



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

**triglav**

[www.triglav.eu](http://www.triglav.eu)  
[www.triglav.si](http://www.triglav.si)

# Unaudited Interim Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2020 to 31 March 2020



**MANAGEMENT BOARD:**

President: Andrej Slapar

Members: Uroš Ivanc

Tadej Čoroli

Barbara Smolnikar

David Benedek

Marica Makoter

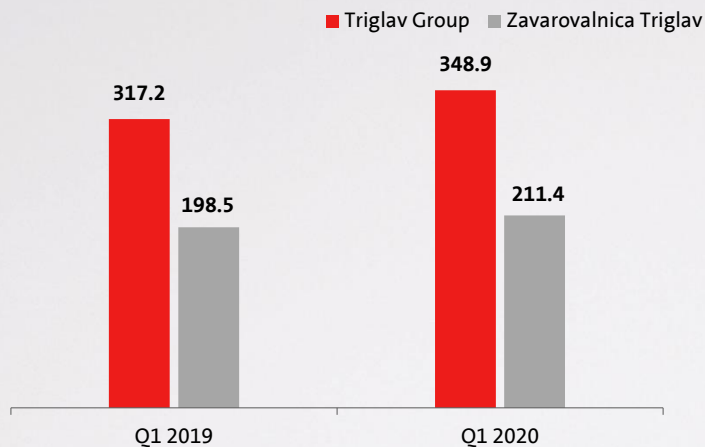
Ljubljana, May 2020

Credit rating

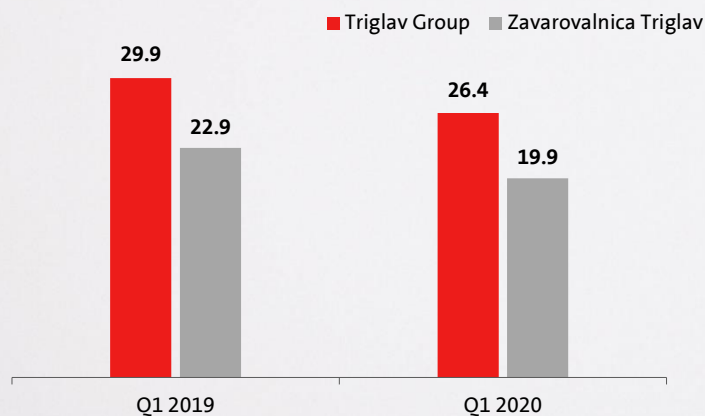
"A"

of the Triglav Group  
with a stable  
medium-term  
outlook

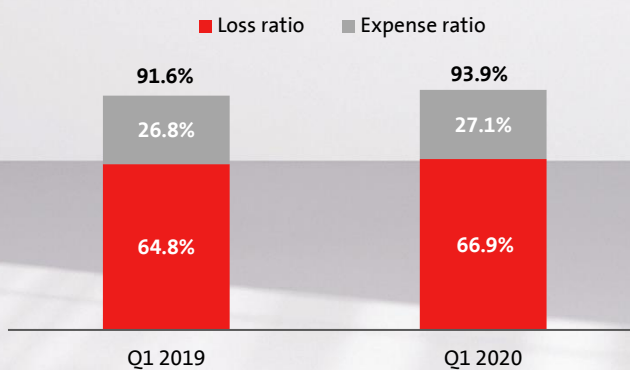
### Gross written premium for insurance, co-insurance and reinsurance contracts in EUR million



### Net profit before tax in EUR million



### Combined ratio of the Triglav Group



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



The first quarter of 2020 was marked by the COVID-19 pandemic and the Triglav Group quickly and effectively adapted to this changed situation. Priority was given to protecting the health of all stakeholders and to maintaining business continuity in all markets. In doing so, we used strategic solutions that we had systematically developed over the years, such as the omni-channel sales approach and digital and other remote business solutions. We are pleased to say that our clients received this way of doing business very well.

The Triglav Group generated a consolidated profit of EUR 26.4 million before tax in the first three months of 2020. Its 12% decrease primarily resulted from the deteriorated situation in the financial markets and major CAT events, while the impact of premium income on profit was positive. As expected, the rates of return on our EUR 3.1 billion investment portfolio decreased in the first quarter and the volume of clients' assets managed in mutual funds declined. Due to major CAT events (an earthquake in Zagreb, hailstorms in Slovenia), the claims result increased, which contributed to the deterioration of the Triglav Group's combined ratio. In spite of this, it remained favourable at 93.9%. We have assessed that the first quarter's major CAT events will not have a significant impact on the fulfilment of the annual business plan. Our annual reinsurance aggregate programme allows our business results to be more predictable and stable, despite volatility during the year that can be caused by major CAT events.

The deterioration of the economic situation did not significantly affect the Triglav Group's underwriting activities in the first quarter of 2020. The written premium increased by 10% relative to the preceding year (EUR 349 million) and premium growth was achieved in most of our markets and in all three insurance segments. The average premium growth in the Slovene market stood at 6%, while on markets outside of Slovenia it reached as much as 17%.

In the current situation, a particularly volatile and uncertain business environment prevents us from commenting reliably on the annual result; however, we developed the most probable scenarios and assessed their impact. We believe that our insurance and investment portfolios are sufficiently resilient and that our capital position is appropriate to effectively cope with increased risks arising from the current situation.

The regular General Meeting of Shareholders is before us. The Management Board and the Supervisory Board propose to the General Meeting of Shareholders that the accumulated profit remains undistributed, which is consistent with the Slovene regulator's call and with the aim of ensuring the medium-term sustainable target capital adequacy of the Triglav Group, as set out in the Company's dividend policy. Even though this proposal deviates from the practice of recent years, we believe that shareholders will accept this justification with understanding, bearing in mind that the undistributed accumulated profit will be allocated for the future payment of dividends or for other purposes in accordance with the General Meeting of Shareholders' future resolutions.

We are proud of our 120-year journey that gave us invaluable knowledge, experience and confidence to successfully face the challenges posed by the current situation. Thank you for being with us on this journey.

**Andrej Slapar**

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

A handwritten signature in blue ink, appearing to be 'AS', written over a white background.

# Contents

## Business report

1.	Financial highlights in the first quarter of 2020.....	6
2.	Governance of the Triglav Group .....	12
3.	The share and the shareholders of Zavarovalnica Triglav.....	14
4.	Performance in the period from 1 January to 31 March 2020.....	20
5.	Financial result and financial standing.....	40
6.	Risk management.....	48
7.	Human Resource Management at the Triglav Group .....	51

# BUSINESS REPORT

# 1. Financial highlights in the first quarter of 2020

## 1.1 Financial highlights of the Triglav Group

	in EUR million		
	Q1 2020	Q1 2019	Index 2020/2019
Gross written premium from insurance, co-insurance and reinsurance contracts	348.9	317.2	110
Net premium income	261.1	235.2	111
Gross claims paid	177.8	166.2	107
Net claims incurred	185.7	160.7	116
Insurance business gross operating expenses	64.3	61.0	105
Profit before tax	26.4	29.9	88
Net profit	22.4	25.5	88
Net profit attributable to the controlling company	22.4	25.4	88
	31 March 2020	31 December 2019	Index 2020/2019
Insurance technical provisions	2,849.6	2,878.9	99
Equity	778.6	792.0	98
Equity attributable to the controlling company	776.1	789.5	98
Number of employees	5,261	5,281	100

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

## Key performance indicators of the Triglav Group

	Q1 2020	Q1 2019
ROE annualised	11.9%	14.2%
Loss ratio	66.9%	64.8%
Expense ratio	27.1%	26.8%
Combined ratio	93.9%	91.6%
Ratio of gross operating expenses to gross written premium	18.4%	19.2%

## 1.2 Financial highlights of Zavarovalnica Triglav

	in EUR million		
	Q1 2020	Q1 2019	Index 2020/2019
Gross written premium from insurance, co-insurance and reinsurance contracts	211.4	198.5	106
Net premium income	142.4	132.1	108
Gross claims paid	104.4	96.7	108
Net claims incurred	104.3	87.6	119
Gross operating expenses	41.6	40.6	102
Profit before tax	19.9	22.9	87
Net profit	16.6	19.4	86
	31 March 2020	31 December 2019	Index 2020/2019
Insurance technical provisions	2,103.9	2,149.0	98
Equity	574.2	580.5	99
Number of employees	2,252	2,253	100

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

## Key performance indicators of Zavarovalnica Triglav

	Q1 2020	Q1 2019
ROE annualised	12.0%	14.5%
Loss ratio	61.8%	56.2%
Expense ratio	30.5%	29.4%
Combined ratio	92.3%	85.7%
Ratio of gross operating expenses to gross written premium	19.7%	20.4%

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

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



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

The insurance business of the Group comprises:

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

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

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

	Insurance	Asset management	Other
<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>▪ Triglav, 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>▪ Triglav Savjetovanje d.o.o.</li> </ul>
<b>Serbia</b>	<ul style="list-style-type: none"> <li>▪ Triglav Osiguranje a.d.o., Belgrade</li> </ul>		<ul style="list-style-type: none"> <li>▪ Triglav Savetovanje d.o.o.</li> </ul>
<b>Montenegro</b>	<ul style="list-style-type: none"> <li>▪ Lovćen Osiguranje a.d., Podgorica</li> <li>▪ Lovćen životna osiguranja a.d., Podgorica</li> </ul>		<ul style="list-style-type: none"> <li>▪ Lovćen Auto d.o.o.</li> </ul>
<b>Bosnia and Herzegovina</b>	<ul style="list-style-type: none"> <li>▪ Triglav Osiguranje d.d., Sarajevo</li> <li>▪ Triglav Osiguranje a.d., Banja Luka</li> </ul>	<ul style="list-style-type: none"> <li>▪ PROF-IN d.o.o.</li> <li>▪ Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d, Banja Luka</li> </ul>	<ul style="list-style-type: none"> <li>▪ Triglav Savjetovanje d.o.o.</li> <li>▪ Autocentar BH d.o.o.</li> </ul>
<b>North Macedonia</b>	<ul style="list-style-type: none"> <li>▪ Triglav Osiguruvanje a.d., Skopje</li> <li>▪ Triglav Osiguruvanje Život a.d., Skopje</li> </ul>	<ul style="list-style-type: none"> <li>▪ Triglav preznisko društvo a.d., Skopje</li> </ul>	

#### 1.4 Composition of the Triglav Group

As at the reporting date, the Triglav Group comprises 40 companies; in addition to the parent company, 31 subsidiaries and 8 associates.

##### The Triglav Group as at 31 March 2020

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

**Subsidiaries:**

- Pozavarovalnica Triglav Re d.d., Ljubljana

---

- Triglav, Zdravstvena zavarovalnica d.d., Koper

---

- Triglav, pokojninska družba d.d., Ljubljana

---

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

---

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

---

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



- Triglav Savjetovanje d.o.o., Sarajevo

---

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

---

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

---

- Triglav penzisko društvo a.d., Skopje

---

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

---

#### Associates:

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

---

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

---

- Nama, trgovsko podjetje d.d., Ljubljana

---

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

---

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

---

#### Changes in the Triglav Group in the first quarter of 2020:

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

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

### 1.5 Strategy of the Triglav Group

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

## MISSION

**Building a safer future.**

## VALUES

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

## VISION OF THE TRIGLAV GROUP

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

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

## KEY STRATEGIC GUIDELINES

Key strategic guidelines

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

Client focus and development of related services

Developing cooperative and agile organisation and culture

## 1.6 Significant events in the reporting period

Significant events the first quarter of 2020 included:

- The end of the first quarter was marked by the COVID-19 pandemic. In this situation, the Group has given priority to taking appropriate measures to protect the health of its employees, clients, partners and other stakeholders. Business continues as usual and, in providing its services, the Group uses an omnichannel sales approach to clients and digital solutions for remote and paperless operations. The implementation of its strategy will be constantly adapted to the respective business conditions. As the future development of the pandemic and its impact on the economy and financial markets remain uncertain and because the financial markets are highly volatile, it is currently difficult to reliably assess the impact on the Group's operations. The Group therefore assessed the impact on its operations based on various scenarios that it considers most likely in the current situation. Based on these scenarios, it was assessed that the Group's insurance and investment portfolios are sufficiently resilient and that its capital position is appropriate to effectively cope with increased risks arising from the COVID-19 pandemic. See *Section 6.1 Risk management* for more details.
- On 31 March 2020, the Insurance Supervision Agency called upon the insurance companies to suspend the payout of dividends from accumulated profit and not to undertake any irrevocable commitment to pay out dividends by 1 October 2020 in order to ensure financial stability in the face of the COVID-19 pandemic. In accordance with said call and with the aim of ensuring the medium-term sustainable target capital adequacy of the Triglav Group, the Management Board and the Supervisory Board of Zavarovalnica Triglav d.d. propose to the regular annual General Meeting of Shareholders of Zavarovalnica Triglav d.d. that accumulated profit, which amounted to EUR 60,543,475 as at 31 December 2019, remain undistributed. The General Meeting of Shareholders will be held on 2 June 2020; further information is published on the Company's website [www.triglav.eu](http://www.triglav.eu).
- The Triglav Group's operations in the first quarter were influenced by major CAT events, particularly the Zagreb earthquake. The Group has a reliable conservative reinsurance programme, which is implemented on an annual basis. Individual major CAT events can cause year-on-year volatility in the claims segment, especially if they occur in the first quarter; however, operating results are much more predictable and stable on an annual basis thanks to the effective reinsurance protection. See *Section 4.1 The macroeconomic environment and environmental impact on the performance of the Triglav Group*.

## 2. Governance of the Triglav Group

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

### *Two-tier governance of Zavarovalnica Triglav*



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

### 1.1 Composition of the Management Board

As at 31 March 2020 the Management Board of Zavarovalnica Triglav was comprised of:

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

### 1.2 Composition of the Supervisory Board

As at 31 March 2020, the Supervisory Board of Zavarovalnica Triglav was comprised of:

- shareholder representatives:
  - Igor Stebernak, Chairman,
  - Andrej Andoljšek, Vice Chairman,
  - Mario Gobbo, Member,
  - Nataša Damjanovič, Member,
  - Žiga Škerjanec, Member,

- Milan Tomažević, Member, and
- employee representatives:
  - Peter Celar, Member,
  - Branko Gorjan, Member,
  - Igor Zupan, Member.

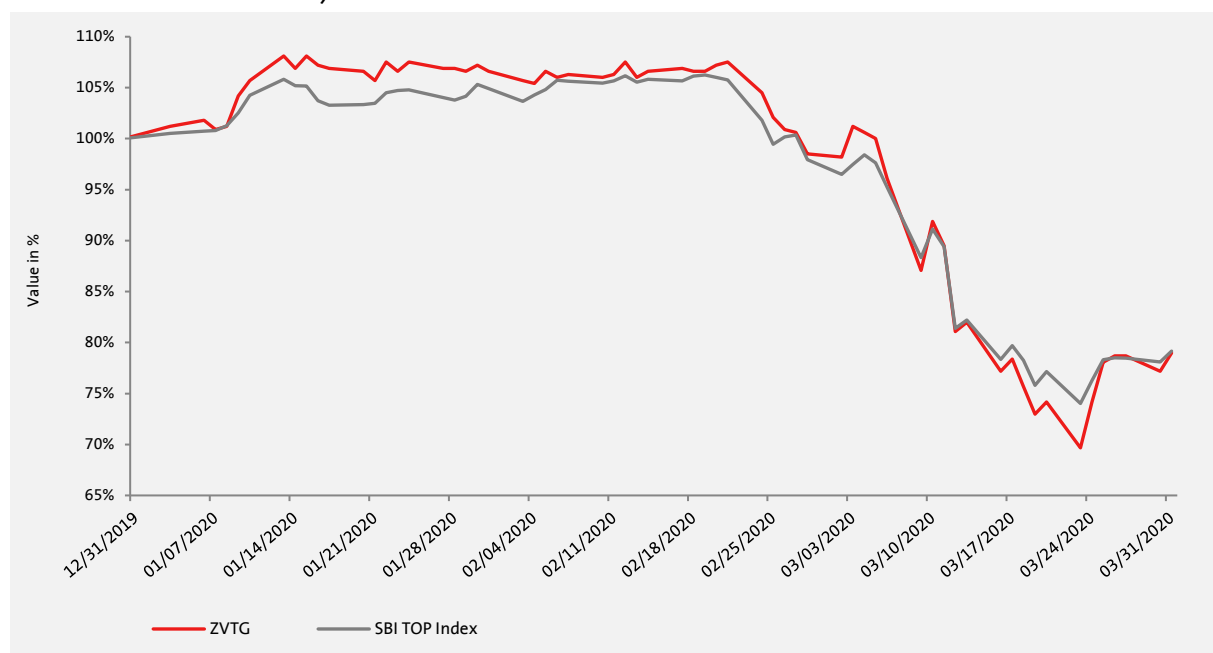
## 3. The share and the shareholders of Zavarovalnica Triglav

