0	282	3,669,169
- realised loss on disposals	2,585,448	2,778,997	64,910	107,474	5,536,829
- loss on impairment of financial assets	48,804	18,149	0	0	66,953
- other expenses from financial assets and liabilities	4,651,808	2,931,201	20,165	1,765	7,604,939
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	972,053	0	0	972,053
<b>OTHER INSURANCE EXPENSES</b>	<b>13,190,384</b>	<b>125,123</b>	<b>204,086</b>	<b>0</b>	<b>13,519,593</b>
- fees and commission expenses	8,098,747	0	0	0	8,098,747
- other expenses from insurance operations	5,091,637	125,123	204,086	0	5,420,846
<b>OTHER EXPENSES</b>	<b>4,897,295</b>	<b>783,401</b>	<b>956</b>	<b>12,898,583</b>	<b>18,580,235</b>
<b>PROFIT BEFORE TAX</b>	<b>25,915,856</b>	<b>15,305,107</b>	<b>874,696</b>	<b>330,286</b>	<b>42,425,945</b>
Income tax expense	3,997,251	1,732,661	0	578,066	6,307,978
<b>NET PROFIT FOR THE PERIOD</b>	<b>21,918,605</b>	<b>13,572,446</b>	<b>874,696</b>	<b>-247,780</b>	<b>36,117,967</b>
Net profit/loss attributable to the controlling company	21,691,202	13,436,040	874,696	-273,809	35,728,129
Net profit/loss attributable to the non-controlling interest holders	227,403	136,406	0	26,029	389,838

## CONSOLIDATED INCOME STATEMENT BY SEGMENT

	H1 2016				TOTAL
	Non-life	Life	Health	Other	
<b>NET PREMIUM INCOME</b>	<b>254,701,575</b>	<b>105,366,098</b>	<b>55,542,682</b>	<b>0</b>	<b>415,610,355</b>
- gross written premium	344,935,531	105,427,744	56,199,384	0	506,562,659
- ceded written premium	-50,344,469	-7,258	0	0	-50,351,727
- change in unearned premium reserve	-39,889,487	-54,388	-656,702	0	-40,600,577
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>24,773,056</b>	<b>34,260,248</b>	<b>475,797</b>	<b>821,887</b>	<b>60,330,988</b>
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	2,928,469	699	0	17,034	2,946,202
- profit on equity investments accounted for using the equity method	0	699	0	17,034	17,733
- interest income	0	0	0	0	0
- dividends	0	0	0	0	0
- fair value gains	0	0	0	0	0
- realised gains on disposals	2,928,469	0	0	0	2,928,469
- other financial income	0	0	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	21,844,587	33,331,522	475,797	804,853	56,456,759
- interest income	14,175,296	20,239,900	362,927	52,035	34,830,158
- dividends	405,273	305,580	0	648,798	1,359,651
- fair value gains	14,384	8,690,575	0	0	8,704,959
- realised gains on disposals	6,148,676	3,881,868	112,805	0	10,143,349
- other financial income	1,100,958	213,599	65	104,020	1,418,642
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	928,027	0	0	928,027
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>3,114,730</b>	<b>48,626</b>	<b>20,780</b>	<b>0</b>	<b>3,184,136</b>
- fees and commission income	861,988	45,138	0	0	907,126
- other income from insurance operations	2,252,742	3,488	20,780	0	2,277,010
<b>OTHER INCOME</b>	<b>3,192,677</b>	<b>45,354</b>	<b>40,216</b>	<b>29,538,006</b>	<b>32,816,253</b>
<b>NET CLAIMS INCURRED</b>	<b>146,052,378</b>	<b>99,037,302</b>	<b>49,149,094</b>	<b>0</b>	<b>294,238,774</b>
- gross claims settled	155,169,021	99,942,874	45,986,558	0	301,098,453
- reinsurers' share	-7,100,188	0	0	0	-7,100,188
- changes in claims provisions	-2,016,455	-905,572	-318,241	0	-3,240,268
- equalisation scheme expenses for supplementary health insurance	0	0	3,480,777	0	3,480,777
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>744,970</b>	<b>20,739,820</b>	<b>-196,135</b>	<b>0</b>	<b>21,288,655</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>-24,329,574</b>	<b>0</b>	<b>0</b>	<b>-24,329,574</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>3,655,559</b>	<b>6,895</b>	<b>0</b>	<b>0</b>	<b>3,662,454</b>
<b>OPERATING EXPENSES</b>	<b>81,487,975</b>	<b>16,567,983</b>	<b>5,150,340</b>	<b>0</b>	<b>103,206,298</b>
- acquisition costs	58,044,894	9,724,261	1,500,661	0	69,269,816
- other operating costs	23,443,081	6,843,722	3,649,679	0	33,936,482
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>11,216,109</b>	<b>25,163,848</b>	<b>21,384</b>	<b>157,832</b>	<b>36,559,173</b>
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	0	60,093	0	77,286	137,379
- loss on investments accounted for using the equity method	0	60,093	0	77,286	137,379
- interest expense	0	0	0	0	0
- fair value losses	0	0	0	0	0
- realised loss on disposals	0	0	0	0	0
- loss on impairment of financial assets	0	0	0	0	0
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	11,216,109	15,378,792	21,384	80,546	26,696,831
- interest expense	482,231	292,116	0	38,530	812,877
- fair value losses	260,725	8,439,863	0	0	8,700,588
- realised loss on disposals	5,161,909	5,150,824	4,975	30,837	10,348,545
- loss on impairment of financial assets	2,105,188	7	0	0	2,105,195
- other expenses from financial assets and liabilities	3,206,056	1,495,982	16,409	11,179	4,729,626
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	9,724,963	0	0	9,724,963
<b>OTHER INSURANCE EXPENSES</b>	<b>6,718,141</b>	<b>153,685</b>	<b>190,209</b>	<b>0</b>	<b>7,062,035</b>
- fees and commission expenses	0	0	0	0	0
- other expenses from insurance operations	6,718,141	153,685	190,209	0	7,062,035
<b>OTHER EXPENSES</b>	<b>2,686,253</b>	<b>69,504</b>	<b>225</b>	<b>24,281,770</b>	<b>27,037,752</b>
<b>PROFIT BEFORE TAX</b>	<b>33,220,653</b>	<b>2,310,863</b>	<b>1,764,358</b>	<b>5,920,291</b>	<b>43,216,165</b>
Income tax expense	7,514,967	240,439	69,655	1,199,550	9,024,611
<b>NET PROFIT FOR THE PERIOD</b>	<b>25,705,686</b>	<b>2,070,424</b>	<b>1,694,703</b>	<b>4,720,741</b>	<b>34,191,554</b>
Net profit/loss attributable to the controlling company	25,318,836	1,801,307	1,694,703	4,693,954	33,508,800
Net profit/loss attributable to the non-controlling interest holders	386,850	269,117	0	26,787	682,754



## CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	H1 2017		
	Slovenia	Other	TOTAL
<b>NET PREMIUM INCOME</b>	<b>361,557,659</b>	<b>78,457,993</b>	<b>440,015,652</b>
- gross written premium	451,182,707	96,599,500	547,782,207
- ceded written premium	-51,141,688	-10,027,575	-61,169,263
- change in unearned premium reserve	-38,483,360	-8,113,932	-46,597,292
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>61,964,402</b>	<b>5,458,135</b>	<b>67,422,537</b>
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	107,270	0	107,270
- profit on equity investments accounted for using the equity method	107,270	0	107,270
- interest income	0	0	0
- dividends	0	0	0
- fair value gains	0	0	0
- realised gains on disposals	0	0	0
- other financial income	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	49,786,107	4,883,562	54,669,669
- interest income	28,083,300	4,032,761	32,116,061
- dividends	507,606	254,391	761,997
- fair value gains	3,006,374	134,856	3,141,230
- realised gains on disposals	17,262,861	49,923	17,312,784
- other financial income	925,966	411,631	1,337,597
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	12,071,025	574,573	12,645,598
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>10,350,532</b>	<b>2,387,446</b>	<b>12,737,978</b>
- fees and commission income	9,149,227	837,306	9,986,533
- other income from insurance operations	1,201,305	1,550,140	2,751,445
<b>OTHER INCOME</b>	<b>12,905,251</b>	<b>3,565,508</b>	<b>16,470,759</b>
<b>NET CLAIMS INCURRED</b>	<b>272,667,730</b>	<b>39,778,668</b>	<b>312,446,398</b>
- gross claims settled	273,139,220	41,064,615	314,203,835
- reinsurers' share	-5,382,126	-3,528,340	-8,910,466
- changes in claims provisions	1,647,979	2,242,393	3,890,372
- equalisation scheme expenses for supplementary health insurance	3,262,657	0	3,262,657
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>23,173,669</b>	<b>1,686,847</b>	<b>24,860,516</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-6,067,446</b>	<b>-178,874</b>	<b>-6,246,320</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>3,265,990</b>	<b>638,319</b>	<b>3,904,309</b>
<b>OPERATING EXPENSES</b>	<b>79,142,663</b>	<b>29,145,016</b>	<b>108,287,679</b>
- acquisition costs	53,600,491	19,740,270	73,340,761
- other operating costs	25,542,172	9,404,746	34,946,918
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>16,478,603</b>	<b>2,389,968</b>	<b>18,868,571</b>
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	227,303	0	227,303
- loss on investments accounted for using the equity method	227,303	0	227,303
- interest expense	0	0	0
- fair value losses	0	0	0
- realised loss on disposals	0	0	0
- loss on impairment of financial assets	0	0	0
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	15,911,669	1,757,546	17,669,215
- interest expense	771,066	20,259	791,325
- fair value losses	3,668,347	822	3,669,169
- realised loss on disposals	5,536,808	21	5,536,829
- loss on impairment of financial assets	0	66,953	66,953
- other expenses from financial assets and liabilities	5,935,448	1,669,491	7,604,939
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	339,631	632,422	972,053
<b>OTHER INSURANCE EXPENSES</b>	<b>10,296,908</b>	<b>3,222,685</b>	<b>13,519,593</b>
- fees and commission expenses	7,982,724	116,023	8,098,747
- other expenses from insurance operations	2,314,184	3,106,662	5,420,846
<b>OTHER EXPENSES</b>	<b>13,802,661</b>	<b>4,777,574</b>	<b>18,580,235</b>
<b>PROFIT BEFORE TAX</b>	<b>34,017,066</b>	<b>8,408,879</b>	<b>42,425,945</b>
Income tax expense	6,253,875	54,103	6,307,978
<b>NET PROFIT FOR THE PERIOD</b>	<b>27,763,191</b>	<b>8,354,776</b>	<b>36,117,967</b>
Net profit/loss attributable to the controlling company	27,646,580	8,081,549	35,728,129
Net profit/loss attributable to the non-controlling interest holders	116,611	273,227	389,838

## CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	H1 2016		
	Slovenia	Other	TOTAL
<b>NET PREMIUM INCOME</b>	<b>344,751,045</b>	<b>70,859,310</b>	<b>415,610,355</b>
- gross written premium	420,312,638	86,250,021	506,562,659
- ceded written premium	-43,162,795	-7,188,932	-50,351,727
- change in unearned premium reserve	-32,398,798	-8,201,779	-40,600,577
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>55,472,365</b>	<b>4,858,623</b>	<b>60,330,988</b>
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	2,946,202	0	2,946,202
- profit on equity investments accounted for using the equity method	17,733	0	17,733
- interest income	0	0	0
- dividends	0	0	0
- fair value gains	0	0	0
- realised gains on disposals	2,928,469	0	2,928,469
- other financial income	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	51,598,136	4,858,623	56,456,759
- interest income	30,636,139	4,194,019	34,830,158
- dividends	1,288,769	70,882	1,359,651
- fair value gains	8,695,712	9,247	8,704,959
- realised gains on disposals	9,993,171	150,178	10,143,349
- other financial income	984,345	434,297	1,418,642
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	928,027	0	928,027
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>1,695,332</b>	<b>1,488,804</b>	<b>3,184,136</b>
- fees and commission income	521,186	385,940	907,126
- other income from insurance operations	1,174,146	1,102,864	2,277,010
<b>OTHER INCOME</b>	<b>29,858,473</b>	<b>2,957,780</b>	<b>32,816,253</b>
<b>NET CLAIMS INCURRED</b>	<b>256,258,067</b>	<b>37,980,707</b>	<b>294,238,774</b>
- gross claims settled	265,681,486	35,416,967	301,098,453
- reinsurers' share	-5,493,407	-1,606,781	-7,100,188
- changes in claims provisions	-7,410,789	4,170,521	-3,240,268
- equalisation scheme expenses for supplementary health insurance	3,480,777	0	3,480,777
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>19,731,130</b>	<b>1,557,525</b>	<b>21,288,655</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-23,478,809</b>	<b>-850,765</b>	<b>-24,329,574</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>2,660,110</b>	<b>1,002,344</b>	<b>3,662,454</b>
<b>OPERATING EXPENSES</b>	<b>77,405,356</b>	<b>25,800,942</b>	<b>103,206,298</b>
- acquisition costs	52,383,731	16,886,085	69,269,816
- other operating costs	25,021,625	8,914,857	33,936,482
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>33,720,865</b>	<b>2,838,308</b>	<b>36,559,173</b>
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	137,379	0	137,379
- loss on investments accounted for using the equity method	137,379	0	137,379
- interest expense	0	0	0
- fair value losses	0	0	0
- realised loss on disposals	0	0	0
- loss on impairment of financial assets	0	0	0
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	25,145,962	1,550,869	26,696,831
- interest expense	620,376	192,501	812,877
- fair value losses	8,571,867	128,721	8,700,588
- realised loss on disposals	10,339,616	8,929	10,348,545
- loss on impairment of financial assets	2,105,108	87	2,105,195
- other expenses from financial assets and liabilities	3,508,995	1,220,631	4,729,626
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	8,437,524	1,287,439	9,724,963
<b>OTHER INSURANCE EXPENSES</b>	<b>3,730,829</b>	<b>3,331,206</b>	<b>7,062,035</b>
- fees and commission expenses	0	0	0
- other expenses from insurance operations	3,730,829	3,331,206	7,062,035
<b>OTHER EXPENSES</b>	<b>22,684,138</b>	<b>4,353,614</b>	<b>27,037,752</b>
<b>PROFIT BEFORE TAX</b>	<b>39,065,529</b>	<b>4,150,636</b>	<b>43,216,165</b>
Income tax expense	8,989,894	34,717	9,024,611
<b>NET PROFIT FOR THE PERIOD</b>	<b>30,075,635</b>	<b>4,115,919</b>	<b>34,191,554</b>
Net profit/loss attributable to the controlling company	29,855,816	3,652,984	33,508,800
Net profit/loss attributable to the non-controlling interest holders	219,819	462,935	682,754

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

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

## STATEMENT OF FINANCIAL POSITION BY SEGMENT

	30 June 2017			31 December 2016		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
<b>ASSETS</b>	<b>1,256,614,311</b>	<b>1,549,014,298</b>	<b>2,805,628,609</b>	<b>1,197,481,419</b>	<b>1,564,001,358</b>	<b>2,761,482,778</b>
Intangible assets	57,806,596	2,376,406	60,183,002	53,370,950	2,513,617	55,884,567
Property, plant and equipment	56,267,303	8,842,947	65,110,250	57,112,392	9,118,064	66,230,456
Deferred tax assets	13,459,805	1,342,481	14,802,286	13,442,264	1,296,951	14,739,215
Investment property	48,036,761	1,253,206	49,289,967	48,345,052	1,266,365	49,611,417
Investments in subsidiaries	124,043,939	8,545,998	132,589,937	122,086,439	8,545,999	130,632,438
Investments in associates	10,002,047	0	10,002,047	0	9,503,047	9,503,046
Financial assets	722,501,746	1,502,715,964	2,225,217,710	733,241,225	1,513,302,645	2,246,543,870
Financial investments:	722,501,746	1,084,344,877	1,806,846,623	733,241,225	1,079,259,376	1,812,500,601
- loans and deposits	51,113,861	47,185,626	98,299,487	38,389,616	44,008,278	82,397,894
- held to maturity	0	163,739,077	163,739,077	0	168,983,706	168,983,706
- available for sale	668,163,746	679,545,536	1,347,709,282	687,302,729	678,146,717	1,365,449,446
- recognised at fair value through profit and loss	3,224,139	193,874,638	197,098,777	7,548,880	188,120,675	195,669,555
Unit-linked insurance assets	0	418,371,087	418,371,087	0	434,043,269	434,043,269
Reinsurers' share of technical provisions	101,135,336	111,533	101,246,869	76,416,041	39,066	76,455,107
Receivables	108,853,321	4,753,879	113,607,200	79,220,347	3,059,256	82,279,603
- receivables from direct insurance operations	83,279,991	403,742	83,683,733	58,026,869	464,734	58,491,603
- receivables from reinsurance and co-insurance operations	12,827,938	0	12,827,938	7,536,781	1,315	7,538,096
- current tax receivables	0	0	0	0	0	0
- other receivables	12,745,392	4,350,137	17,095,529	13,656,697	2,593,207	16,249,904
Other assets	3,693,142	3,044	3,696,186	1,946,367	3,044	1,949,412
Cash and cash equivalents	10,814,315	19,068,840	29,883,155	12,300,342	15,353,304	27,653,646
<b>EQUITY AND LIABILITIES</b>	<b>1,256,614,311</b>	<b>1,549,014,298</b>	<b>2,805,628,609</b>	<b>1,197,481,419</b>	<b>1,564,001,358</b>	<b>2,761,482,778</b>
Equity	438,940,323	101,490,326	540,430,649	448,114,222	115,274,895	563,389,117
- 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	243,448,752	45,513,891	288,962,643	243,448,752	45,513,891	288,962,643
- fair value reserve	55,093,281	8,560,400	63,653,682	48,073,456	16,816,861	64,890,318
- net profit brought forward	25,313,122	270,889	25,584,011	41,379,152	3,309,126	44,688,278
- net profit for the year	23,399,650	11,716,387	35,116,037	23,527,344	14,206,258	37,733,602
Subordinated liabilities	10,774,001	9,830,908	20,604,909	11,073,221	10,029,887	21,103,108
Insurance technical provisions	730,285,649	995,049,063	1,725,334,712	663,716,670	981,461,141	1,645,177,811
- unearned premiums	243,726,846	477,201	244,204,047	188,067,543	420,333	188,487,876
- mathematical provisions	0	972,805,261	972,805,261	0	959,268,937	959,268,937
- claims provisions	463,371,076	17,808,813	481,179,889	453,377,312	17,863,463	471,240,775
- other insurance technical provisions	23,187,727	3,957,788	27,145,515	22,271,815	3,908,408	26,180,223
Insurance technical provisions for unit-linked insurance contracts	0	420,566,176	420,566,176	0	431,125,308	431,125,308
Employee benefits	8,711,538	1,861,516	10,573,054	8,690,246	1,857,268	10,547,514
Other provisions	677,764	111,700	789,464	577,969	111,700	689,669
Deferred tax liabilities	13,080,730	7,795,112	20,875,842	11,434,105	10,370,519	21,804,624
Other financial liabilities	2,134,635	296,721	2,431,356	1,852,710	0	1,852,710
Operating liabilities	22,208,997	6,181,776	28,390,773	18,179,880	6,272,070	24,451,951
- liabilities from direct insurance operations	6,383,966	6,174,791	12,558,757	4,930,272	6,272,070	11,202,342
- liabilities from reinsurance and co-insurance operations	14,298,353	6,985	14,305,338	11,507,585	0	11,507,586
- current tax liabilities	1,526,678	0	1,526,678	1,742,023	0	1,742,023
Other liabilities	29,800,674	5,831,000	35,631,674	33,842,396	7,498,570	41,340,966