### 3.1 The share of Zavarovalnica Triglav

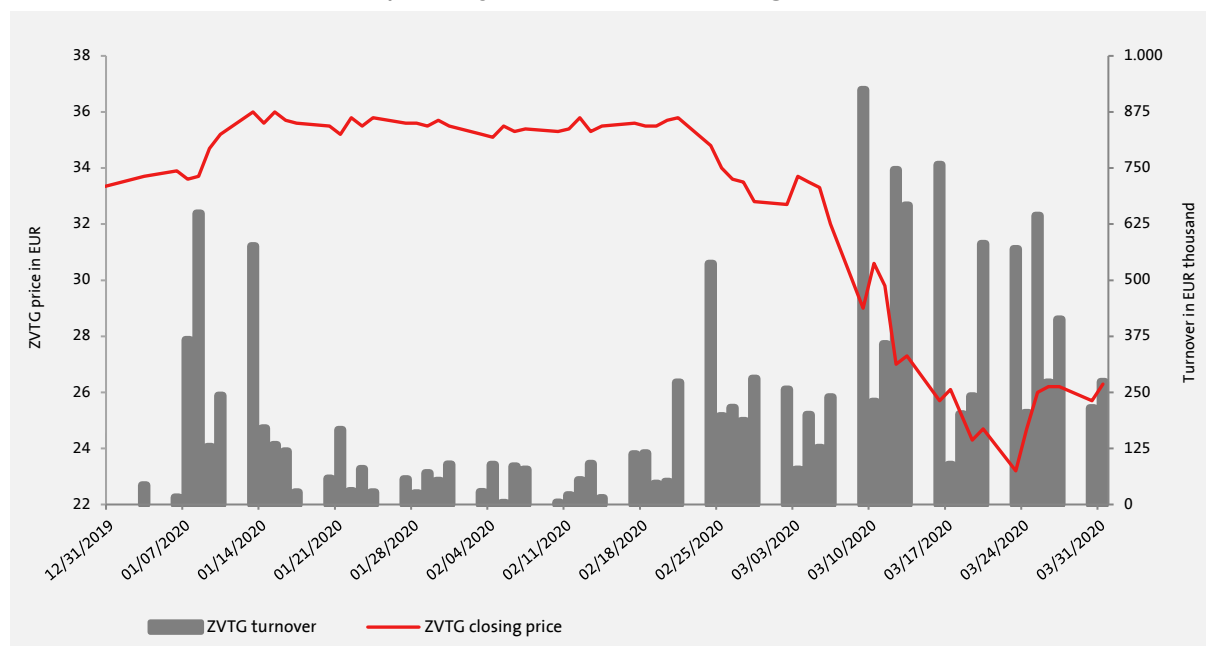
In February, the COVID-19 pandemic caused a global stock market crash, which also affected the Ljubljana Stock Exchange and the price of Zavarovalnica Triglav's share. First, its price increased by 8% between 31 December 2019 and 21 February 2020, but then it fell by 25% by 31 March 2020. In the first quarter, ZVTG share lost 21% of its value compared to 31 December 2019, which is the same as the Slovene stock exchange index SBI TOP and better than the BEINSUR insurance index, which decreased by 29% over the same period.

During this period, the liquidity of ZVTG share increased considerably. Its average daily turnover was 63% higher than last year's annual average and amounted to EUR 220 thousand. On average, one third of total share turnover was performed by its liquidity provider. The share was the fourth most liquid share on the Ljubljana Stock Exchange in the first quarter of 2020, while Zavarovalnica Triglav was the third largest Slovene listed company. Its market capitalisation was EUR 598 million as at 31 March 2020.

*Movements in the ZVTG share price and in the value of the SBI TOP Index in Q1 2020 (starting date 31 December 2019 = 100)*



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



The Company is committed to transparently operating and informing its shareholders, investors and analysts. All key information is regularly published in Slovene and English on its website [www.triglav.eu](http://www.triglav.eu). During the pandemic, investor relations activities were adapted to restrictions and maintaining contact remotely. Emphasis is placed on webcasts of the Ljubljana Stock Exchange. Investors may contact the Company for further information via email and conference calls.

### Key figures relating to Zavarovalnica Triglav's share in Q1 2020 (in EUR)

Items	31 March 2020
Maximum closing price	36.00
Minimum closing price	23.20
Closing price	26.30
Book value per share (parent company)*	25.26
Book value per share (consolidated data)*	34.14
Net earnings per share (consolidated data)**	0.99
Market capitalisation	597,934,392
Average daily trading volume	220,473
No. of shares	22,735,148
The percentage of floating stock***	30.9%
Traded on	Ljubljana Stock Exchange - LJSE
ISIN code	SI0021111651
Ticker symbol	ZVTG
Bloomberg	ZVTG SV
Reuters	ZVTG.LJ
Credit rating (S&P Global Ratings, AM Best)	»A«, stable medium-term outlook

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

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

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

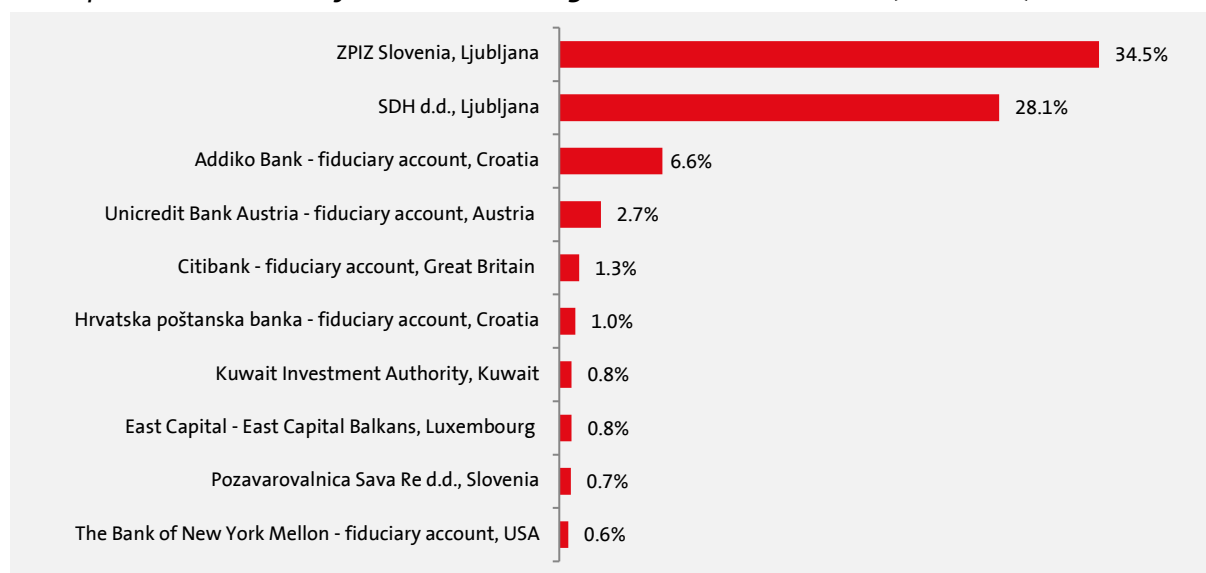
### 3.2 Equity

As at 31 March 2020, the share capital of Zavarovalnica Triglav remained unchanged at EUR 73,701,391.79. It is divided into 22,735,148 ordinary registered no-par value shares constituting one class. The shares are issued in dematerialised form and are freely transferable. Each share represents the same stake and corresponding amount in share capital. All have been paid up in full. Each share gives its holder the right to one vote at the General Meeting of Shareholders, a proportionate share of profits (payment of dividends) and a proportionate share of residual bankruptcy or liquidation estate after the payoff of preference shareholders.

### 3.3 Shareholder structure

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

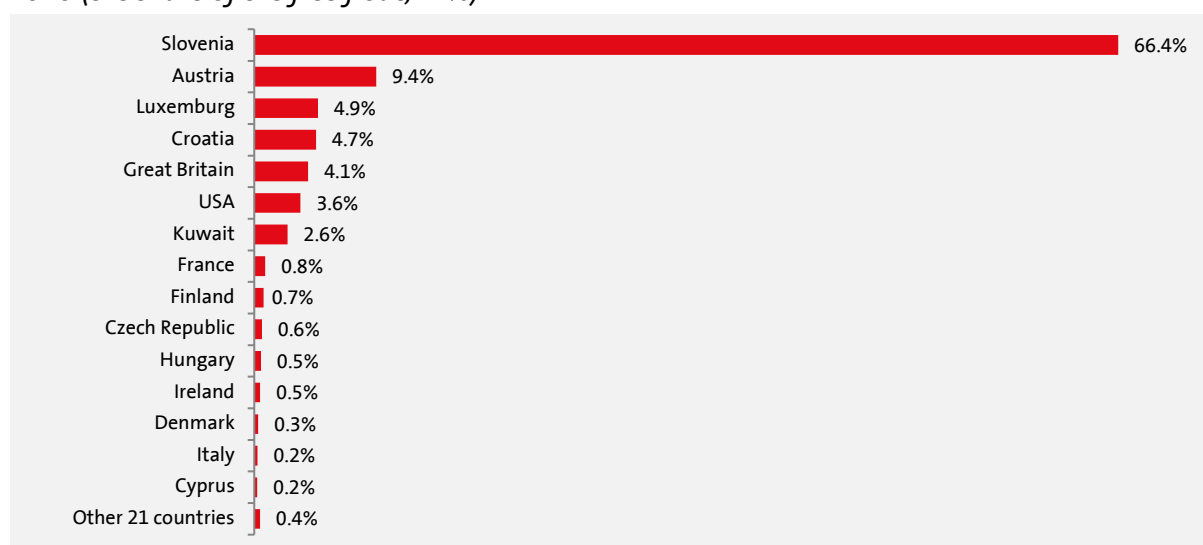
*The top ten shareholders of Zavarovalnica Triglav as at 31 March 2020 (share in %)*



The Company's share of the free float, i.e. the shares held by the shareholders with less than a 5% ownership stake, stood at 30.9%. The share is the same as at 31 December 2019 and their ownership is globally dispersed among shareholders from 36 countries. Ownership shares of minority shareholders by country of origin are shown in the figure below.



*The minority shareholder structure of Zavarovalnica Triglav by the country of origin as at 31 March 2020 (the share of the free float, in %)*



According to the share register, Zavarovalnica Triglav had 13,011 shareholders as at 31 March 2020. In terms of the country of origin and legal status (natural person or legal entity), there were no significant changes in the shareholder structure. The ownership stake of shareholders – natural persons, who have continued to intensively and actively trade in ZVTG shares in 2020, increased by 0.3 percentage point. The international shareholders, which held 17% of the shares as at 31 March 2020, consisted of 55 international institutional investors, 26 of which with fiduciary accounts.

*Shareholder structure of Zavarovalnica Triglav as at 31 March 2020*

	Total	Domestic	International	Legal entities	Individuals
Number of shares	22,735,148	18,883,118	3,852,030	20,079,132	2,656,016
Number of shareholders	13,011	12,646	365	459	12,552
Number of shares - percentage	100.0%	83.1%	16.9%	88.3%	11.7%
Number of shareholders - percentage	100.0%	97.2%	2.8%	3.5%	96.5%

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

### 3.4 Credit rating

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

### 3.5 Dividend policy

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

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

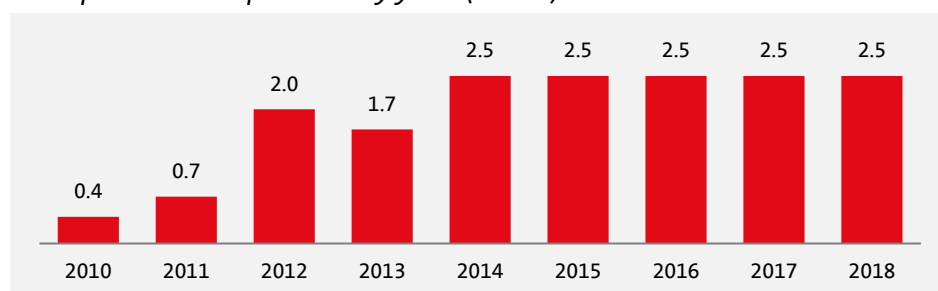
> 250%	Surplus capital adequacy	Possibility of a more aggressive growth of business volume, assessment of potential changes in the business strategy
200 - 250%	Target capital adequacy	Regular performance of risk management activities
150 - 200%	Sub-optimum level of capital adequacy	Analyzing possible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

The dividend policy of Zavarovalnica Triglav provides as follows:

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

The General Meeting of Shareholders of Zavarovalnica Triglav, which will decide on the distribution of accumulated profit as at 31 December 2019, will be held on 2 June 2020; more information is available on the website [www.triglav.eu](http://www.triglav.eu).

Gross paid dividend per share by years (in EUR)



### 3.6 Bonds

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

#### *Bond of Zavarovalnica Triglav*

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

## 4. Performance in the period from 1 January to 31 March 2020

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

Following the spreading of the novel coronavirus, the global economy saw a sharp decline in activity in the first quarter of 2020. The aftermath of the pandemic suggests that the recession will be deep, despite taking rapid and extensive fiscal policy measures. According to initial estimates, the recession will be even deeper than in 2008, recovery will be uncertain, and in many respects it will depend on the general use of the appropriate vaccine. The global economy has thus switched to a new mode of operation. Initial data suggest a decline in international trade and disruption of supply chains, and the structure of private consumption began to shrink and change. The sentiment among consumers and businesses declined. Many countries will try to make up for the loss of income through public transfers and other government measures to curb the crisis, which will result in a significant increase in government debt in countries around the world.

According to the latest forecasts by private and public institutions, released at the end of March, GDP in the euro area will decline by 2–13% in 2020, with the strongest impact in the first half of the year. Similar forecasts apply to Slovenia, but due to its economy's structure and its integration into the international environment, Slovenia may experience an even stronger decline in GDP. According to the Bank of Slovenia's data, the decline is expected to be between 6.2% and 16.1%, according to various scenarios and not accounting for fiscal policy measures. Government assistance packages, the first of which was adopted in early April, will aim to alleviate the recession.

The financial markets suffered heavy losses. The outbreak of the epidemic in China in late January, in Italy in mid-February and the responses of governments and central banks throughout the quarter were the most significant events. Central banks responded swiftly and uniformly and provided support in historic proportions. The US Federal Reserve (Fed) reduced the key interest rate range to 0.0–0.25% in two steps and pledged, among other things, unlimited bond purchase. The European Central Bank (ECB) maintained its key interest rate policy unchanged, but took a number of other incentive measures. These include the comprehensive Pandemic Emergency Purchase Programme (PEPP) that will, along with other bond purchase programmes, exceed those from 2016.

In the same period, Russia and OPEC had a dispute over crude oil production and, consequently, crude oil prices declined sharply by over 60%. This was part of the reason that the daily yield of the German ten-year bond again reached an all-time low of –0.91% in early March. By the end of the quarter, its required yield had climbed to –0.47%, ending the quarter 0.29 percentage point lower than at the beginning of the year. The yields on bonds with poor credit ratings and low liquidity fared poorly in the new crisis. The required yields on Spanish, Portuguese and Slovene bonds, and on Italian bonds in particular, rose, but later declined slightly. The Slovene ten-year bond yield increased by 0.17 percentage point, ending the quarter at 0.45%. The corporate sector also suffered losses, with respect to both bonds and shares. The sectors related to tourism and air transport were hit particularly hard. Global stock indices lost almost a fifth of their value in the first quarter. The US S&P 500 index, which reached a new high in February, ended the quarter at the value last recorded in January 2019, while the European Euro STOXX 50 index fell to the value last observed in July 2016. A similar drop was seen by the Slovene SBI TOP index, which ended the quarter at the value last recorded in January 2017.

The changed adverse situation that caused a sharp fall in stock prices and an increase in credit spreads on government and corporate bonds had an impact on the investment portfolio and lower rates of return on investment of the Triglav Group. Zavarovalnica Triglav's share also recorded a decrease in its price (see *Section 3. The share and shareholders of Zavarovalnica Triglav* for more information).

The pandemic and, consequently, the adoption of the government ordinance extending the validity of vehicle registration certificates due to the non-performance of roadworthiness tests resulted in a lower number of motor vehicle insurance policies and a decline in the volume of motor vehicle insurance premium in March. The decline in economic activity and movement restriction led to a drop in sales of new other non-life, life and health insurance policies and a decrease in payments to mutual funds.