## INCOME STATEMENT BY SEGMENT

	H1 2017			H1 2016		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
<b>NET PREMIUM INCOME</b>	<b>171,250,098</b>	<b>89,383,102</b>	<b>260,633,200</b>	<b>167,322,394</b>	<b>84,870,054</b>	<b>252,192,448</b>
- gross written premium	262,395,707	89,679,467	352,075,172	244,736,230	85,138,539	329,874,768
- ceded written premium	-57,813,937	-239,496	-58,053,433	-49,495,559	-213,356	-49,708,915
- change in unearned premium reserve	-33,331,672	-56,868	-33,388,539	-27,918,277	-55,129	-27,973,405
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>20,507,839</b>	<b>36,956,399</b>	<b>57,464,238</b>	<b>23,002,966</b>	<b>22,301,457</b>	<b>45,304,423</b>
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	5,151,433	0	5,151,433	9,498,374	62,153	9,560,527
- profit on equity investments accounted for using the equity method	0	0	0	0	0	0
- interest income	421,050	0	421,050	582,545	0	582,545
- dividends	4,727,954	0	4,727,954	0	62,153	62,153
- fair value gains	0	0	0	0	0	0
- realised gains on disposals	0	0	0	8,911,599	0	8,911,599
- other financial income	2,429	0	2,429	4,231	0	4,231
INCOME FROM OTHER FINANCIAL ASSETS	15,356,406	24,885,374	40,241,780	13,504,592	21,311,277	34,815,869
- interest income	8,709,072	13,840,112	22,549,184	9,588,306	14,649,242	24,237,547
- dividends	113,489	54,860	168,349	328,572	283,610	612,182
- fair value gains	2,516	809,262	811,778	7,434	2,694,997	2,702,431
- realised gains on disposals	6,097,820	10,112,250	16,210,070	3,299,322	3,661,202	6,960,523
- other financial income	433,509	68,890	502,399	280,959	22,227	303,186
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	12,071,025	12,071,025	0	928,027	928,027
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>13,075,271</b>	<b>65,214</b>	<b>13,140,485</b>	<b>10,758,032</b>	<b>57,752</b>	<b>10,815,784</b>
- fees and commission income	10,945,076	64,652	11,009,728	8,890,654	57,685	8,948,339
- other income from insurance operations	2,130,195	562	2,130,757	1,867,378	67	1,867,445
<b>OTHER INCOME</b>	<b>3,185,605</b>	<b>2,059,938</b>	<b>5,245,543</b>	<b>3,416,208</b>	<b>1,752,215</b>	<b>5,168,423</b>
<b>NET CLAIMS INCURRED</b>	<b>105,433,413</b>	<b>86,899,544</b>	<b>192,332,957</b>	<b>93,876,354</b>	<b>89,600,292</b>	<b>183,476,646</b>
- gross claims settled	113,654,307	87,041,646	200,695,953	107,508,479	90,615,345	198,123,825
- reinsurers' share	-9,056,173	-14,985	-9,071,158	-8,155,135	-70,193	-8,225,329
- changes in claims provisions	835,279	-127,117	708,162	-5,476,990	-944,860	-6,421,851
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>915,912</b>	<b>16,091,521</b>	<b>17,007,433</b>	<b>708,069</b>	<b>15,946,482</b>	<b>16,654,551</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>-10,481,381</b>	<b>-10,481,381</b>	<b>0</b>	<b>-28,337,842</b>	<b>-28,337,842</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>3,177,740</b>	<b>0</b>	<b>3,177,740</b>	<b>2,661,656</b>	<b>0</b>	<b>2,661,656</b>
<b>OPERATING EXPENSES</b>	<b>57,843,376</b>	<b>15,284,747</b>	<b>73,128,123</b>	<b>56,785,216</b>	<b>15,599,448</b>	<b>72,384,664</b>
- acquisition costs	42,732,291	10,530,558	53,262,849	42,005,752	10,591,943	52,597,696
- other operating costs	15,111,086	4,754,189	19,865,274	14,779,464	5,007,504	19,786,968
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>5,738,543</b>	<b>6,363,937</b>	<b>12,102,480</b>	<b>9,522,901</b>	<b>14,764,279</b>	<b>24,287,180</b>
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	3,760	0	3,760	550,684	0	550,684
- interest expense	0	0	0	0	0	0
- fair value losses	0	0	0	0	0	0
- realised loss on disposals	0	0	0	544,414	0	544,414
- loss on impairment of financial assets	0	0	0	0	0	0
- other expenses from financial assets and liabilities	3,760	0	3,760	6,270	0	6,270
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	5,734,784	6,024,306	11,759,090	8,972,217	6,326,755	15,298,972
- interest expense	556,424	302,387	858,811	359,310	303,078	662,387
- fair value losses	39,018	1,660,452	1,699,470	150,663	600,478	751,141
- realised loss on disposals	2,432,107	2,736,598	5,168,705	4,530,058	4,740,758	9,270,816
- loss on impairment of financial assets	0	0	0	2,103,997	0	2,103,997
- other expenses from financial assets and liabilities	2,707,235	1,324,869	4,032,104	1,828,189	682,441	2,510,630
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	339,631	339,631	0	8,437,524	8,437,524
<b>OTHER INSURANCE EXPENSES</b>	<b>3,345,228</b>	<b>118,917</b>	<b>3,464,145</b>	<b>3,351,267</b>	<b>121,133</b>	<b>3,472,400</b>
- fees and commission expenses	1,402,214	0	1,402,214	0	0	0
- other expenses from insurance operations	1,943,014	118,917	2,061,931	3,351,267	121,133	3,472,400
<b>OTHER EXPENSES</b>	<b>4,620,958</b>	<b>738,320</b>	<b>5,359,278</b>	<b>2,068,053</b>	<b>52,722</b>	<b>2,120,775</b>
<b>PROFIT BEFORE TAX</b>	<b>26,943,643</b>	<b>13,449,048</b>	<b>40,392,691</b>	<b>35,526,085</b>	<b>1,234,964</b>	<b>36,761,049</b>
Income tax expense	3,543,993	1,732,661	5,276,654	6,916,672	240,438	7,157,110
<b>NET PROFIT FOR THE PERIOD</b>	<b>23,399,650</b>	<b>11,716,387</b>	<b>35,116,037</b>	<b>28,609,413</b>	<b>994,526</b>	<b>29,603,939</b>