The Group's operations were impacted by major CAT events in the total estimated amount of EUR 13.6 million. The earthquake in Zagreb caused EUR 8.6 million in gross claims, while hail storms in the first half of February in Slovenia resulted in claims of EUR 5.0 million (of which claims of EUR 2.2 million were reported and settled). Based on the form of reinsurance protection of retention in the case of catastrophe events used by the Group, the Company assessed that claims relating to the earthquake would not have a significant impact on achieving the planned profit before tax for 2020. Net claims relating to the Zagreb earthquake in the amount of EUR 6.7 million reduced profit before tax of the Group in the first quarter of 2020, but together with other claims from catastrophe events it is reported in the annual aggregate reinsurance programme. The latter is one of the important tools for the management of risks arising from non-life insurance claims with low frequency and potentially high severity. Individual events of this type can thus cause year-on-year volatility, especially if they occur in the first quarter; however, operating results are much more predictable and stable on an annual basis thanks to the reinsurance protection.

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

#### **4.2 The insurance market and the position of the Group members in the first quarter of 2020**

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

In the first quarter of 2020, insurance companies collected **7.2% more** gross written insurance, co-insurance and reinsurance premiums (the calculation does not take into account internal transfers of assets for the payment of pension annuities), or EUR 721.5 million. **Non-life insurance premium** recorded an 8.8% growth and a 75.0% share. Excluding **health insurance**, which experienced a higher premium growth (13.5%), non-life premium growth would be 6.9%. Health and real property insurance (fire and natural disaster insurance and other non-life insurance) contributed the most to the increase in non-life insurance premium. **Life insurance** premium rose by 2.7%, with most of the growth arising from unit-linked life insurance.

The Slovene insurance market continues to be highly concentrated, with the four largest insurers holding a 76.7% market share, which is the same as in the corresponding period last year. With a 29.3% market share (compared to 29.5% in the respective period of 2019), **Zavarovalnica Triglav** remained the market leader, followed by Zavarovalnica Sava (19.3% market share). The **Triglav Group** (the parent company, Triglav, Zdravstvena zavarovalnica and Triglav, pokojninska družba) increased its market share by 0.5 percentage point to 37.3%.

The Triglav Group's insurance subsidiaries held a 37.3% market share in the Slovene insurance market at the end of the first quarter of 2020.

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

- non-life insurance (excluding health insurance): 44.2% (a decrease of 0.5 percentage point);
- life insurance: 30.2% (an increase of 1.5 percentage point);
- health insurance: 29.7% (an increase of 1.9 percentage point).

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

- non-life insurance: 30.5% (a decrease of 0.8 percentage point);
- life insurance: 25.6% (an increase of 1.4 percentage point).

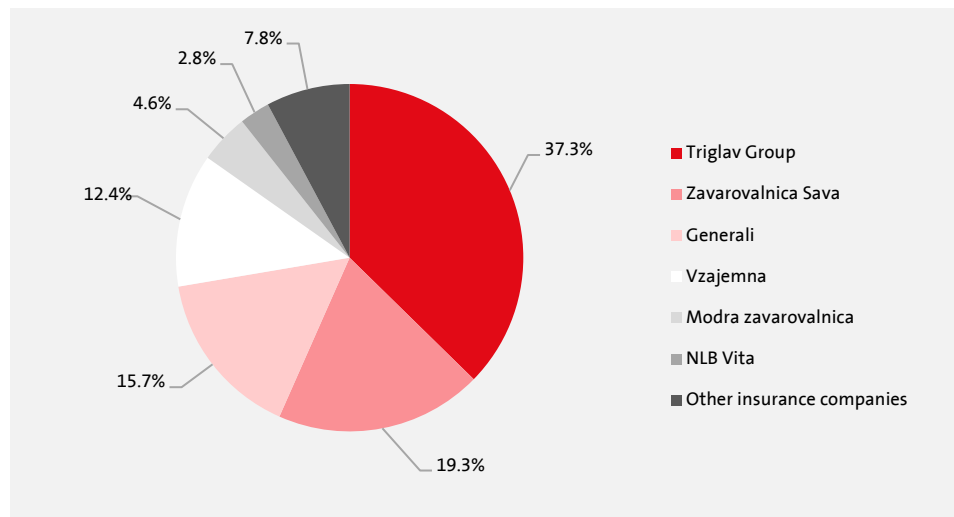
The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 29.5% (an increase of 1.7 percentage point).

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

- supplementary voluntary pension insurance (SVPI): 19.7% (market leader, data for Q4 2019 data).

*Market share of insurance companies in Slovenia in Q1 2020*



Source: Slovenian Insurance Association

## Market share and market position of the Triglav Group insurance companies in Q1 2020

Market	Market share	Market share trend		Ranked in 2020	Ranked in 2019
Slovenia	37.3%	↑	+ 0.5 percentage point	1	1
Croatia	5.5%	↑	+ 0.8 percentage point	8	8
Serbia*	6.4%	↑	+ 0.6 percentage point	5	5
Montenegro	42.3%	↑	+ 2.6 percentage point	1	1
Bosnia and Herzegovina**	7.8%	↑	+ 0.1 percentage point	6	6
- Federation of BiH	8.8%	●	0.0 percentage point	7	7
- Republic of Srpska** /***	5.5%	↑	+ 0.2 percentage point	8	9
North Macedonia*	13.8%	↓	- 0.7 percentage point	1	1

\* Data from January to December 2019

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

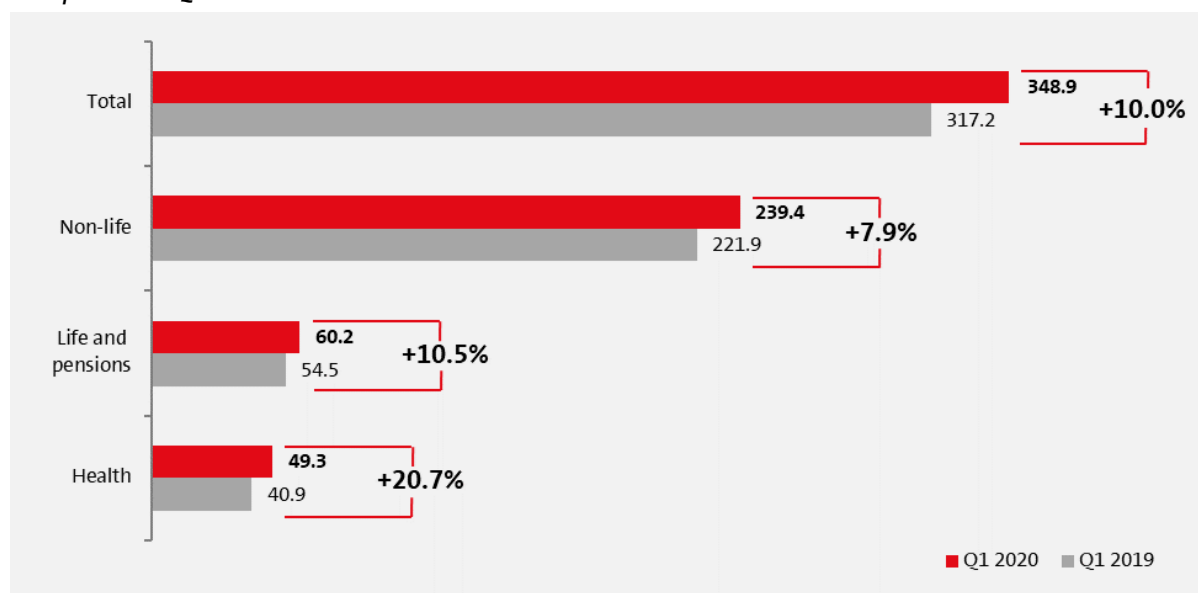
### 4.3 Gross written insurance, co-insurance and reinsurance premiums

The Triglav Group posted a total of EUR 348.9 million in consolidated gross written insurance, co-insurance and reinsurance premiums, an increase of 10% relative to the corresponding period last year. In the first quarter, the impact of the COVID-19 pandemic was not yet reflected in the reduction of premium, even though its structure changed (see below). Premium by segment:

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

- **non-life insurance:** EUR 239.4 million (index 108);
- **life and pension insurance:** EUR 60.2 million (index 111);
- **health insurance:** EUR 49.3 million (index 121).

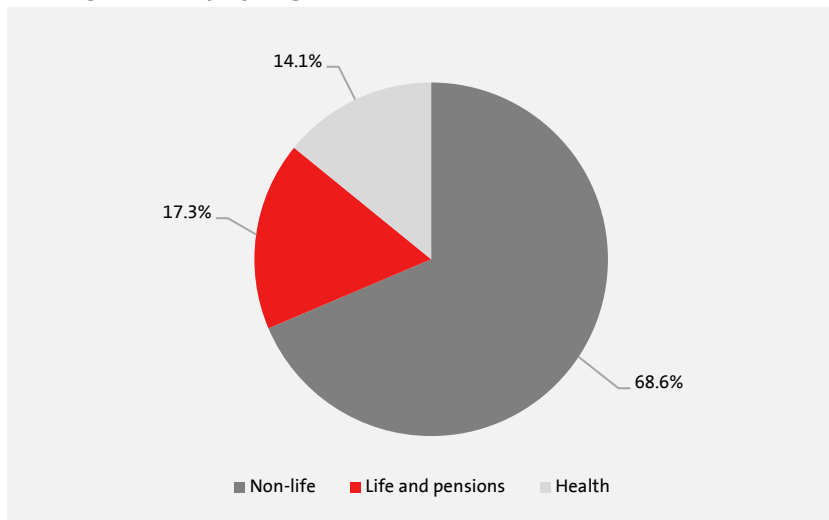
*Consolidated gross written insurance, co-insurance and reinsurance premiums in Q1 2020 compared to Q1 2019*



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

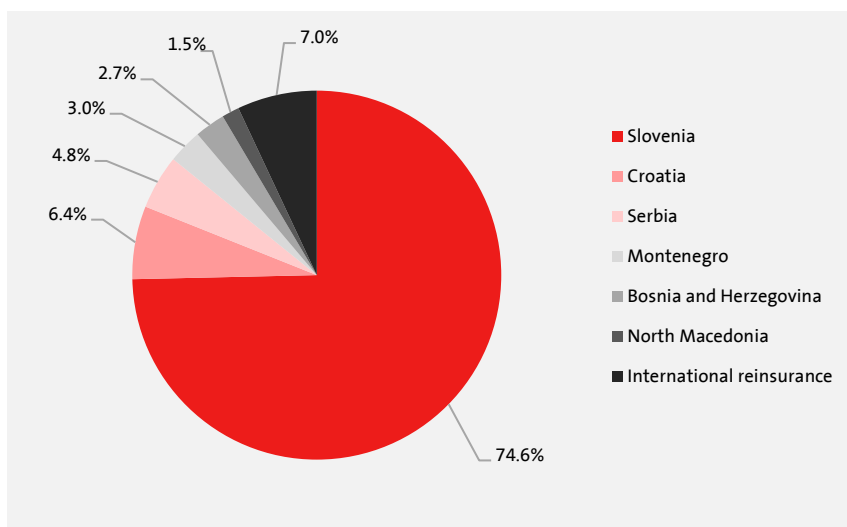
- non-life insurance: 68.6% (Q1 2019: 69.9%);
- life and pension insurance: 17.3% (Q1 2019: 17.2%); and
- health insurance: 14.1% (Q1 2019: 12.9%).

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



The Triglav Group continues to increase **the share of insurance premium written on markets outside of Slovenia**, which grew by 1.1 percentage point compared to the same period the year before. A total of 74.6% of consolidated gross written premium was charged in the Slovene insurance market, 18.4% of the premium was booked in markets outside of Slovenia, while international reinsurance premium accounted for 7.0% of written premium.

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





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

Country	Gross written premium		Index	Structure	
	Q1 2020	Q1 2019	Q1 2020/ Q1 2019	Q1 2020	Q1 2019
Slovenia	260,447,532	245,336,271	106	74.6%	77.3%
Croatia	22,360,197	18,632,058	120	6.4%	5.9%
Serbia	16,602,442	13,994,921	119	4.8%	4.4%
Montenegro	10,491,469	8,777,588	120	3.0%	2.8%
Bosnia and Herzegovina	9,305,458	7,663,309	121	2.7%	2.4%
North Macedonia	5,326,190	5,663,924	94	1.5%	1.8%
International reinsurance	24,376,935	17,150,070	142	7.0%	5.4%
<b>Total</b>	<b>348,910,223</b>	<b>317,218,141</b>	<b>110</b>	<b>100.0%</b>	<b>100.0%</b>

Premium growth was recorded in most insurance markets with the exception of the Macedonian market (see the overview by insurance company in the table below). Premium growth on the Slovene market was 6%, while on markets outside of Slovenia it stood at 17%. The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) booked EUR 333.6 million in non-consolidated gross written premium, up by 10% relative to the same period last year.

A higher volume of operations and an increase in gross reinsurance premium was also recorded by Pozavarovalnica Triglav Re. It posted a total of EUR 67.9 million in gross written reinsurance premium, up by 21% compared to the preceding year. Pozavarovalnica Triglav Re recorded the highest growth in other damage to property insurance (transactions within the Group), marine insurance (high growth in transactions outside of the Group) and motor vehicle insurance (motor vehicle liability insurance and land motor vehicle insurance in transactions within the Group). In transactions outside of the Group, premium growth was 42%, which is the result of organic growth of renewed transactions from the preceding year and the increase in shares in some contracts, and partly of amended methodology (all premium from non-proportional contracts is recorded in full and appropriate provisions for the corresponding unearned premium are made). Pozavarovalnica Triglav Re recorded the highest premium growth in the markets of Israel, China and Southeast Asia (Malaysia, Thailand, Singapore). Transactions within the Group saw a high premium growth of 12%.

*Gross written insurance, co-insurance and reinsurance premiums in Q1 2020 by insurance company of the Triglav Group*

Insurance company	Gross written premium			Index		Structure	
	Non-life	Life and pensions	Total	Non-life	Life and pensions	Total	Q1 2020
Zavarovalnica Triglav*	165,381,893	46,178,342	211,560,235	106	108	107	63.4%
Triglav, Zdravstvena zavarovalnica	49,588,143		49,588,143	121	0	121	14.9%
Triglav, pokojninska družba		8,389,570	8,389,570	0	105	105	2.5%
Triglav Osiguranje, Zagreb	20,405,701	1,954,740	22,360,441	123	98	120	6.7%
Triglav Osiguranje, Belgrade	15,106,135	1,496,398	16,602,533	116	162	119	5.0%
Lovćen Osiguranje, Podgorica	9,453,328		9,453,328	118	0	118	2.8%
Triglav Osiguranje, Sarajevo	4,770,069	3,095,158	7,865,227	105	175	124	2.4%
Triglav Osiguranje, Banja Luka	1,457,661		1,457,661	107	0	107	0.4%
Triglav Osiguruvanje, Skopje	5,018,755		5,018,755	92	0	92	1.5%
Lovćen životna osiguranja, Podgorica		1,038,141	1,038,141	0	136	136	0.3%
Triglav Osiguruvanje Život, Skopje		307,435	307,435	0	136	136	0.1%
<b>Total</b>	<b>271,181,685</b>	<b>62,459,784</b>	<b>333,641,469</b>	<b>110</b>	<b>111</b>	<b>110</b>	<b>100.0%</b>
Pozavarovalnica Triglav Re	67,917,011		67,917,011	121	0	121	
Consolidation eliminations	-50,408,012	-2,240,245	-52,648,257	128	131	128	
<b>Total consolidated</b>	<b>288,690,684</b>	<b>60,219,539</b>	<b>348,910,223</b>	<b>110</b>	<b>111</b>	<b>110</b>	

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

### 4.3.1 Non-life insurance

In the **non-life insurance** segment, the Triglav Group insurance subsidiaries charged EUR 271.2 million in non-consolidated written premium or 10% more than in the same period of 2019. Premium growth was recorded in most non-life insurance classes, with the exception of accident and credit insurance.

In total written premium, the share of **motor vehicle insurance** premium (comprehensive car insurance and motor vehicle liability insurance), the largest insurance class (a 28.2% share), decreased by 1.7 percentage point, while premium growth was 4%. The Group generated EUR 45.0 million in **comprehensive car insurance** premium, up by 3% relative to the preceding year. High growth was achieved by Triglav Osiguranje, Zagreb (acquisition of a major policyholder), Lovćen Osiguranje (acquisition of new policyholders) and Triglav Osiguranje, Belgrade (effective sale through leasing companies and agencies). The parent company achieved a 2% growth due to the effective sale to corporate clients, while the decline in premium and in the number of insurance policies concluded in March was seen in insurance policies concluded by retail clients due to taking out insurance remotely and the government ordinance extending the validity of vehicle registration certificates due to the non-performance of roadworthiness tests. The decrease in premium was recorded by both insurers in Bosnia and Herzegovina and the Macedonian insurer.

The Group collected EUR 49.1 million in **motor liability insurance** premium, an increase of 5% compared to the preceding year. Most insurance subsidiaries recorded a decrease in premium resulting from the lower number of concluded insurance contracts due to the restriction on taking out insurance, except for the parent company (the reasons are the same as for comprehensive car insurance) and Triglav Osiguranje, Zagreb.