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

### **Intangible assets**

In the reporting period, the carrying amount of intangible assets of the Triglav Group increased by EUR 7 million, mainly as the result of the increase in the long-term deferred acquisition costs amounting to EUR 9.4 million. In the reporting period, new purchases of intangible assets equalled EUR 2 million. In the first six months of 2017, amortisation reached EUR 3.2 million.

In the reporting period, the carrying amount of intangible assets of Zavarovalnica Triglav increased by EUR 4.3 million. In the separate financial statements, the change as well mainly refers to the increase in long-term deferred acquisition costs. New purchases of other intangible assets in the amount of EUR 1.2 million primarily relate to the purchase of licences and software. In the first six months of 2017, amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 2.5 million.

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

In the first six months of 2017, the carrying amount of property, plant and equipment of the Triglav Group decreased by EUR 680 thousand. New purchases of property, plant and equipment amounted to EUR 2.5 million, whilst depreciation of property, plant and equipment equalled EUR 3.2 million.

In the reporting period, the carrying amount of property, plant and equipment of Zavarovalnica Triglav decreased by EUR 1.1 million. In the first six months of 2017, Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 855 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 1.9 million.

### **Investment property**

The book value of investment property of the Group fell by EUR 340 thousand. In the reporting period, the Group purchased investment property in the amount of EUR 2.2 million and sold it in the amount of EUR 302 thousand. Investment property of EUR 1.7 million was transferred to non-current assets held for sale. In the first six months of 2017, amortisation of investment property of Zavarovalnica Triglav amounted to EUR 715 thousand.

In the first six months of 2017, the book value of investment property of Zavarovalnica Triglav decreased by EUR 321 thousand, which mainly resulted from the amortisation and less from the sale of investment properties.

## Financial assets

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

Values as at 30 June 2017	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits	159,964,210	159,964,210	98,299,487	98,299,487
Held to maturity	220,085,298	269,046,549	163,739,077	206,510,918
Available for sale	1,721,389,210	1,721,389,210	1,347,709,282	1,347,709,282
Investments recognised at fair value	408,969,755	408,969,755	197,098,777	197,098,777
Unit-linked insurance assets	449,043,714	449,043,714	418,371,087	418,371,087
<b>TOTAL</b>	<b>2,959,452,187</b>	<b>3,008,413,438</b>	<b>2,225,217,710</b>	<b>2,267,989,551</b>

Values as at 31 December 2016	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits	148,731,638	124,028,761	82,397,894	86,024,002
Held to maturity	231,342,393	283,856,208	168,983,706	214,513,671
Available for sale	1,738,043,072	1,738,043,070	1,365,449,446	1,365,449,446
Investments recognised at fair value	396,203,356	396,203,356	195,669,555	195,669,555
Unit-linked insurance assets	459,982,822	460,760,711	434,043,269	434,790,947
<b>Total</b>	<b>2,974,303,281</b>	<b>3,002,892,106</b>	<b>2,246,543,870</b>	<b>2,296,447,621</b>

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

### Triglav Group

Values as at 30 June 2017	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	179,892,348	59,277,921	239,170,269
Debt instruments	31,736,610	220,085,298	1,541,469,311	348,360,723	2,141,651,942
Derivative financial instruments	0	0	0	1,331,110	1,331,110
Unit-linked financial assets	4,408,106	0	421,508	444,214,101	449,043,714
Loans	128,227,600	0	27,551	0	128,255,151
<b>Total</b>	<b>164,372,316</b>	<b>220,085,298</b>	<b>1,721,810,718</b>	<b>853,183,855</b>	<b>2,959,452,187</b>

Values as at 31 December 2016	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	197,146,047	56,920,217	254,066,264
Debt instruments	29,701,241	231,342,393	1,540,876,300	337,859,711	2,139,779,645
Derivative financial instruments	0	0	0	1,423,429	1,423,429
Unit-linked financial assets	6,428,491	0	423,601	453,130,731	459,982,823
Loans	119,030,397	0	20,723	0	119,051,120
<b>Total</b>	<b>155,160,129</b>	<b>231,342,393</b>	<b>1,738,466,671</b>	<b>849,334,088</b>	<b>2,974,303,281</b>