**Real property insurance** premium (fire and natural disaster insurance and other damage to property insurance) rose by as much as 16% to EUR 71.9 million, thereby increasing its share in total written premium to 21.5%. A 17% premium growth was recorded in other damage to property insurance and a 15% premium growth in fire and natural disaster insurance. Most insurance subsidiaries recorded high premium growth; the highest growth by attracting new policyholders and increasing the scope of insurance coverage with existing policyholders was achieved by Lovćen Osiguranje (index 165) and Triglav Osiguranje, Zagreb (index 143). The Croatian insurer also achieved premium growth in animal insurance and crop insurance. Strong growth (11%) was also recorded by the parent company (a 77% share in total written premium), primarily by attracting new policyholders and projects, increasing the scope of insurance coverage and partly through a different premium charging dynamics.

A 21% growth was seen in **health insurance**, where the Group wrote EUR 52.6 million in premium. The majority (EUR 49.6 million) was charged by Triglav, Zdravstvena zavarovalnica, which also recorded a 21% increase in written premium, predominantly as a result of last year's average premium growth. The majority of its premium was accounted for by supplemental health insurance, in addition to being successful in the sale of additional health insurance products. Most other insurance subsidiaries selling health insurance products also recorded high premium growth.

In **general liability insurance**, the Group recorded a 7% premium growth or EUR 20.1 million in nominal terms. Zavarovalnica Triglav, accounting for 77% of total premium, saw a 4% growth in written premium compared to the preceding year (high growth in product liability insurance and in different types of professional liability insurance). Strong premium growth was generated by most other insurance subsidiaries by attracting new policyholders and increasing the scope of insurance coverage with existing policyholders.

**Accident insurance** accounted for 3.2% of total written premium or EUR 10.6 million in nominal terms, down by 1% compared to the preceding year. With the exception of Triglav Osiguranje, Sarajevo (index 114) and Triglav Osiguruvanje, Skopje (index 100), a decrease in written premium was seen in all other insurance subsidiaries.

**Credit insurance** premium amounted to EUR 6.8 million, down by 2% (representing 2.0% of total written premium). A drop in premium was recorded by the parent company (a lower volume of consumer loan insurance policies due to the Bank of Slovenia's measures to limit the granting of loans to households and changes in the credit policy of major policyholders), Triglav Osiguranje, Zagreb (a lower volume of loans of a policyholder) and Lovćen Osiguranje (premium decrease in loan protection insurance covering loss of employment, accidental death or disability).

Premium from **other non-life insurance** (representing 4.5% of total written premium) increased by 11% to EUR 15.1 million. High premium growth was recorded by most insurance subsidiaries, the largest by Triglav Osiguranje, Zagreb (index 171) and Lovćen Osiguranje (index 145). Triglav Osiguranje, Zagreb generated high premium growth predominantly through fruitful partnership with one of the agencies with regard to marine insurance and by attracting new policyholders in suretyship insurance. Lovćen Osiguranje achieved good results mainly as a result of premium growth in marine insurance.

#### 4.3.2 Life and pension insurance

The Triglav Group insurance subsidiaries charged a total of EUR 62.5 million in non-consolidated gross written premium from **life and pension insurance**. Although it was difficult to take out new life insurance policies in the second half of March due to the current situation (insurance was sold only in banks), premium growth reached 11%. Life and pension insurance accounted for 18.7% of total non-consolidated gross written premium, up by 0.1 percentage point compared to the corresponding period of the previous year.

**Life insurance** premium (traditional life, annuity, pension annuity and voluntary pension insurance) grew by 9%. With EUR 27.6 million, it accounted for 44.2% of total life and pension insurance premium. Strong premium growth was seen in Triglav Osiguranje, Sarajevo (effective sale via bank and agency sales channels), Triglav Osiguranje, Belgrade (effective sale via the bank sales channel), Lovćen životna osiguranja (effective sale of group loan protection insurance covering death via the bank sales channel) and Triglav Osiguruvanje Život, Skopje (effective sale via own sales channel). The premium of the parent company was at approximately the same level as in the corresponding period last year (a 74% share in total written period).

The premium generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) rose by 14% compared to the preceding year. With EUR 30.7 million, this insurance class accounted for 49.2% of total written life and pension insurance premium. The 19% premium growth recorded by Zavarovalnica Triglav was primarily the result of asset transfers and higher regular premium payments. Premium growth was also seen in Triglav Osiguranje, Zagreb (increased sale via one of the banks) and Triglav, pokojninska družba.

**Capital redemption insurance** (supplemental voluntary pension insurance) generated EUR 4.1 million or 6.6% of total life insurance premium. The 6% growth resulted from large supplemental voluntary pension insurance premium payments at the parent company.

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

Insurance class	Gross written premium		Index	Structure
	Q1 2020	Q1 2019	Q1 2020/ Q1 2019	Q1 2020
Accident insurance	10,635,395	10,787,989	99	3.2%
Health insurance	52,567,833	43,506,944	121	15.8%
Comprehensive car insurance	45,035,522	43,711,222	103	13.5%
Real property insurance	71,864,272	61,921,690	116	21.5%
Motor liability insurance	49,096,237	46,807,403	105	14.7%
General liability insurance	20,089,070	18,800,101	107	6.0%
Credit insurance	6,824,381	6,983,171	98	2.0%
Other non-life insurance	15,068,974	13,560,987	111	4.5%
<b>Non-life insurance</b>	<b>271,181,684</b>	<b>246,079,507</b>	<b>110</b>	<b>81.3%</b>
Life insurance	27,620,528	25,434,143	109	8.3%
Unit-linked life insurance*	30,707,968	26,857,501	114	9.2%
Capital redemption insurance	4,131,289	3,912,364	106	1.2%
<b>Life and pensions insurance</b>	<b>62,459,785</b>	<b>56,204,008</b>	<b>111</b>	<b>18.7%</b>
<b>Total</b>	<b>333,641,469</b>	<b>302,283,515</b>	<b>110</b>	<b>100.0%</b>

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

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

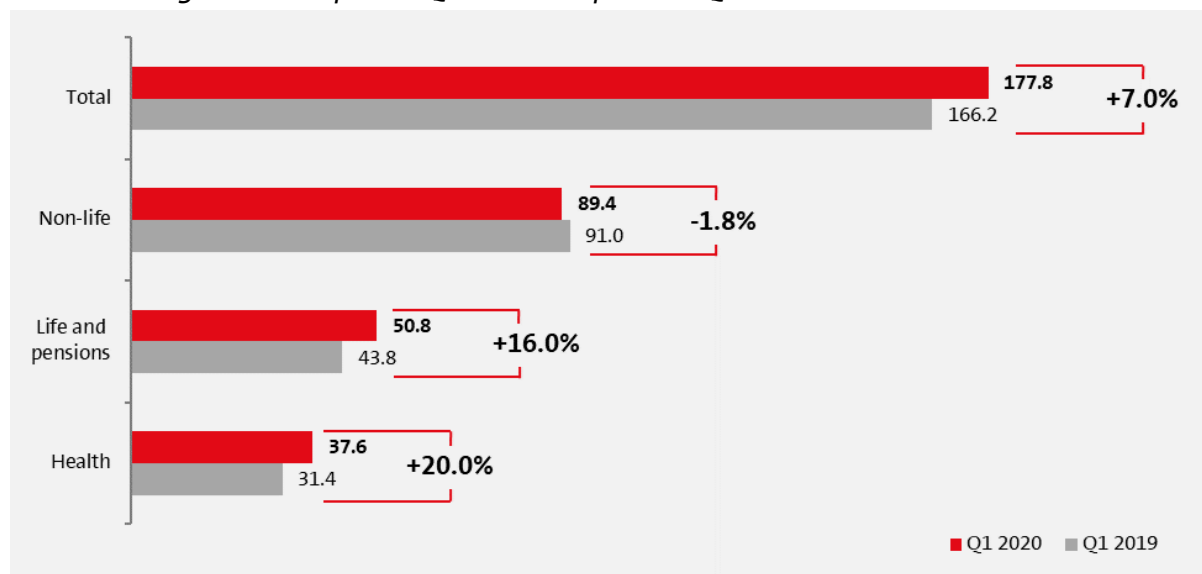
Insurance class	Gross written premium		Index	Structure
	Q1 2020	Q1 2019	Q1 2020/ Q1 2019	Q1 2020
Accident insurance	6,996,558	7,095,870	99	3.3%
Health insurance	449,873	144,354	312	0.2%
Comprehensive car insurance	38,431,229	37,775,342	102	18.2%
Real property insurance	55,160,130	49,663,628	111	26.1%
Motor liability insurance	33,731,081	31,266,864	108	16.0%
General liability insurance	15,536,556	14,902,664	104	7.3%
Credit insurance	5,060,445	5,363,232	94	2.4%
Other non-life insurance	9,838,541	9,698,913	101	4.7%
<b>Non-life insurance</b>	<b>165,204,413</b>	<b>155,910,867</b>	<b>106</b>	<b>78.2%</b>
Life insurance	20,489,461	20,470,770	100	9.7%
Unit-linked life insurance	21,557,592	18,191,093	119	10.2%
Capital redemption insurance	4,131,289	3,912,364	106	2.0%
<b>Life and pensions insurance</b>	<b>46,178,342</b>	<b>42,574,227</b>	<b>108</b>	<b>21.8%</b>
<b>Total</b>	<b>211,382,755</b>	<b>198,485,094</b>	<b>106</b>	<b>100.0%</b>

#### 4.4 Gross claims paid

Consolidated gross claims paid of the Triglav Group, which comprise claim handling expenses, income from collected subrogation receivables and gross claims paid from inward reinsurance, totalled EUR 177.8 million, an increase of 7% relative to the corresponding period last year. Gross claims paid in the **health insurance** segment increased to EUR 37.6 million (index 120) and in the **life and pension insurance** segment to EUR 50.8 million (index 116). Gross claims paid in the **non-life insurance** segment declined by 2% to EUR 89.4 million, also as a result of fewer claims incurred and reported in the second half of March.

Gross claims paid increased by 7% compared to the preceding year.

## Consolidated gross claims paid in Q1 2020 compared to Q1 2019



The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) posted a total of EUR 170.8 million in non-consolidated gross claims paid, up by 8%. High growth in gross claims paid was recorded by Triglav Osiguranje Život, Skopje (index 9,140), Triglav Osiguranje, Belgrade (index 144), Triglav, Zdravstvena zavarovalnica (index 120), Lovćen Osiguranje (index 117) and Lovćen životna osiguranja (index 112).

Gross claims paid by Pozavarovalnica Triglav Re totalled EUR 9.0 million, down by 33% compared to the previous year. Gross claims paid in transactions outside of the Triglav Group decreased by 28% or EUR 3.5 million, while in transactions within the Group they fell by EUR 897 thousand. The decrease in gross claims paid in transactions outside of the Group mainly resulted from a lower volume of gross claims paid in other damage to property insurance, because in the first quarter of 2019 claims incurred due to the 2018 Japanese Typhoon Jebi were recorded. Gross claims paid in transactions within the Group were lower primarily due to the inclusion of input claims portfolios in quota contracts at the Group members outside of Slovenia, which was not the case in the corresponding period last year.

## Gross claims paid in Q1 2020 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index		Structure	
	Non-life	Life and pensions	Total	Non-life	Life and pensions	Total	Q1 2020
Zavarovalnica Triglav*	59,681,830	44,834,120	104,515,950	100	121	108	61.2%
Triglav, Zdravstvena zavarovalnica	37,630,715		37,630,715	120	0	120	22.0%
Triglav, pokojninska družba		4,711,056	4,711,056	0	95	95	2.8%
Triglav Osiguranje, Zagreb	7,042,232	1,155,050	8,197,282	80	85	81	4.8%
Triglav Osiguranje, Belgrade	5,673,726	851,654	6,525,380	157	91	144	3.8%
Lovćen Osiguranje, Podgorica	3,937,773		3,937,773	117	0	117	2.3%
Triglav Osiguranje, Sarajevo	1,616,516	629,691	2,246,207	52	128	63	1.3%
Triglav Osiguranje, Banja Luka	304,834		304,834	83	0	83	0.2%
Triglav Osiguruvanje, Skopje	2,077,895		2,077,895	90	0	90	1.2%
Lovćen životna osiguranja, Podgorica		500,286	500,286	0	112	112	0.3%
Triglav Osiguruvanje Život, Skopje		173,656	173,656	0	9,140	9,140	0.1%
<b>Total</b>	<b>117,965,521</b>	<b>52,855,513</b>	<b>170,821,034</b>	<b>105</b>	<b>117</b>	<b>108</b>	<b>100.0%</b>
Pozavarovalnica Triglav Re	9,000,825		9,000,825	67	0	67	
Consolidation eliminations	41,463	-2,057,183	-2,015,720	-1	135	40	
<b>Total - consolidated</b>	<b>127,007,809</b>	<b>50,798,330</b>	<b>177,806,139</b>	<b>104</b>	<b>116</b>	<b>107</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 118.0 million, an increase of 5% relative to the preceding year. The profit level in the reporting period was also affected by some major loss events, which is described in greater detail in *Section 4.1 The macroeconomic environment and environmental impact on the performance of the Triglav Group*.

In **health insurance**, gross claims paid grew by 21% to EUR 38.7 million, representing 22.7% of total gross claims paid. The majority (EUR 37.6 million) is accounted for by gross claims paid of Triglav, Zdravstvena zavarovalnica, which increased by 20%. High growth resulted from the increased number of insured persons and medical inflation. Equalisation scheme expenses increased by 6% to EUR 1.9 million.

Gross claims paid in **comprehensive car insurance** totalled EUR 24.0 million, up by 2% relative to the preceding year. They represented 14.1% of the Group's total gross claims paid. Growth in gross claims paid was seen only in Triglav Osiguranje, Belgrade (a higher number of claims due to the increased size of the portfolio), Triglav Osiguranje, Banja Luka (growth in claims due to the higher value of insured vehicles and larger damage to the vehicles despite a lower number of claims reported) and the parent company. Other insurance subsidiaries recorded a decline in gross claims paid due to a lower number claims reported.

Gross claims paid in **motor vehicle liability insurance** totalled EUR 22.7 million, down by 3% relative to the corresponding period last year. They represented 13.3% of the Group's total gross claims paid. Gross claims paid declined in the parent company (a decrease in claims of corporate clients mainly due to the new quota general contract with subsidiaries) and as a result of a lower number of claims reported in Triglav Osiguranje, Skopje and Triglav Osiguranje, Zagreb. Other insurance subsidiaries saw an increase in gross claims paid.

In **real property insurance**, gross claims paid amounted to EUR 16.0 million, down by 13% compared to the year before (representing 9.4% of total gross claims paid). The highest decrease due to last year's payments of some large claims was recorded by Triglav Osiguranje, Sarajevo (index 13) and Triglav Osiguranje, Zagreb (index 56). Reduced gross claims paid were also seen in other insurance subsidiaries, with the exception of Lovćen Osiguranje and the parent company.

Gross claims paid in **accident insurance** decreased by 18% to EUR 4.8 million. The decrease in gross claims paid was primarily a result of lower gross claims paid in Zavarovalnica Triglav (lower payouts in AO-plus insurance and in individual and group accident insurance), Triglav, Osiguranje, Sarajevo (lower growth in group accident insurance claims) and Lovćen Osiguranje (lower payouts in accident insurance for pensioners and in professional liability accident insurance).

Gross claims paid in **general liability insurance** amounted to EUR 3.1 million, down by 27% compared to the year before. Such a high decline was a result of the 33% drop in gross claims paid of the parent company, which accounted for 84% of the Group's gross claims paid in this insurance class, primarily due to lower payouts in product liability insurance and lawyers professional indemnity insurance. Most other insurance subsidiaries selling these insurance products saw an increase in gross claims paid.

Gross claims paid from **credit insurance** increased by 143% to EUR 2.6 million. Gross claims paid rose sharply in Zavarovalnica Triglav (index 178), which represents the majority of claims in this insurance class (73%), and Triglav Osiguranje, Belgrade, where high growth resulted from the payment of a large claim. In the parent company, growth in gross claims paid was primarily a result of higher payouts in export credit insurance, consumer loan insurance and credit

insurance for small businesses (the claims result was very favourable in the same period last year).

Gross claims paid in **other non-life insurance** went up by as much as 53% to EUR 6.1 million. High growth in gross claims paid was recorded in most insurance subsidiaries, except in Triglav Osiguranje, Zagreb (index 55). Gross claims paid of the parent company (representing 75% of total claims in this insurance class), which recorded a 48% growth mainly as a result of higher roadside assistance claims, contributed the most to high growth.