## Zavarovalnica Triglav

in EUR					
Values as at 30 June 2017	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	120,152,321	10,400,644	130,552,965
Debt instruments	0	163,739,077	1,227,556,961	185,367,023	1,576,663,061
Derivative financial instruments	0	0	0	1,331,110	1,331,110
Unit-linked financial assets	4,226,418	0	0	414,144,669	418,371,087
Loans	98,299,487	0	0	0	98,299,487
<b>Total</b>	<b>102,525,905</b>	<b>163,739,077</b>	<b>1,347,709,282</b>	<b>611,243,446</b>	<b>2,225,217,710</b>

in EUR					
Value as at 31 December 2016	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	136,023,336	3,648,013	139,671,350
Debt instruments	0	168,983,706	1,229,426,110	190,598,113	1,589,007,928
Derivative financial instruments	0	0	0	1,423,429	1,423,429
Unit-linked financial assets	6,251,897	0	0	427,791,372	434,043,269
Loans	82,397,894	0	0	0	82,397,895
<b>Total</b>	<b>88,649,791</b>	<b>168,983,706</b>	<b>1,365,449,446</b>	<b>623,460,927</b>	<b>2,246,543,870</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 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities	207,393,724	0	31,776,545	239,170,269
Debt securities	435,150,203	1,454,679,831	0	1,889,830,034
Derivative financial instruments	0	1,331,110	0	1,331,110
Unit-linked financial assets	377,591,692	67,043,916	0	444,635,608
<b>Total</b>	<b>1,020,135,619</b>	<b>1,523,054,857</b>	<b>31,776,545</b>	<b>2,574,967,021</b>

				in EUR
<b>As at 31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities	227,496,286	0	26,569,975	254,066,261
Debt securities	298,016,789	1,580,719,222	0	1,878,736,011
Derivative financial instruments	0	1,423,429	0	1,423,429
Unit-linked financial assets	368,826,193	84,728,138	0	453,554,331
<b>Total</b>	<b>894,339,268</b>	<b>1,666,870,789</b>	<b>26,569,975</b>	<b>2,587,780,032</b>

## Zavarovalnica Triglav

				in EUR
<b>As at 30 June 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities	116,358,031	0	14,194,934	130,552,965
Debt securities	366,908,520	1,046,015,464	0	1,412,923,984
Derivative financial instruments	0	1,331,110	0	1,331,110
Unit-linked financial assets	351,119,542	63,025,127	0	414,144,669
<b>Total</b>	<b>834,386,093</b>	<b>1,110,371,701</b>	<b>14,194,934</b>	<b>1,958,952,728</b>

				in EUR
<b>As at 31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity securities	130,447,648	0	9,223,701	139,671,349
Debt securities	246,621,546	1,173,402,676	0	1,420,024,222
Derivative financial instruments	0	1,423,429	0	1,423,429
Unit-linked financial assets	344,987,269	82,804,103	0	427,791,372
<b>Total</b>	<b>722,056,463</b>	<b>1,257,630,208</b>	<b>9,223,701</b>	<b>1,988,910,372</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
Equity securities	stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, volatility indices		level 2
Derivatives	Black-Scholes model	index volatility		level 2
<b>BLOOMBERG BVAL</b>				
<b>Debt securities</b>				
Debt securities - government	cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		level 2
Debt securities - companies and finan. institutions	cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		level 2
<b>INTERNAL APPRAISERS</b>				
<b>Debt securities</b>				
Debt securities - government	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	1y: -0,3572%, 2y: -0,1774%, 3y: -0,0967%, 4y:-0,0571%, 5Y:0,0730%, 6y: 0,3327%, 7Y: 0,5191%, 8Y: 0,7106%, 9y: 0,9822%, 10y: 1,1299%; credit spreads 1%	level 2
Debt securities - companies and finan. institutions	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	1y: -0,3572%, 2y: -0,1774%, 3y: -0,0967%, 4y:-0,0571%, 5Y:0,0730%, 6y: 0,3327%, 7Y: 0,5191%, 8Y: 0,7106%, 9y: 0,9822%, 10y: 1,1299%; credit spreads between 1% and 3%	level 2
Equity securities	cash flow discounting	g (growth rate during constant growth period)	2.0%	level 3
		EBIT margin (constant growth period)	30.7%	
		discount rate	13.4%	
		lack of marketability discount	10.0%	

## Changes of Level 3 financial assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2017	2016	2017	2016
<b>As at 1 January</b>	<b>26,569,975</b>	<b>27,694,663</b>	<b>9,223,701</b>	<b>9,623,123</b>
Purchases	5,017,599	963,467	5,017,599	963,467
Disposals	-24,581	-106,076	-24,581	-106,076
Revaluations through income statement	-22,915	-80	-4,765	0
Revaluations through Equity	237,352	-195,127	-17,020	11,513
Transfers from Level 1 and Level 2	-10,049	-48,490	0	0
Ex. rate difference	9,164	7,115	0	0
<b>As at 30 June</b>	<b>31,776,545</b>	<b>28,315,472</b>	<b>14,194,934</b>	<b>10,492,027</b>

In the reporting period, financial assets classified into Level 3 increased by EUR 5 million due to the acquisition of shares of private equity funds linked to venture capital funds, real property funds and infrastructure funds.

In the first half year of 2016, there were no reclassified assets from Level 1 to Level 2 and vice versa. This applies to the entire Triglav Group.

### Impairments

In the first six months of 2017, no losses resulting from permanent impairment of financial assets were recognised neither in Zavarovalnica Triglav nor in the Triglav Group. Furthermore, no impairments of other fixed assets were recognised.

### Subordinated debt instruments

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

### Contingent liabilities

In the second quarter of 2017, Zavarovalnica Triglav signed a guarantee statement for the bank guarantee issued in the amount of EUR 3.8 million, which was received by Triglav INT d.d. for the settlement of its obligations for the purchase of minority interests in Triglav Osiguruvanje a.d., Skopje.

In off-balance-sheet assets, Zavarovalnica Triglav increased assets under futures contracts by EUR 2.2 million, and assets for alternative investments by EUR 7.8 million.

### Distribution of accumulated profits

On 30 May 2017, the General Meeting of Shareholders of Zavarovalnica Triglav decided on the distribution of accumulated profit, totalling EUR 82,421,880.73 as at 31 December 2016. A part of the accumulated profit in the amount of EUR 56,837,870 was allocated for dividend payments, amounting to EUR 2.5 per share. The dividends were paid on 16 June 2017. The distribution of the remaining part of accumulated profit shall be decided on in the following years.

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

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

Triglav INT d.d. acquired a 19% equity stake from non-controlling interest holders of Triglav Osiguranje d.d., Sarajevo, thereby becoming its 88% owner. The acquisition price was BAM 8,756,665 or EUR 4,477,212. Triglav Osiguranje d.d., Sarajevo purchased 4,156 shares from non-controlling interest holders or 10% of treasury shares. The acquisition price amounted to BAM 4,594,458 or EUR 2,349,109. The stake of non-controlling shareholders dropped from 31% to 2%, thereby reducing the value of minority interest to EUR 3,316,564. The effect of the acquisition of a non-controlling interest stake on the capital of controlling shareholders is recognised in the consolidated financial statements as a decrease in share premium of EUR 1,080,856 and a decrease in legal reserve of EUR 2,428,901.

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

Triglav INT d.d. acquired a 0.09% equity stake from the non-controlling interest holders of Triglav Osiguranje d.d., Zagreb, thereby becoming its 100% owner. The acquisition price was HRK 100,570. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as a decrease in share premium of EUR 9,403.

### **Establishment of Triglav d.o.o., Ljubljana**

Zavarovalnica Triglav d.d. and KGAL Beteiligungsverwaltungs GmbH established the company TRIGAL d.o.o., Ljubljana. The share capital of the newly founded company amounts to EUR 1 million, of which EUR 499 thousand was paid in by Zavarovalnica Triglav. The Company thereby became a 49.9% owner of Triglav. In the consolidated financial statements, Triglav is treated as an associate and valued in accordance with the equity method.

### **Establishment of Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka**

Together with Penzijski rezervni fond Republike Srpske from Banja Luka (The Pension Reserve Fund Of Republic of Srpska a.d. Banja Luka), Skupna pokojninska družba d.d. established Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka. The share capital of the newly founded company amounts to BAM 2,948,000, of which BAM 1,496,000 or EUR 764,893 was paid in by Skupna pokojninska družba. Skupna pokojninska družba thereby became a 50.75% owner of the abovementioned company. Immediately after the establishment, the capital increase procedure has been initiated, within which a strategic partner, i.e. the European Bank for Reconstruction and Development, will become one of its owners. Following the share capital increase planned in August 2017, Skupna pokojninska družba will become a 34% owner of the abovementioned company. In the consolidated financial statements, Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka is treated as an associate and valued in accordance with the equity method.

## 2.8 Related party transactions

### Revenues of the Management and Supervisory Board

In the first half year of 2017, 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	80,438	1,936	45,049	47,894	24,602	1,404	708
Makoter Marica	76,416	1,936	43,432	44,691	16,452	1,509	503
Jošar Benjamin	76,416	1,936	43,432	44,331	16,030	2,514	501
Ivanc Uroš	76,416	1,936	32,629	41,126	16,483	426	541
Čoroli Tadej	76,416	1,936	30,828	40,495	16,457	335	466
<b>TOTAL</b>	<b>386,102</b>	<b>9,680</b>	<b>195,370</b>	<b>218,537</b>	<b>90,024</b>	<b>6,188</b>	<b>2,719</b>

\* Other additional payments include holiday allowances.

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

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

In the first half year of 2017, members of the Management Board did not receive any payments for their work in subsidiaries.

As at 30 June 2017, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

in EUR		
Surname and name	Receivables as at 30 June 2017	Liabilities as at 30 June 2017
Slapar Andrej	0	23,020
Makoter Marica	16	21,506
Jošar Benjamin	0	21,514
Ivanc Uroš	6	21,475
Čoroli Tadej	30	33,709
<b>TOTAL</b>	<b>52</b>	<b>121,224</b>

In the first half year of 2017, the Supervisory Board members and members of Committees were paid the following amounts as compensation for their work:

in EUR					
<u>Surname and name</u>	<u>Compensation</u>	<u>Attendance fee</u>	<u>Reimbursements</u>	<u>Total gross pay</u>	<u>Total net pay</u>
Blažič Matija	6,250	1,100	468	7,818	5,686
Celar Peter	7,813	2,640	0	10,453	7,602
Gobbo Mario	9,375	2,156	18,746	30,277	19,945
Kastelic Gregor	10,000	2,145	3,489	15,634	12,116
Molan Boštjan	7,813	2,156	470	10,439	7,592
Nose Barbara*	3,125	1,320	0	4,445	3,233
Pervanje Milena*	1,565	1,540	0	3,105	2,258
Sotošek Ivan	7,813	2,156	629	10,598	7,708
Stankovič Rajko	7,813	1,661	0	9,474	6,890
Stebelnak Igor	11,719	3,476	0	15,195	11,051
Svoljšak Mitja*	1,565	1,540	0	3,105	2,258
Štimac Dubravko	0	0	0	0	0
<b>Total</b>	<b>74,851</b>	<b>21,890</b>	<b>23,802</b>	<b>120,543</b>	<b>86,339</b>

\* External committee member.

As at 30 June 2017, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

in EUR		
<u>Surname and name</u>	<u>Receivables as at 30 June 2017</u>	<u>Liabilities as at 30 June 2017</u>
Andoljšek Andrej	0	852
Blažič Matija	0	364
Celar Peter	0	1,276
Damjanovič Nataša	0	897
Gobbo Mario	0	1,231
Kastelic Gregor	0	572
Molan Boštjan	0	1,333
Nose Barbara*	0	182
Sotošek Ivan	0	1,351
Stankovič Rajko	0	455
Stebelnak Igor	0	1,814
Svoljšak Mitja*	0	0
Škerjanec Žiga	0	897
Štimac Dubravko	287	0
Tomažević Milan	0	859
<b>TOTAL</b>	<b>287</b>	<b>12,083</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 2017	31 December 2016
<b>ASSETS</b>		
Shares	132,589,937	130,632,437
Debt securities and loans	24,248,308	19,331,938
Receivables from insurers	3,119,283	2,600,718
Premium receivable from co-insurance	11,052	11,381
Receivables from re-insurers' share in claim	4,731,636	5,622,496
Other short-term receivables from insurance operation	7,440	14,369
Short term receivables from financing	1,144,919	1,172,759
Other short-term receivables	831,456	825,663
<b>LIABILITIES</b>		
Liabilities to policy holders	269,733	444,617
Liabilities to agents and brokers	329,167	340,930
Liabilities for co-insurance premiums	25,002	14,697
Liabilities for re-insurance premiums	10,586,895	9,183,540
Liabilities for co-insurers' share in claim	13,712	1,712
Other short-term liabilities	109,163	190,746