#### 4.4.2 Life and pension insurance

Non-consolidated gross claims paid in the **life and pension insurance** segment grew by 17% to EUR 52.9 million. Their share in total non-consolidated claims paid increased by 2.2 percentage points to 30.9%.

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, pension annuity and voluntary pension insurance), amounting to EUR 33.0 million, an increase of 42% compared to the preceding year. High growth in gross claims paid was seen in Zavarovalnica Triglav (payouts of mathematical provisions on capitalised traditional life insurance policies and payouts due to surrenders), Triglav Osiguranje, Sarajevo (higher payouts due to maturity and surrenders), Triglav Osiguruvanje Život (higher payouts due to maturity) and Lovćen životna osiguranja (higher payouts due to death and maturity).

Gross claims paid from **unit-linked life insurance** amounted to EUR 17.8 million or 12% less than in the preceding year. Lower payouts due to surrenders and maturity were the main reason for lower gross claims paid in the parent company (index 87) and lower payouts due to maturity in Triglav Osiguranje, Zagreb (index 70). Gross claims paid of Triglav, pokojninska družba were down by 5%.

Gross claims paid in **capital redemption insurance** (supplemental voluntary pension insurance) increased by 6%, primarily as a result of higher payouts due to withdrawals from insurance contracts and surrenders pursuant to the Pension and Disability Insurance Act in the parent company.

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

Insurance class	Gross claims paid		Index	Structure
	Q1 2020	Q1 2019	Q1 2020/ Q1 2019	Q1 2020
Accident insurance	4,797,777	5,826,893	82	2.8%
Health insurance	38,720,767	32,082,449	121	22.7%
Comprehensive car insurance	24,008,788	23,454,631	102	14.1%
Real property insurance	15,979,711	18,335,440	87	9.4%
Motor liability insurance	22,715,407	23,469,258	97	13.3%
General liability insurance	3,054,528	4,198,513	73	1.8%
Credit insurance	2,622,195	1,079,259	243	1.5%
Other non-life insurance	6,066,350	3,960,167	153	3.6%
<b>Non-life insurance</b>	<b>117,965,523</b>	<b>112,406,610</b>	<b>105</b>	<b>69.1%</b>
Life insurance	32,954,034	23,218,758	142	19.3%
Unit-linked life insurance	17,845,657	20,176,950	88	10.4%
Capital redemption insurance	2,055,821	1,933,602	106	1.2%
<b>Life and pensions insurance</b>	<b>52,855,512</b>	<b>45,329,310</b>	<b>117</b>	<b>30.9%</b>
<b>Total</b>	<b>170,821,035</b>	<b>157,735,920</b>	<b>108</b>	<b>100.0%</b>

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

## Gross claims paid of Zavarovalnica Triglav by insurance class

Insurance class	Gross claims paid		Index	Structure
	Q1 2020	Q1 2019	Q1 2020/ Q1 2019	Q1 2020
Accident insurance	2,590,050	3,473,423	75	2.5%
Health insurance	53,182	20,658	257	0.1%
Comprehensive car insurance	20,018,593	19,134,751	105	19.2%
Real property insurance	13,151,809	12,967,513	101	12.6%
Motor liability insurance	14,748,559	15,948,644	92	14.1%
General liability insurance	2,551,386	3,800,852	67	2.4%
Credit insurance	1,924,777	1,083,062	178	1.8%
Other non-life insurance	4,556,016	3,079,507	148	4.4%
<b>Non-life insurance</b>	<b>59,594,372</b>	<b>59,508,410</b>	<b>100</b>	<b>57.1%</b>
Life insurance	29,883,921	20,327,851	147	28.6%
Unit-linked life insurance	12,894,377	14,896,404	87	12.3%
Capital redemption insurance	2,055,821	1,933,602	106	2.0%
<b>Life and pensions insurance</b>	<b>44,834,119</b>	<b>37,157,857</b>	<b>121</b>	<b>42.9%</b>
<b>Total</b>	<b>104,428,491</b>	<b>96,666,267</b>	<b>108</b>	<b>100.0%</b>

### 4.5 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group amounted to EUR 71.9 million, an increase of 7% relative to the preceding year. **Insurance business expenses** grew by 5% to EUR 64.3 million, primarily as a result of higher acquisition costs and higher labour costs due to premium growth. The share of insurance business operating expenses in gross written premium dropped by 0.8 percentage point to 18.4%. Operating expenses by insurance segment increased by 5% (EUR 50.9 million) in the **non-life insurance** and by 13% (EUR 9.5 million) in the **life and pension insurance**, whereas in the **health insurance** they declined by 5% (EUR 3.9 million).

The share of insurance business operating expenses in written premium dropped to 18.4%.

**Non-insurance business expenses** rose by 25% to EUR 7.7 million, mainly due to the strengthening of the asset management activity (the merger of ALTA Skladi with Triglav Skladi and the establishment of Triglav penzisko društvo, Skopje).

Acquisition costs (fees and commissions) increased by 10% to EUR 14.1 million mostly due their growth in Triglav Osiguranje, Zagreb, Triglav Osiguranje, Sarajevo and Lovćen Osiguranje. Increased acquisition costs mainly result from the higher number of concluded insurance policies and the increased volume of written premium from insurance policies taken out via external sales channels (brokers, agencies and banks). The 14% increase in depreciation costs in the amount of EUR 5.1 million was predominantly the consequence of higher depreciation costs of computer equipment in the parent company and higher depreciation costs at Triglav Skladi due to the merger of ALTA Skladi.

At 48.0%, labour costs accounted for the largest portion of total expenses and amounted to EUR 36.6 million, up by 5% compared to the year before. This increase is predominantly a result of the higher number of employees in Triglav Osiguranje, Belgrade, the merger of ALTA Skladi with Triglav Skladi and higher labour costs at Lovćen Osiguranje and Zavarovalnica Triglav. The latter were mainly influenced by a change in the salary model, redeployment of most employees from the subsidiary Triglav INT to the parent company and higher other labour costs. Costs of services provided by natural persons other than sole traders decreased by 5%. With a 0.4% share in total expenses, they amounted to EUR 288 thousand. Other operating expenses increased by 7% to EUR 20.1 million. The highest increase was recorded in the costs of payment transactions and banking services (an increase in Triglav Skladi due to the merger of ALTA Skladi) and other costs



of services, whereas the costs of representation, advertising and trade shows and reimbursement of work-related expenses decreased.

Acquisition costs represented 60.0% (the largest share) of total gross operating expenses of the insurance business broken down by functional group. Other operating expenses represented 28.5%, claim handling costs 9.9% and asset management costs 1.7% of total gross operating expenses of the insurance business.

*Gross operating expenses of the Triglav Group in Q1 2020 by nature*

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1 2020	Q1 2019	Q1 2020/ Q1 2019	Q1 2020
Acquisition costs (fees and commissions)	14,117,795	12,801,175	110	18.5%
Costs of goods sold	2,518	13,206	19	0.0%
Depreciation of operating assets	5,105,319	4,475,766	114	6.7%
Labour costs	36,591,397	34,867,762	105	48.0%
- wages and salaries	26,466,929	25,384,116	104	34.7%
- social securities and pension insurance costs	5,949,697	5,785,454	103	7.8%
- other labour costs	4,174,771	3,698,192	113	5.5%
Costs of services provided by natural persons other than SPs together with pertaining taxes	288,038	303,722	95	0.4%
Other operating expenses	20,090,251	18,723,365	107	26.4%
- costs of entertainment, advertising, trade shows	3,276,831	3,693,376	89	4.3%
- costs of material and energy	2,166,305	1,965,662	110	2.8%
- maintenance costs	3,715,089	3,524,054	105	4.9%
- travel expenses	984,815	1,268,254	78	1.3%
- costs of intellectual and personal services	1,221,234	1,072,599	114	1.6%
- non-income-related costs, excluding insurance	696,184	634,184	110	0.9%
- costs of transport and communication services	1,240,792	1,236,610	100	1.6%
- costs of insurance premiums	312,666	284,855	110	0.4%
- payment transaction costs and banking services	2,484,379	1,774,807	140	3.3%
- rents	886,536	851,990	104	1.2%
- costs of services of professional training	237,190	231,535	102	0.3%
- other costs of services	2,868,230	2,179,042	132	3.8%
- long-term employee benefits	0	6,397	0	0.0%
<b>Total</b>	<b>76,195,318</b>	<b>71,184,996</b>	<b>107</b>	<b>100.0%</b>
Consolidation eliminations	-4,246,503	-3,981,985	107	
<b>Total consolidated</b>	<b>71,948,815</b>	<b>67,203,011</b>	<b>107</b>	

## Gross operating expenses of Zavarovalnica Triglav in Q1 2020 by nature

Operating expenses by nature	Gross operating expenses		Index	Structure
	Q1 2020	Q1 2019	Q1 2020/ Q1 2019	Q1 2020
Acquisition cost (fees and commissions)	7,057,971	7,130,707	99	17.0%
Depreciation of operating assets	2,895,531	2,725,989	106	7.0%
Labour costs	23,331,000	22,577,889	103	56.1%
- wages and salaries	17,402,856	16,848,918	103	41.9%
- social securities and pension insurance costs	2,890,594	2,816,447	103	7.0%
- other labour costs	3,037,550	2,912,524	104	7.3%
Costs of services provided by natural persons other than SPs, including related taxes	60,435	85,906	70	0.1%
Other operating costs	8,217,306	8,030,686	102	19.8%
- costs of entertainment, advertising, trade shows	1,137,768	1,504,349	76	2.7%
- costs of material and energy	931,317	728,683	128	2.2%
- maintenance costs	2,230,269	2,161,115	103	5.4%
- reimbursement of labour-related costs	650,920	786,247	83	1.6%
- costs of intellectual and personal services	424,009	358,921	118	1.0%
- non-income related costs, excluding insurance	224,903	189,263	119	0.5%
- costs of transport and communication services	695,068	668,345	104	1.7%
- costs for insurance premiums	80,524	83,448	96	0.2%
- payment transaction costs and banking services	328,661	418,250	79	0.8%
- rents	520,422	427,292	122	1.3%
- costs of professional training services	126,351	104,632	121	0.3%
- other costs of services	867,094	600,141	144	2.1%
<b>Total</b>	<b>41,562,243</b>	<b>40,551,177</b>	<b>102</b>	<b>100.0%</b>

### 4.6 Reinsurance

In the first three months of 2020, the Triglav Group allocated EUR 47.8 million of reinsurance and co-insurance premiums to external equalisation, an increase of 6% relative to the corresponding period last year. Reinsurance premium accounted for 13.7% of total gross written insurance and co-insurance premiums. The reinsurers' share of gross claims settled of EUR 5.9 million (index 96) was received from reinsurance.

In the reporting period, Zavarovalnica Triglav allocated EUR 40.5 million of reinsurance and co-insurance premiums to external equalisation, up by 2% compared to the same period last year. Reinsurance premium accounted for 19.1% of total gross written premium. The reinsurers' and coinsurers' share of gross claims settled of EUR 6.1 million (index 98) was received from reinsurance and co-insurance.

### 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 31 March 2020, the Triglav Group formed gross insurance technical provisions of EUR 2,849.6 million, a decrease of 1% relative to 31 December 2019. The amount of gross insurance technical provisions increased in non-life insurance (index 109) and health insurance (index 112) and decreased in life and pension insurance (index 94). As at the reporting date, Zavarovalnica Triglav allocated EUR 2,103.9 million to gross insurance technical provisions, down by 2% compared to the 2019 year-end.

Total gross insurance technical provisions of the Triglav Group amounted to EUR 2,849.6 million.

Provisions of the **Triglav Group** by type as at 31 March 2020 compared to 31 December 2019:

- **Gross provisions for unearned premium** were 19% higher and amounted to EUR 396.6 million. Unearned premium from non-life insurance and health insurance increased at the same rate (index 119) to EUR 392.2 million and EUR 4.0 million respectively, while unearned premium from life and pension insurance rose by 8% to EUR 477 thousand. The movement of gross unearned premium corresponds to the movement and duration of gross written premium and the nature of underwritten risks.
- **Gross claims provisions** increased by 3% to EUR 633.9 million. They are formed for covering claims incurred but not settled by the end of the accounting period. Claims provisions from non-life insurance totalled EUR 596.2 million (index 103), those from life and pension insurance equalled EUR 21.2 million (index 102) and those from health insurance amounted to EUR 16.5 million (index 114).
- **Mathematical provisions** fell by 6% to EUR 1,776.6 million. Mathematical provisions for the guarantee fund backing life insurance totalled EUR 1,362.5 million (index 97), while insurance technical provisions for unit-linked life insurance contracts amounted to EUR 414.1 million. They decreased by 15% due to the drop in the price of fund units.
- **Provisions for bonuses and discounts** rose by 1% to EUR 19.8 million.
- **Other insurance technical provisions** grew by 4% to EUR 22.7 million; the highest growth (7%) was seen in Zavarovalnica Triglav, where they reached EUR 13.9 million. This increase was primarily the consequence of additional insurance technical provisions of EUR 654 thousand as a result of the liability adequacy test (LAT) due to a reduction in interest rates on financial markets.

#### *Gross insurance technical provisions of the Triglav Group as at 31 March 2020*

	Gross insurance technical provisions		Index
	31 March 2020	31 December 2019	2020/2019
Unearned premiums	396,646,644	332,510,935	119
Mathematical provisions	1,776,559,798	1,889,382,583	94
Claims provisions	633,903,950	615,398,744	103
Provisions for bonuses and discounts	19,823,404	19,683,771	101
Other insurance technical provisions	22,698,165	21,894,138	104
<b>Total</b>	<b>2,849,631,961</b>	<b>2,878,870,171</b>	<b>99</b>

#### *Gross insurance technical provisions of Zavarovalnica Triglav as at 31 March 2020*

	Gross insurance technical provisions		Index
	31 March 2020	31 December 2019	2020/2019
Unearned premiums	279,097,786	232,791,056	120
Mathematical provisions	1,358,517,687	1,455,824,397	93
Claims provisions	433,296,348	428,320,763	101
Provisions for bonuses and discounts	19,065,148	19,065,148	100
Other insurance technical provisions	13,912,196	13,012,868	107
<b>Total</b>	<b>2,103,889,165</b>	<b>2,149,014,232</b>	<b>98</b>

## 4.8 Structure of financial investments

The Triglav Group continues to pursue a somewhat conservative investment policy, focusing on investment security and liquidity governed by adequate profitability. The portfolio structure remains similarly conservative as at the 2019 year-end. Under the challenging conditions on the financial markets, minor adjustments were made to the shares of individual investment grades in order to maintain adequate diversification and appropriate security of the whole investment portfolio. The share of cash increased by 64% to EUR 124.2 million as at 31 March 2020, which,

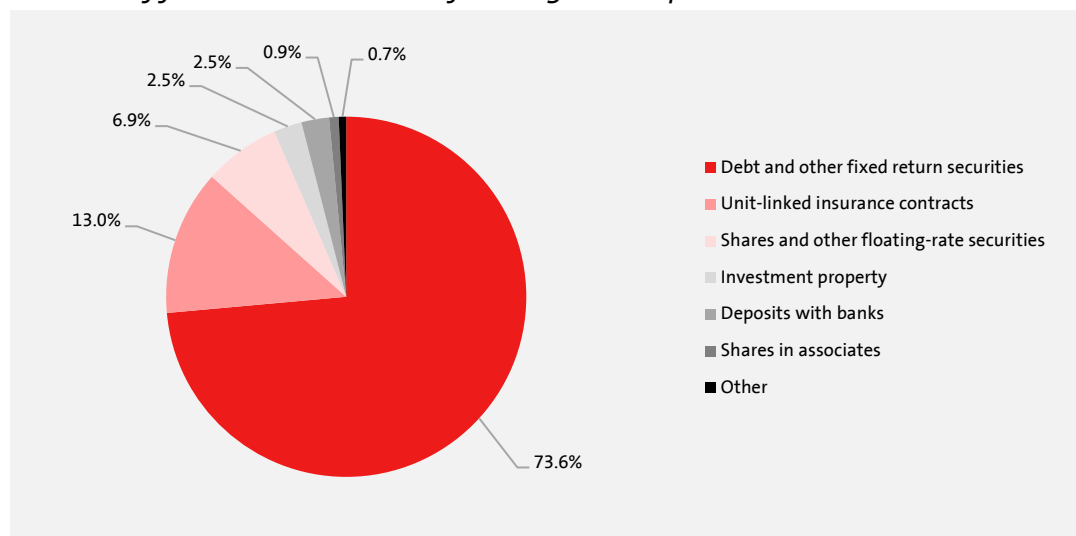
however, is not disclosed as part of financial investments. Bonds invested in developed markets account for the largest share (73.6%) in the financial investments portfolio. Most have a high credit rating, as 87.2% of bond investments are rated BBB and above.

Financial investments of the **Triglav Group** including investment property and investments in associates amounted to EUR 3,135.5 million as at 31 March 2020, a decrease of 5% relative to the end of 2019. Their share in the Group's total assets declined by 4.0 percentage points to 80.2%.

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

	Financial investments		Index		Structure	
	31 March 2020	31 December 2019	2020/2019	31 March 2020	31 December 2019	
Investment property	79,491,423	79,921,480	99	2.5%	2.4%	
Shares in associates	26,990,067	13,154,379	205	0.9%	0.4%	
Shares and other floating-rate securities	215,026,973	207,202,683	104	6.9%	6.3%	
Debt and other fixed return securities	2,306,621,066	2,423,949,186	95	73.6%	73.1%	
Loans given	5,344,467	5,161,148	104	0.2%	0.2%	
Deposits with banks	77,632,524	88,402,963	88	2.5%	2.7%	
Other financial investments	6,634,704	6,712,517	99	0.2%	0.2%	
Financial investments of reinsurance companies in reinsurance contracts with cedents	8,880,691	8,602,454	103	0.3%	0.3%	
Unit-linked insurance contracts	408,911,889	482,031,288	85	13.0%	14.5%	
<b>Total</b>	<b>3,135,533,804</b>	<b>3,315,138,098</b>	<b>95</b>	<b>100.0%</b>	<b>100.0%</b>	

*Structure of financial investments of the Triglav Group as at 31 March 2020*



The total value of debt and other fixed-return securities fell by 5% as a result of movements in financial markets and the payment of the ZT02 subordinated bond, which fell due in the first quarter of 2020, whereas their share in the total portfolio grew by 0.5 percentage point to 73.6%. The share of equity investments, including investments in funds, increased by 0.6 percentage point to 6.9%. The share of investments in associates rose by 0.5 percentage point as a result of the capital increase of ZTSR. The share of unit-linked insurance contract investments declined by 15 percentage points, primarily due to a drop in prices. The shares of other financial investments did not change significantly.

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

The largest share (58.8%) in the Group's bond portfolio **by issuer sector** was accounted for by government bonds, whose share did not change significantly relative to the end of 2019. Their volume is 5% lower than as at 31 December 2019. Financial bonds accounted for a 21.8% share and corporate bonds for a 19.4% share.

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

Issuer sector	Debt securities		Index	Share	
	31 March 2020	31 December 2019	2020/2019	31 Mar. 2020	31 Dec. 2019
Government	1,355,520,111	1,429,886,787	95	58.8%	59.0%
Financial	502,145,457	517,025,272	97	21.8%	21.3%
Corporate	448,048,618	475,884,757	94	19.4%	19.6%
Shared	906,881	1,152,369	79	0%	0%
<b>Total</b>	<b>2,306,621,066</b>	<b>2,423,949,186</b>	<b>95</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Unit-linked insurance contract investments data excluded.

The Group's bond investment portfolio is of good quality, its investments are globally diversified and mostly consists of investments in debt securities with a **high credit rating**. As much as 87.2% of debt securities in the portfolio have an investment grade credit rating of at least "BBB".

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

Credit rating	Debt securities		Index	Share	
	31 March 2020	31 December 2019	2020/2019	31 Mar. 2020	31 Dec. 2019
AAA	164,528,908	247,171,318	67	7.1%	10.2%
AA	291,550,516	329,308,659	89	12.6%	13.6%
A	754,766,087	761,757,966	99	32.7%	31.4%
BBB	799,635,569	782,946,517	102	34.7%	32.3%
Below BBB	185,842,896	187,505,686	99	8.1%	7.7%
Not rated	110,297,091	115,259,039	96	4.8%	4.8%
<b>Total</b>	<b>2,306,621,066</b>	<b>2,423,949,186</b>	<b>95</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, which ensures the Group appropriate security and liquidity. Certain changes in exposure to individual countries are a result of price fluctuations and tactical adjustments of some positions.

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

Country of issuer	Debt securities		Index	Share	
	31 March 2020	31 December 2019	2020/2019	31 Mar. 2020	31 Dec. 2019
Slovenia	448,021,519	432,899,974	103	19.4%	17.9%
France	160,923,593	236,839,255	68	7.0%	9.8%
Spain	155,416,963	128,363,769	121	6.7%	5.3%
Germany	153,389,716	174,349,263	88	6.6%	7.2%
Italy	117,242,528	138,469,634	85	5.1%	5.7%
Croatia	106,826,072	103,869,838	103	4.6%	4.3%
USA	102,177,115	108,397,196	94	4.4%	4.5%
Netherlands	94,523,872	167,277,688	57	4.1%	6.9%
Great Britain	77,819,907	47,179,143	165	3.4%	1.9%
Portugal	74,480,517	60,596,923	123	3.2%	2.5%
Other	815,799,265	825,706,502	99	35.4%	34.1%
<b>Total</b>	<b>2,306,621,066</b>	<b>2,423,949,186</b>	<b>95</b>	<b>100.0%</b>	<b>100.0%</b>

Note: Unit-linked insurance contract investments data excluded.

**Equity investments**, which comprise shares and other variable-return securities and investments in associates, represent 7.7% of the Group's total portfolio, up by 1.1 percentage

point relative to 31 December 2019. Their value is 10% higher, primarily due to the capital increase of ZTSR and tactical increase of investments in equity funds over the last quarter. Equity investments also include the category *other funds*, which comprises mostly alternative funds. Their share is increasing and represents 23.9% of equity investments.

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

Equity investment type	Equity investments		Index	Share	
	31 March 2020	31 December 2019	2019/2018	31 Mar. 2020	31 Dec. 2019
Shares	84,935,873	79,449,680	107	35.1%	36.1%
Equity funds	73,474,827	56,504,953	130	30.4%	25.6%
Bond funds	22,293,305	17,653,170	126	9.2%	8.0%
Money market funds	3,447,121	11,117,584	31	1.4%	5.0%
Other funds	57,865,914	55,631,676	104	23.9%	25.2%
<b>Total</b>	<b>242,017,041</b>	<b>220,357,062</b>	<b>110</b>	<b>100.0%</b>	<b>100.0%</b>

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

Geographic area	Equity investments		Index	Share	
	31 March 2020	31 December 2019	2019/2018	31 Mar. 2020	31 Dec. 2019
Slovenia	75,137,431	69,483,453	108	31.0%	31.5%
Developed markets	140,977,493	130,100,465	108	58.3%	59.0%
Developing markets	18,466,167	13,094,408	141	7.6%	5.9%
Balkans	7,435,950	7,678,736	97	3.1%	3.5%
<b>Total</b>	<b>242,017,041</b>	<b>220,357,062</b>	<b>110</b>	<b>100.0%</b>	<b>100.0%</b>

Zavarovalnica Triglav's financial investments including investment property amounted to EUR 2,392.8 million, a decrease of 6% relative to 2019 year-end.

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

	Financial investments		Index	Share	
	31 March 2020	31 December 2019	2020/2019	31 Mar. 2020	31 Dec. 2019
Investment property	45,836,660	46,091,135	99	1.9%	1.8%
Investments in subsidiaries and associates	166,492,693	152,992,693	109	7.0%	6.0%
Shares and other floating-rate securities	128,218,699	107,310,068	119	5.4%	4.2%
Debt and other fixed return securities	1,643,563,585	1,760,076,254	93	68.7%	69.2%
Loans given	10,284,510	10,726,466	96	0.4%	0.4%
Deposits with banks	29,618,513	30,229,076	98	1.2%	1.2%
Other financial investments	3,837,809	3,865,518	99	0.2%	0.2%
Derivative financial instruments	446,443	0	0	0%	0%
Unit-linked insurance contract investments	364,496,204	433,758,610	84	15.2%	17.0%
<b>Total</b>	<b>2,392,795,116</b>	<b>2,545,049,820</b>	<b>94</b>	<b>100.0%</b>	<b>100.0%</b>

## 4.9 Asset management

Asset management is performed by Zavarovalnica Triglav and its subsidiary Triglav Skladi. The parent company primarily manages the Group's own insurance portfolios (assets backing liabilities and guarantee funds), while Triglav Skladi manages mutual funds and discretionary mandate assets. The Company is also an important partner of the alternative investment management platform Triglav d.o.o.

## Asset management market

As at 31 March 2020, a total of 5 asset management companies operated in Slovenia, which managed the net asset value of EUR 2.5 billion in mutual funds, a decrease of 15% relative to 31 December 2019. The decrease in the volume of assets was influenced by the fall in prices of shares on stock exchanges and the increase in uncertainty, which affected the behaviour of investors, who started to liquidate assets and/or move them to other, less risky types of investment. As opposed to early 2020 when the trend of high asset growth from the preceding year continued, the decline in the volume of assets was the largest in the second half of March. A total of 6 companies provided discretionary mandate services, of which 3 were asset management companies. The value of discretionary mandate assets managed by said companies amounted to EUR 1.1 billion as at 31 March 2020, an increase of 13% relative to the end of 2019.

The subsidiary Triglav Skladi manages 36 mutual funds and 10 investment combinations under two umbrella funds (Triglav vzajemni skladi and Alta). It also manages 3 investment funds in Croatia and provides discretionary mandate services. In the market of Bosnia and Herzegovina, the company holds a participating interest in PROF-IN asset management company. As at the reporting date, it managed assets of EUR 875.6 million in mutual funds, a decrease of 15% relative to the 2019 year-end. The amount of assets under management was influenced by the situation on the capital markets and net outflows. The value of net assets under management decreased by EUR 160.1 million due to the capital markets and increased by EUR 9.3 million due to net inflows. Discretionary mandate assets declined by 9% to EUR 74.7 million, primarily as a result of net impact of the market.

Triglav Skladi consolidated its dominant position with a 34.2% market share among asset management companies in the mutual fund segment (compared to 33.9% as at 31 December 2019). Its market share in the discretionary mandate segment was 6.7%, down by 1.6 percentage point relative to the 2019 year-end.

## 5. Financial result and financial standing

### 5.1 Financial result

In the first three months of 2020, the Triglav Group posted profit before tax of EUR 26.4 million, a decrease of 12% relative to the same period last year. Profit before tax was lower primarily as a result of reduced rates of return on investment and major CAT events (mainly the Zagreb earthquake). Net claims relating to the earthquake reduced profit before tax in the amount of EUR 6.7 million (see section 4.1 *Significant events in the reporting period* for more details). Net profit amounted to EUR 22.4 million, also having decreased by 12% compared to the preceding year. Compared to the year before, annualised net return on equity decreased by 2.3 percentage points to 11.9%.

In the first three months, the Triglav Group posted profit before tax of EUR 26.4 million.

Zavarovalnica Triglav posted profit before tax of EUR 19.9 million, down by 13% relative to the corresponding period of 2019. Its net profit declined by 14% to EUR 16.6 million.

The Triglav Group's combined ratio was 93.9%. It was up by 2.3 percentage points compared to the corresponding period the year before, primarily as a result of a higher claims ratio and higher growth in net claims incurred. The combined ratio shows the profitability of operations in the non-life and health insurance segments. Any value of this ratio below 100 means that the non-life and health insurance portfolios as the core business (excluding return on investments) are earning a profit.

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

Insurance Group	Q1 2020	Q1 2019	Change
Zavarovalnica Triglav	92.3%	85.7%	6.7 p.p.
Triglav, Zdravstvena zavarovalnica	94.3%	100.3%	-6.0 ot.t
Pozavarovalnica Triglav Re	104.1%	96.3%	7.8 p.p.
Triglav Osiguranje, Zagreb	102.0%	110.9%	-8.9 p.p.
Triglav Osiguranje, Belgrade	78.6%	92.8%	-14.1 p.p.
Lovćen Osiguranje, Podgorica	90.5%	99.4%	-8.9 p.p.
Triglav Osiguranje, Sarajevo	92.9%	98.5%	-5.6 p.p.
Triglav Osiguranje, Banja Luka	96.6%	100.7%	-4.1 p.p.
Triglav Osiguruvanje, Skopje	103.3%	97.8%	5.5 p.p.
<b>The Triglav Group</b>	<b>93.9%</b>	<b>91.6%</b>	<b>2.3 p.p.</b>

Net premium income increased by 11% to EUR 261.1 million. Net premium income from health insurance grew by 21%, while net premium income from non-life insurance and from life and pension insurance increased by 9%. Net premium income is comprised of gross written premium in the amount of EUR 348.9 million (index 110) less written premium ceded to reinsurance and coinsurance in the amount of EUR 47.8 million (index 106) and adjusted by the change in net unearned premium of EUR -40.0 million (index 108).

Net claims incurred rose by 16% to EUR 185.7 million. Net claims incurred in health insurance increased by 17%, primarily due to higher gross claims paid (see Section 4.4.1 for more details). Net claims incurred grew by 15% in non-life insurance and in life and pension insurance. Net claims incurred are comprised of gross claims paid in the amount of EUR 177.8 million (index 107) less reinsurers' and coinsurers' shares in gross claims paid in the amount of EUR 5.9 million (index 96), adjusted by the change in claims provisions of EUR 12.0 million (vs. EUR -1.1 million in 2019) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 1.9 million (index 106).



**Income from investments, including income from investments in associates**, dropped by 68% and amounted to EUR 23.2 million. Income from investments in associates declined by 55% to EUR 392 thousand, while income from investments fell by 69% to EUR 22.8 million. The main reason for the decline in income was the fall in prices of securities. Interest income was down by 13% to EUR 11.5 million, while gains on disposal of investments decreased by 35% to EUR 6.8 million. Other income from investments declined to EUR 4.6 million (vs. EUR 49.0 million in the same period of 2019). Other income from investments comprise changes in fair value of EUR 610 thousand (vs. EUR 12.5 million in 2019), other financial income in the amount of EUR 3.7 million (index 248), dividends of EUR 254 thousand (index 186) and net unrealised gains on unit-linked life insurance assets, which totalled EUR 59 thousand (vs. EUR 34.9 million in 2019).

**Expenses from investments, including expenses from investments in associates**, increased to EUR 104.9 million (vs. EUR 5.1 million in the corresponding period of the preceding year). Expenses from investments in associates amounted to EUR 187 thousand and expenses from investments totalled EUR 104.8 million (vs. EUR 5.0 million in 2019). Losses on disposals amounted to EUR 782 thousand (index 32), impairments of equity investments equalled EUR 167 thousand (index 254) and other expenses from investments totalled EUR 103.8 million (vs. EUR 2.5 million in 2019). Other expenses from investments comprise net unrealised losses on unit-linked life insurance assets totalling EUR 72.7 million (vs. EUR 88 thousand in 2019), changes in the fair value of EUR 27.7 million (vs. EUR 1.1 million in 2019) and other financial expenses in the amount of EUR 3.4 million (index 243).

**Return on investment** of the Triglav Group (excluding unit-linked life insurance contract investments) represents the difference between income and expenses from financial assets and reached EUR –9.1 million (vs. EUR 33.5 million in the corresponding period of 2019). Reasons for the negative return are connected to both income and expenses from investments. Income from investments was lower as a result of reduced net gains on the sale of financial assets and predominantly due to higher net expenses from change in fair value. Interest income continues to decline due to low interest rates.

Return on investment was negative due to higher net expenses from change in fair value and lower net gains on the sale of financial assets.

The rates of return on investment also impact the amount of insurance technical provisions and net profit of the Group. Despite higher rates of return on investments, **profit before tax from investments**, which is defined in the table *Structure of profit before tax*, decreased compared to the same period in the preceding year.

**Change in other insurance technical provisions** amounted to EUR –26.8 million and was lower than in the preceding year (EUR 24.0 million in 2019), predominantly due to the decline in mathematical provisions (EUR –27.2 million). **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR –70.4 million (vs. EUR 32.3 million in the same period last year) due to the decrease in the value of fund units. **Expenses for bonuses and discounts** of EUR 4.2 million were at approximately the same level as in the preceding year.

**Operating expenses** (acquisition costs and other operating expenses) totalled EUR 56.9 million, up by 5%. Acquisition costs and other operating expenses increased by 5% and 4% respectively. The growth of total insurance business operating expenses (all functional cost groups) was behind gross written premium growth, which resulted in a 0.8 percentage point lower ratio of expenses to written premium.

**Other insurance income**, excluding fees and commissions, totalled EUR 3.2 million, down by 32% mainly due to lower interest income from subrogation receivables in the parent company and reversal of impairments of receivables in Lovćen Osiguranje. **Other insurance expenses**,

excluding fees and commissions, increased by 41% and amounted to EUR 7.4 million, predominantly due to the higher assets for prevention in the parent company (purchase of protective equipment) and ceded fees and commissions for active transactions in Pozavarovalnica Triglav Re, and created provisions for ensuring the guaranteed return on personal accounts of pension scheme members in Triglav, pokojninska družba. **Net fee and commission income** amounted to EUR 0.8 million (vs. EUR 2.5 million in the corresponding period last year).