	in EUR	
	H1 2017	H1 2016
<b>INCOME AND EXPENSES</b>		
Gross written premium	7,919,432	6,873,667
Ceded written premium	0	6,533
Zmanjšanje za deleže sozavarovateljev	-169,948	-162,951
Outward re-insurance premium	-38,857,616	-37,611,054
Income from re-insurance commissions	8,354,861	7,064,006
Other income from insurance	2,472,930	2,225,947
Interest income	421,050	582,545
Income from land and buildings	271,951	241,024
Income from dividends	4,556,549	0
Realised gains on impairment of financial assets	0	8,911,599
Other insurance income	950,997	709,079
Other income	118,646	96,007
<b>TOTAL INCOME</b>	<b>-13,961,147</b>	<b>-11,063,598</b>
Gross claims settled	465,483	350,125
Reinsurers' share	-8,446,485	-7,389,228
Co-insurers' share	12,000	153
Fees and commission expenses	627,949	0
Loss on impairment of financial assets	0	544,414
Other expenses	10	0
<b>TOTAL EXPENSES</b>	<b>-7,341,043</b>	<b>-6,494,536</b>

## Transactions with associates

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

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 June 2017	31 December 2016	31 June 2017	31 December 2016
<b>ASSETS</b>				
Shares	7,582,085	6,826,400	10,002,046	9,503,047
Receivables from insurers	2,798	800	2,362	364
Other short-term receivables	0	18,100	0	18,100
<b>LIABILITIES</b>				
Liabilities to agents and brokers	17,991	22,008	17,991	20,919
Other short-term liabilities	26,293	463	0	0
Accrued expenses	587	60	0	0

	Triglav Group		Zavarovalnica Triglav	
	H1 2017	H1 2016	H1 2017	Q1 2016
Gross written premium	27,139	83,542	25,932	82,337
Income from dividends	0	0	171,405	62,153
<b>TOTAL INCOME</b>	<b>27,139</b>	<b>83,542</b>	<b>197,337</b>	<b>144,490</b>
Gross claims settled	2,438	19,333	2,438	19,333
Acquisition costs	6,028	8,828	0	0
<b>TOTAL EXPENSES</b>	<b>8,466</b>	<b>28,161</b>	<b>2,438</b>	<b>19,333</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 2017, there were 47 of such companies; the list is published on the SDH website (<http://sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

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



in EUR

	Triglav Group		Zavarovalnica Triglav	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<b>ASSETS</b>				
Shares	14,023,155	10,829,436	15,791,647	6,020,206
Debt securities	133,483,428	111,600,197	103,847,485	81,917,309
Receivables from operations	17,524	428,376	15,031	426,184
Other assets	7,163,066	28,085,644	0	20,760,486
<b>LIABILITIES</b>				
Liabilities from operations	843,569	2,449,808	829,648	1,263,124

	Triglav Group		Zavarovalnica Triglav	
	H1 2017	H1 2016	H1 2017	H1 2016
<b>INCOME</b>				
Gross written premium	14,026,372	15,759,522	14,020,657	15,535,423
Financial income	2,619,239	3,669,294	2,102,799	2,234,667
Other income	52,241	56,007	52,189	56,006
<b>EXPENSES</b>				
Gross claims settled	3,339,229	3,592,720	3,367,902	3,541,221
Financial expenses	178,363	234,105	0	96,569
Other expenses and costs	4,265,029	4,722,097	3,979,734	3,682,048

## 2.9 Significant events after the reporting date

In the period from the end of the reporting period and the date of approval of the financial statements, no adjusting events occurred that would affect the prepared financial statements of Zavarovalnica Triglav nor the consolidated financial statements of Triglav Group for the first half year of 2017, as well as no material non-adjusting events.

Triglav INT d.d. acquired a 0.11% equity stake from the non-controlling interest holders of Lovćen Osiguranje d.d., Podgorica, Montenegro, thereby becoming its 96.6% owner. The purchase price equalled EUR 10,540. The changed shareholder structure was entered into the Companies Register in July 2017. Any effects of the acquisition will be recognised in the consolidated financial statements of the Triglav Group for the period from 1 January to 30 September 2017.

On 4 May 2017 in Macedonia, Triglav INT d.d. published a takeover bid for the acquisition of all the remaining shares of Triglav Osiguruvanje a.d., Skopje from non-controlling interest holders. The takeover bid to acquire the remaining number of shares was published on 4 July 2017 and is valid from 4 July 2017 to 3 August 2017. In the process, 3,946 shares or a 6.56% stake in Triglav Osiguruvanje a.d. was acquired. Based on the takeover bid, Triglav INT d.d. will pay MKD 57,769,440 or EUR 941 thousand for these shares. After the payment is made, the change in ownership will be entered into the Companies Register.

Triglav INT d.d. and Triglav Osiguruvanje a.d. are in the process of establishing a new life insurance company on the Macedonian market. After obtaining the approval of the Macedonian insurance regulator (the ASO), all the required administrative procedures will be carried out, based on which the company will be officially established and entered into the Companies Register.

On 26 July 2017, Zavarovalnica Triglav and its subsidiary Salnal d.o.o. signed an agreement on the sale of stakes in Geoplin d.o.o., Ljubljana and Plinhold d.o.o. with Petrol d.d., Ljubljana and the Republic of Slovenia. The Triglav Group holds a 7.8% stake in the abovementioned companies. The total purchase price to be received by the Triglav Group is EUR 14.5 million. The agreement was signed under suspensive conditions which must be met prior to its validity.