**Other income** was up by 24%, totalling EUR 9.8 million, primarily due to the merger of ALTA Skladi with Triglav Skladi. The 24% increase in **other expenses** (EUR 9.9 million) was mainly a result of higher other expenses in Triglav Skladi due to the merger of ALTA Skladi and higher interest expenses from the bonds issued by the parent company (greater detail in Section 3.6 *Bonds*).

#### *Individual items in the consolidated income statement of the Triglav Group for Q1 2020*

	Q1 2020	Q1 2019	Index
Net premium income	261,112,568	235,180,097	111
Income from investments including income in subsidiaries and associates	23,242,072	73,495,116	32
Other income from insurance operations	11,590,526	12,633,299	92
Other income	9,840,823	7,930,010	124
Net claims incurred	185,726,897	160,668,850	116
Change in other insurance technical provisions (excluding ULI)	-26,795,998	23,999,517	
Change in insurance technical provisions for unit-linked insurance contracts	-70,397,809	32,285,388	
Expenses for bonuses and discounts	4,216,911	4,219,809	100
Operating expenses	56,888,117	54,423,638	105
Expenses from investments including expenses in subsidiaries and associates	104,948,749	5,117,194	2,051
Other insurance expenses	14,979,962	10,686,324	140
Other expenses	9,864,733	7,987,241	124
<b>Profit before tax</b>	<b>26,354,427</b>	<b>29,850,561</b>	<b>88</b>
Income tax expense	3,954,626	4,361,822	91
<b>Net profit for the accounting period</b>	<b>22,399,801</b>	<b>25,488,739</b>	<b>88</b>

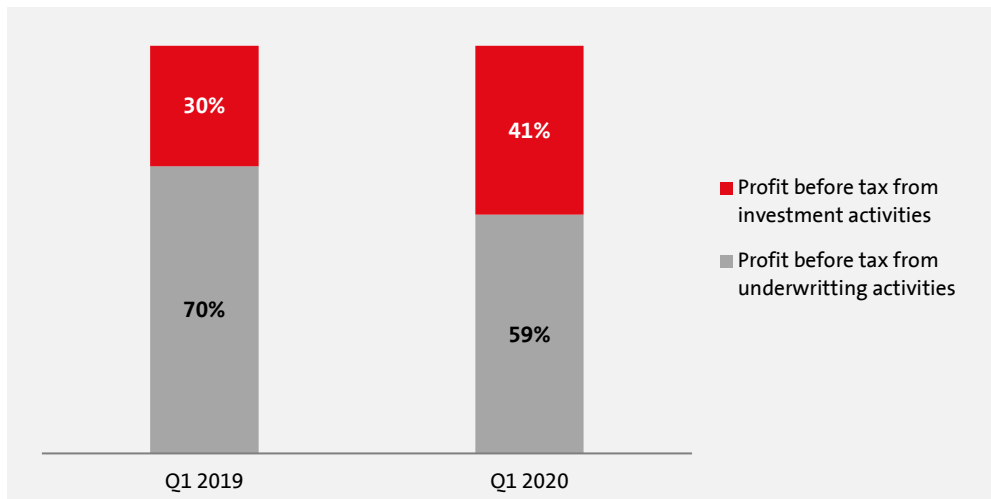
#### *Structure of profit before tax of the Triglav Group\**

	Q1 2020				Q1 2019			
	Non-life	Life and pensions	Health	Total	Non-life	Life and pensions	Health	Total
Profit before tax from underwriting activities	8,882,148	3,275,789	3,175,502	15,333,439	33,893,260	11,032,392	3,623,102	19,602,510
Profit before tax from investment activities	4,493,049	6,195,085	160,118	10,848,252	19,827,936	-699,429	481,936	8,227,765
Profit before tax from insurance operations	13,375,197	9,470,874	3,335,620	26,181,691	53,721,196	10,332,963	4,105,038	27,830,275
Profit before tax from non-insurance operations				172,736				1,701,959
<b>Total profit before tax</b>				<b>26,354,427</b>				<b>29,850,561</b>

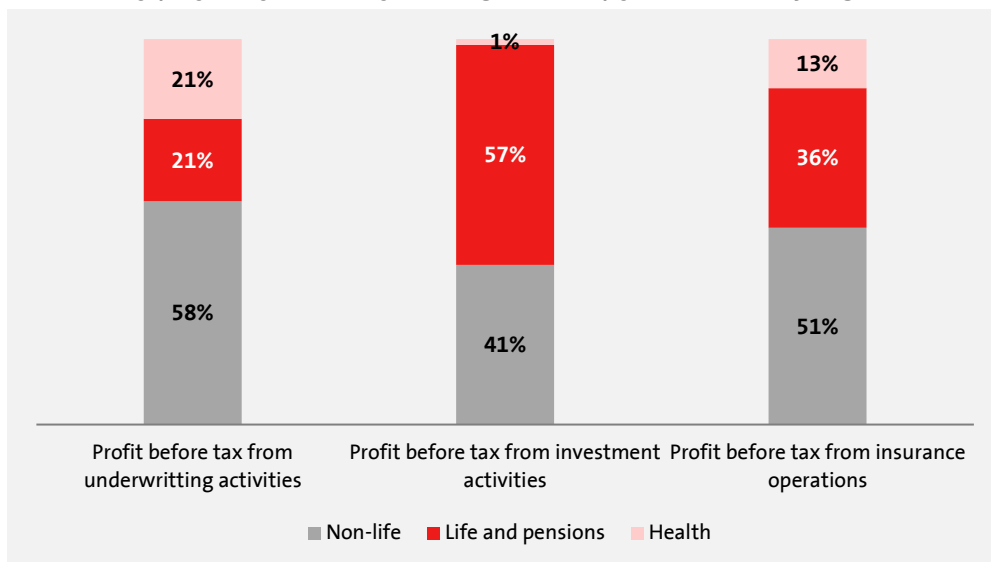
\*The profit from return on financial investments is reduced by the return guaranteed by insurance companies of the Triglav Group to life insurance policyholders in the form of a guaranteed return determined in insurance contracts. In addition, return on financial investments is reduced by the increase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

The reduced profit before tax of the non-life insurance business of the Triglav Group in the first quarter of 2020 relative to the corresponding period last year primarily results from the higher growth of net claims incurred and lower gains on the sale of financial investments. Profit before tax in the health insurance segment improved primarily due to higher growth in net premium income and lower operating expenses. The main reason for the higher profit before tax in the life insurance segment were higher rates of return on investment in the parent company. This item was further positively impacted by the creation of additional provisions, which in the first quarter of 2020 was down by EUR 2.3 million over the same period last year. The lower profit from life insurance underwriting activities was influenced by other Triglav Group members, notably Triglav, pokojninska družba due to the created provisions for ensuring the guaranteed return on personal accounts of pension scheme members.

*Structure of profit before tax of the Triglav Group in Q1 2020 and Q1 2019*



*Structure of profit before tax of the Triglav Group for Q1 2020 by segment*



## Individual items in the income statement of Zavarovalnica Triglav for Q1 2020

	Q1 2020	Q1 2019	Index
Net premium income	142,431,131	132,145,332	108
Income from investments including income in subsidiaries and associates	15,134,178	54,021,874	28
Other income from insurance operations	9,340,695	9,829,077	95
Other income	1,814,669	2,625,685	69
Net claims incurred	104,340,181	87,602,250	119
Change in other insurance technical provisions	-15,115,147	11,113,482	
Change in insurance technical provisions for unit-linked insurance contracts	-67,737,386	28,266,276	
Expenses for bonuses and discounts	3,595,096	3,629,229	99
Operating expenses	36,021,930	35,599,693	101
Expenses from investments including expenses in subsidiaries and associates	79,414,009	4,037,979	1,967
Other insurance expenses	6,466,138	4,280,517	151
Other expense	1,880,016	1,216,987	154
<b>Profit/loss before tax</b>	<b>19,855,836</b>	<b>22,875,555</b>	<b>87</b>
Income tax expense	3,284,726	3,501,680	94
<b>Net profit/loss for the accounting period</b>	<b>16,571,110</b>	<b>19,373,875</b>	<b>86</b>

## 5.2 Financial standing

The total **balance sheet** of the Triglav Group as at 31 March stood at EUR 3,911.5 million down by 1% compared to the 2019 year-end.

**Total equity** as at 31 March 2020 amounted to EUR 778.6 million, a decrease of 2% relative to the 2019 year-end predominantly due to the decline in fair value reserve. Total equity in total balance sheet liabilities fell by 0.2 percentage point to 19.9%. Equity attributable to the controlling company also decreased by 2% to EUR 776.1 million, while non-controlling interests grew by 1% to EUR 2.5 million. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. As a result of a decrease in the value of available-for-sale financial assets, **fair value reserve** declined by 41% to EUR 49.3 million. **Share premium** amounted to EUR 50.3 million and remained at a level approximately equal to the 2019 year-end (index 100).

As at the reporting date, total equity amounted to EUR 778.6 million.

**Reserves from profit** in the amount of EUR 354.7 million (index 100) remained unchanged compared to 31 December 2019. They comprise other reserves from profit of EUR 334.3 million, legal and statutory reserves in the amount of EUR 19.8 million and contingency reserves of EUR 640 thousand. **Accumulated profit** reached EUR 251.7 million, up by 10%. In addition to EUR 22.4 million (index 35) in net profit for the year, it includes EUR 229.3 million of net profit brought forward (index 138). Net profit brought forward increased by EUR 63.4 million due to the transfer of net profit for the previous year.

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

**Gross insurance technical provisions** were 1% lower and amounted to EUR 2,849.6 million. Their share in balance sheet total dropped by 0.3 percentage point to 72.9%. Mathematical provisions in the amount of EUR 1,776.6 million were down by 6% relative to 31 December 2019. By contrast, an increase was seen in gross claims provisions (index 103), provisions for gross unearned premium (index 119) and other insurance technical provisions (index 102). Insurance technical provisions are discussed in greater detail in *Section 4.7*.

**Other financial liabilities** equalled EUR 19.9 million, up by 969% due to higher short-term liabilities from financing in Zavarovalnica Triglav, which refer to liabilities for securities purchases. Their share accounted for only 0.5% of total liabilities.

**Operating liabilities** grew by 42% over the 2019 year-end and amounted to EUR 94.8 million, thus representing 2.4% of total liabilities. They increased mostly on the account of liabilities from coinsurance and reinsurance operations, which rose to EUR 71.1 million (index 171).

**Lease liabilities** amounted to EUR 10.2 million, a decrease of 7% relative to the 2019 year-end. Lease liabilities comprise long-term lease liabilities of EUR 10.0 million and short-term lease liabilities of EUR 249 thousand.

**Other provisions** grew by 5% to EUR 19.5 million. Compared to 31 December 2019, **deferred tax liabilities** fell by 45% to EUR 12.4 million, primarily due to the lower fair value reserve from investments for which deferred tax is calculated and last year's additional tax deferred arising from the acquisition of ALTA Skladi. **Other liabilities** declined by 4% to EUR 77.1 million.

**The Triglav Group's financial investments in associates** rose by 105% to EUR 27.0 million due to the capital increase of ZTSR in the amount of EUR 13.5 million.

**Financial investments**, representing 67.0% of total assets, amounted to EUR 2,620.1 million, a decrease of 4% relative to the 2019 year-end. Available-for-sale financial assets, which totalled EUR 1,889.7 million, accounted for the bulk. Furthermore, EUR 462.8 million was accounted for by financial assets measured at fair value through profit or loss, EUR 165.4 million by held-to-maturity financial assets and EUR 102.2 million by deposits and loans. **Unit-linked insurance assets** amounted to EUR 408.9 million, down by 15%. The structure of financial assets is discussed in greater detail in *Section 4.8*.

**Investment property** was down by 1% to EUR 79.5 million.

**Receivables and deferred tax assets** increased by 38% to EUR 285.4 million over the 2019 year-end and accounted for 7.3% of total assets, of which receivables from direct insurance operations accounted for the bulk at EUR 149.6 million (index 142), up by 7% relative to 31 March 2019. Receivables from coinsurance and reinsurance operations reached EUR 82.1 million (index 142), other receivables stood at EUR 39.3 million (index 133) and current tax receivables at EUR 1.6 million (index 125). Deferred tax assets amounted to EUR 12.8 million (index 103).

**Insurance technical provisions transferred to reinsurance contracts** totalled EUR 128.1 million, having increased by 25%. Assets from reinsurance contracts from claims provisions were 11% higher and equalled EUR 72.5 million, while assets from unearned premium rose by 48% to EUR 54.6 million.

**Property, plant and equipment** totalled EUR 112.2 million, a decrease of 2% relative to 31 December 2019. **Intangible assets** amounted to EUR 108.5 million, up by 7%, primarily due to the growth of long-term deferred acquisition costs.

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

**Right-of-use assets** dropped by 6% to EUR 10.3 million. They comprise the right to use land and buildings of EUR 8.4 million (index 94), the right to use vehicles of EUR 1.7 million (index 93) and the right to use other assets of EUR 133 thousand (index 92).

**Cash and cash equivalents** amounted to EUR 124.2 million (index 164), whilst **other assets** totalled EUR 6.4 million (index 113). **Off-balance sheet items** amounted to EUR 197.2 million (index 96).

*Individual items in the consolidated balance sheet of the Triglav Group as at 31 March 2020*

	31 March 2020	31 December 2019	Index
<b>ASSETS</b>	<b>3,911,540,433</b>	<b>3,936,999,820</b>	<b>99</b>
Intangible assets	108,523,288	101,725,725	107
Property, plant and equipment	112,164,589	114,072,290	98
Non-current assets held for sale	843,192	4,164,221	20
Investment property	79,491,423	79,921,480	99
Right of use assets	10,266,504	10,937,925	94
Investments in associates	26,990,067	13,154,379	205
Financial investments	2,620,140,426	2,740,030,952	96
Unit-linked insurance assets	408,911,889	482,031,288	85
Reinsurers' share of insurance technical provisions	128,142,741	102,747,806	125
Receivables and deferred tax assets	285,446,272	206,697,830	138
Other assets	6,400,868	5,646,149	113
Cash and cash equivalents	124,219,174	75,869,775	164
<i>Off balance sheet items</i>	<i>197,240,536</i>	<i>205,911,992</i>	<i>96</i>
<b>EQUITY AND LIABILITIES</b>	<b>3,911,540,433</b>	<b>3,936,999,820</b>	<b>99</b>
Equity	778,550,582	791,951,788	98
Subordinated liabilities	49,385,661	64,847,293	76
Insurance technical provisions	2,435,540,685	2,393,927,336	102
Insurance technical provisions for unit-linked insurance contracts	414,091,276	484,942,835	85
Other provisions	19,542,178	18,623,446	105
Deferred tax liabilities	12,412,616	22,516,692	55
Other financial liabilities	19,932,888	1,864,413	1,069
Operating liabilities	94,815,082	66,872,331	142
Lease liabilities	10,200,520	10,915,678	93
Other liabilities	77,068,945	80,538,008	96
<i>Off balance sheet items</i>	<i>197,240,536</i>	<i>205,911,992</i>	<i>96</i>

*Individual items in the balance sheet of Zavarovalnica Triglav as at 31 March 2020*

	31 March 2020	31 December 2019	Index
<b>ASSETS</b>	<b>2,835,116,350</b>	<b>2,901,140,141</b>	<b>98</b>
Intangible assets	67,396,160	61,924,273	109
Property, plant and equipment	67,793,485	68,305,684	99
Investment property	45,836,660	46,091,135	99
Right of use assets	4,060,106	4,106,316	99
Investments in subsidiaries and associates	166,492,693	152,992,693	109
Financial investments	1,815,969,559	1,912,207,382	95
Unit-linked insurance assets	364,496,204	433,758,610	84
Reinsurers' share of insurance technical provisions	109,705,567	98,433,270	111
Receivables and deferred tax assets	135,405,432	93,715,995	144
Other assets	3,120,185	3,492,671	89
Cash and cash equivalents	54,840,300	26,112,112	210
<i>Off balance sheet items</i>	<i>105,432,308</i>	<i>107,689,690</i>	<i>98</i>
<b>EQUITY AND LIABILITIES</b>	<b>2,835,116,350</b>	<b>2,901,140,141</b>	<b>98</b>
Equity	574,180,124	580,480,275	99
Subordinated liabilities	49,385,661	69,999,451	71
Insurance technical provisions	1,736,007,152	1,713,421,521	101
Insurance technical provisions for unit-linked insurance contracts	367,882,013	435,592,711	84
Other provisions	12,844,811	12,625,260	102
Deferred tax liabilities	0	5,706,679	0
Other financial liabilities	14,199,486	1,640,125	870
Operating liabilities	37,216,913	31,912,738	117
Lease liabilities	4,164,388	4,166,278	100
Other liabilities	39,235,802	45,595,103	86
<i>Off balance sheet items</i>	<i>105,432,308</i>	<i>107,689,690</i>	<i>98</i>

## 6. Risk management

### 6.1 Risk Management and the impact of the situation on operations in 2020

The first quarter of 2020 was most impacted by the COVID-19 pandemic. Due to the measures put in place to curb it, it was no longer possible to guarantee the continuation of the Triglav Group's operations as before, without endangering the health of clients and employees. In order to contain the infections, protect the employees and ensure the implementation of key business processes, the Group activated its business continuity process in early March 2020, in compliance with the recommendations of healthcare professionals and competent institutions. As part of this, both internal processes and dealing with clients were adapted; as a result, most employees worked from home, while client services were provided remotely. The clients are thus able to take out insurance policies and settle claims remotely, which provides effective client support while protecting the health of clients and employees. To this end, the Group employs an omni-channel sales approach and strategic solutions for providing its services remotely, which have gained additional momentum in the current situation.

Despite the deteriorating conditions in the capital markets, which affect the market value of assets and liabilities, the Group maintains a good capital position and has sufficient liquid financial assets to continue to meet all its obligations promptly. It also regularly monitors its financial partners, both banks and reinsurance companies. There were no significant deviations in the credit quality of the Group's partners over the last quarter.

On 31 March 2020, the Insurance Supervision Agency called upon the insurance companies to suspend the payout of dividends from accumulated profit and not to undertake any irrevocable commitment to pay out dividends by 1 October 2020. The Management Board and the Supervisory Board of Zavarovalnica Triglav propose to the regular annual General Meeting of Shareholders of Zavarovalnica Triglav that accumulated profit, which amounted to EUR 60,543,475 as at 31 December 2019, remain undistributed and thus allocated for the future payment of dividends or for other purposes in accordance with the General Meeting of Shareholders' resolution. Their proposal is consistent with the Slovene regulator's call and with the aim of ensuring the medium-term sustainable target capital adequacy of the Group, as set out in the Company's dividend policy.

The Triglav Group published its business plan for 2020 in December 2019, which was developed on the bases and assumptions known at that time, but which changed in the first quarter of 2020 due to the pandemic and the situation in international financial markets. As the future development of the pandemic and its impact on the economy and financial markets remain uncertain and because the financial markets are highly volatile, it is currently difficult to reliably assess the impact on the Group's operations. The Group therefore assesses the impact on its operations based on various scenarios that it considers most likely in the current situation.

The impact assessment is based on the following:

- In March 2020, the Bank of Slovenia published an analysis of Covid-19 impact on the Slovene economy, estimating that this year's GDP decline is expected at 6–16%, without taking into account the Government's fiscal measures. Based on the fiscal measures already adopted and announced, it is estimated that the actual decline in GDP in Slovenia this year will be slightly lower than expected. The scenarios are based on different estimates of the expected standstill of economic activity and the speed of recovery following the lifting of restrictions. Similar effects can be expected in the wider region where the Triglav Group is present.



- The scenarios account for shocks of varying intensity in international financial markets, specifically the impact on credit spreads on government and corporate bonds, share prices and real property prices: The scenarios foresee higher baseline shocks, followed by a gradual easing of the situation by the end of 2020.

Category	Range of values in the scenarios in relation to 31 December 2019
Average credit spreads (government bonds, 10-year)	Baseline shock: from +75 bp to +200 bp 2020 year-end: from +40 bp to +135 bp
Average credit spreads (corporate bonds, 10-year)	Baseline shock: from +140 bp to +250 bp 2020 year-end: from +70 bp to +170 bp
Share prices	from -20% to -35%
Real property prices	from 0% to -15%

- The projected deterioration of the economic situation and the suspended activity in the manufacturing and service sectors in both Slovenia and the region will impact the Triglav Group's underwriting activities. It is estimated that primarily the written premium and claims result of the non-life insurance segment will be affected. In relation to the plan, the volume of motor vehicle insurance premium (motor hull insurance and motor vehicle liability insurance) is expected to fall mainly as a result of lower sales of new vehicles, deregistration of existing vehicles and smaller coverage. Individual scenarios also accounted for lower sales due to obstacles to taking out such insurance policies. As a result of lower economic activity, a decrease in premium written in life insurance, real property insurance, credit insurance and general liability insurance is expected, in addition to lower demand for travel insurance. Due to the impact of unearned premium, the expected decline in net premium income will be lower than the decrease in gross written premium. In parallel, lower net claims incurred are anticipated for some insurance classes due to reduced economic activity and movement restrictions. As a consequence of the pandemic, the life insurance segment accounted for the probability of somewhat increased payouts due to death and an increase in early termination of life insurance policies.
- Shocks on the financial markets, particularly changes in credit spreads on government and corporate bonds, affect not only the return on investment but also the market value of assets and liabilities of the Triglav Group and thus the capital adequacy ratio. The decrease in the market value and thus the amount of financial assets under management is also reflected in lower income from the management of clients' assets.
- The impact assessment takes into account both lower investments and decreased operating expenses. In this regard, the Triglav Group expects a reduction in those expenses and investments that are not absolutely necessary for the implementation of strategic projects and other development activities outlined in the strategy. According to the scenarios, acquisition costs will be lower due to a decrease in the volume of written premium.

The Triglav Group assesses that its insurance and investment portfolios are sufficiently resilient and that its capital position is appropriate to effectively cope with increased risks arising from the COVID-19 pandemic situation. Considering the above, the assessed impact on the main categories of the Triglav Group's business plan for 2020 will be as follows:

Main categories	Plan for 2020	Likely impact of scenarios or the planned value
Profit before tax	between EUR 95 and 105 million	decrease of 10–25%
Insurance premium	around EUR 1.2 billion	decrease of 3–5%
Combined ratio	below 95%	below 95%

According to these scenarios, the assessed impact on the Triglav Group's capital adequacy at the end of 2020 will be a decline of 15–30 percentage points. As part of the impact analysis of the pandemic on the Group's performance in 2020, the effects of a significant negative shock on the financial markets was further examined, in which the fall in share and real property prices and credit spread growth would be comparable to the situation in the last financial crisis of 2008, while the risk-free interest rate term structure would further decrease. In the event of such a scenario, it is estimated that the Group's capital adequacy would be further reduced, but still likely to remain above 175%.

Given the situation described, it is assessed that operational risk exposure has increased, in particular cyber risk exposure, and the risk of business process execution, which is mainly a consequence of working remotely. In times of emergency, regulatory risks are also increased, to which the Company is additionally exposed due to regulatory changes brought about by the emergency legislation. In order to continue to maintain business continuity, client satisfaction and reduced exposure to information and other operational risks, the Company continuously monitors the situation, activities and related risks, adjusting the measures taken as necessary.

## 6.2 Internal audit

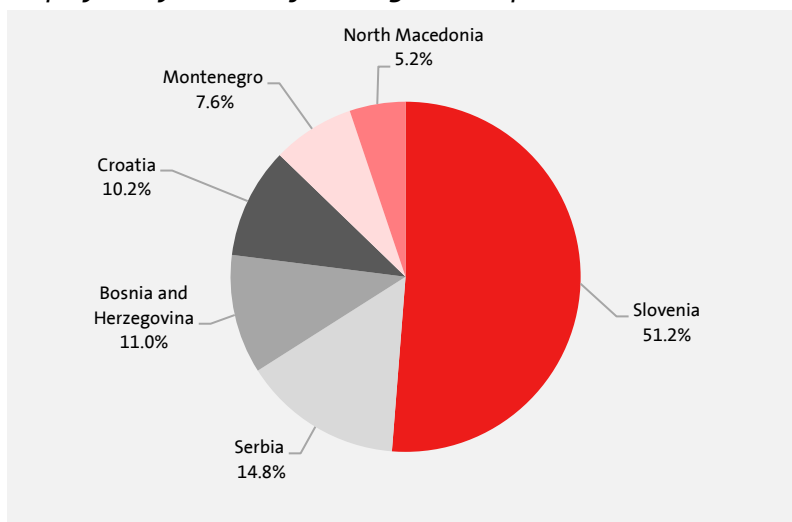
In the first quarter of 2020, the Internal Audit Department complied with its annual work plan. It conducted internal audits of various areas in Zavarovalnica Triglav and audits in some subsidiaries. The findings were reported to the management of the audited areas and to the Management Board.

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

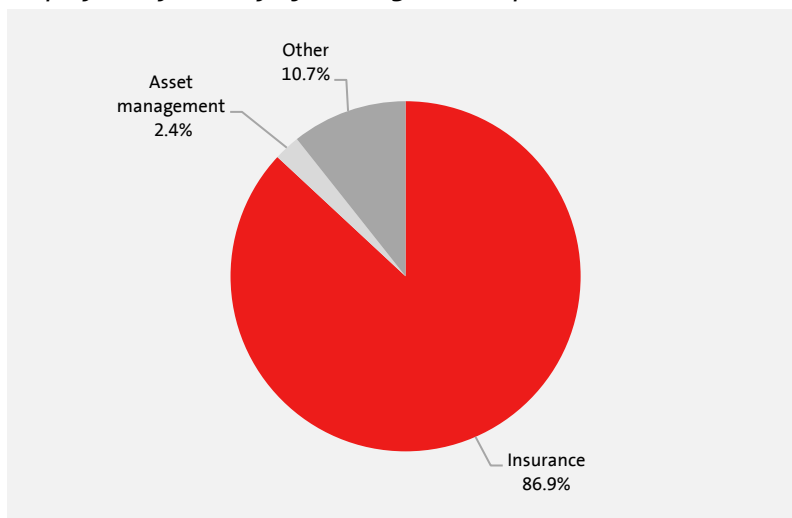
## 7. Human Resource Management at the Triglav Group

The Triglav Group had 5,261 employees as at 31 March 2020, a decrease of 20 relative to 31 December 2019. The number decreased the most in Triglav Osiguranje, Belgrade and Triglav Osiguruvanje, Skopje.

*Employees by market of the Triglav Group as at 31 March 2020*



*Employees by activity of the Triglav Group as at 31 March 2020*



# ACCOUNTING REPORT

# Contents

## Accounting report

Statement of management's responsibility .....	54
1. Financial statements .....	55
2. Selected notes to the financial statements .....	61
2.1 Statement of compliance .....	61
2.2 Significant accounting policies and estimates .....	61
2.3 Seasonal operations.....	61
2.4 Segmental analysis of the Triglav Group operations .....	62
2.5 Segmental analysis of Zavarovalnica Triglav's operations .....	71
2.6 Significant items of the statement of financial position .....	74
2.7 Changes in equity stakes in subsidiaries and business combinations.....	80
2.8 Related party transactions .....	81
2.9 Significant events after the reporting date .....	86

## Statement of management's responsibility

The Management Board herewith confirms the financial statements for the period from 1 January 2020 to 31 March 2020 as well as the applied accounting policies and notes to the financial statements.

The Management Board is responsible for preparing the Interim Report so as to give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2020 to 31 March 2020 in accordance with IAS 34 – Interim reporting.

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

The Management Board confirms that the Interim Management Report of the Triglav Group and Zavarovalnica Triglav, d.d. for the period from 1 January 2020 to 31 March 2020 includes a fair review of their business developments, results and financial positions, including a description of the major risks to which Zavarovalnica Triglav, d.d. as the parent company and its consolidated subsidiaries are exposed to as the Group.

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

Andrej Slapar,  
President of the Management Board

Uroš Ivanc,  
Member of the Management Board

Tadej Čoroli,  
Member of the Management Board

Barbara Smolnikar,  
Member of the Management Board

David Benedek,  
Member of the Management Board

Marica Makoter,  
Member of the Management Board

Ljubljana, 5 May 2020

## 2. Financial statements

STATEMENT OF FINANCIAL POSITION	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<b>ASSETS</b>	<b>3,911,540,433</b>	<b>3,936,999,820</b>	<b>2,835,116,350</b>	<b>2,901,140,141</b>
Intangible assets	108,523,288	101,725,725	67,396,160	61,924,273
Property, plant and equipment	112,164,589	114,072,290	67,793,485	68,305,684
Non-current assets held for sale	843,192	4,164,221	0	0
Deferred tax assets	12,791,656	12,462,082	2,180,449	0
Investment property	79,491,423	79,921,480	45,836,660	46,091,135
Right of use assets	10,266,504	10,937,925	4,060,106	4,106,316
Investments in subsidiaries	0	0	134,938,667	134,938,667
Investments in associates	26,990,067	13,154,379	31,554,026	18,054,026
- accounted for using the equity method	26,990,067	13,154,379	0	0
- measured at fair value	0	0	31,554,026	18,054,026
Financial investments	2,620,140,426	2,740,030,952	1,815,969,559	1,912,207,382
- loans and deposits	102,226,784	112,578,151	48,004,853	49,049,847
- held to maturity	165,376,481	186,109,072	143,781,852	150,469,553
- available for sale	1,889,691,176	1,826,940,416	1,431,200,930	1,382,802,069
- recognised at fair value through profit and loss	462,845,985	614,403,313	192,981,924	329,885,913
Unit-linked insurance assets	408,911,889	482,031,288	364,496,204	433,758,610
Reinsurers' share of technical provisions	128,142,741	102,747,806	109,705,567	98,433,270
Receivables	272,654,616	194,235,748	133,224,982	93,715,995
- receivables from direct insurance operations	149,619,708	105,459,829	102,597,776	68,401,137
- receivables from reinsurance and co-insurance operations	82,130,409	57,989,502	22,484,126	17,219,677
- current tax receivables	1,600,340	1,281,349	0	0
- other receivables	39,304,159	29,505,068	8,143,080	8,095,181
Other assets	6,400,868	5,646,149	3,120,185	3,492,671
Cash and cash equivalents	124,219,174	75,869,775	54,840,300	26,112,112
<i>Off balance sheet items</i>	<i>197,240,536</i>	<i>205,911,992</i>	<i>105,432,308</i>	<i>107,689,690</i>
<b>EQUITY AND LIABILITIES</b>	<b>3,911,540,433</b>	<b>3,936,999,820</b>	<b>2,835,116,350</b>	<b>2,901,140,141</b>
Equity	778,550,582	791,951,788	574,180,124	580,480,275
Controlling interests	776,098,210	789,526,123	574,180,124	580,480,275
- share capital	73,701,392	73,701,392	73,701,392	73,701,392
- share premium	50,276,841	50,276,637	53,412,884	53,412,884
- reserves from profit	354,734,274	354,734,274	338,962,643	338,962,643
- treasury share reserves	364,680	364,680	0	0
- treasury shares	-364,680	-364,680	0	0
- fair value reserve	49,334,936	84,099,924	30,988,618	53,859,881
- net profit brought forward	229,300,994	165,896,170	60,543,475	9,929,059
- net profit for the year	22,361,201	63,404,824	16,571,112	50,614,416
- currency translation differences	-3,611,428	-2,587,098	0	0
Non-controlling interests	2,452,372	2,425,665	0	0
Subordinated liabilities	49,385,661	64,847,293	49,385,661	69,999,451
Insurance technical provisions	2,435,540,685	2,393,927,336	1,736,007,152	1,713,421,521
- unearned premiums	396,646,644	332,510,935	279,097,786	232,791,056
- mathematical provisions	1,362,468,522	1,404,439,748	990,635,674	1,020,231,686
- claims provisions	633,903,950	615,398,744	433,296,348	428,320,763
- other insurance technical provisions	42,521,569	41,577,909	32,977,344	32,078,016
Insurance technical provisions for unit-linked insurance contracts	414,091,276	484,942,835	367,882,013	435,592,711
Employee benefits	15,966,484	15,873,046	12,062,676	11,892,449
Other provisions	3,575,694	2,750,400	782,135	732,811
Deferred tax liabilities	12,412,616	22,516,692	0	5,706,679
Other financial liabilities	19,932,888	1,864,413	14,199,486	1,640,125
Operating liabilities	94,815,082	66,872,331	37,216,913	31,912,738
- liabilities from direct insurance operations	19,762,086	21,558,544	12,817,081	14,239,495
- liabilities from reinsurance and co-insurance operations	71,139,535	41,548,913	21,903,941	15,309,075
- current tax liabilities	3,913,461	3,764,874	2,495,891	2,364,168
Lease liabilities	10,200,520	10,915,678	4,164,388	4,166,278
Other liabilities	77,068,945	80,538,008	39,235,802	45,595,103
<i>Off balance sheet items</i>	<i>197,240,536</i>	<i>205,911,992</i>	<i>105,432,308</i>	<i>107,689,690</i>

INCOME STATEMENT	Triglav Group		Zavarovalnica Triglav	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019
<b>NET PREMIUM INCOME</b>	<b>261,112,568</b>	<b>235,180,097</b>	<b>142,431,132</b>	<b>132,145,333</b>
- gross written premium	348,910,223	317,218,141	211,382,755	198,485,095
- ceded written premium	-47,844,210	-45,146,388	-40,470,707	-39,688,931
- change in unearned premium reserve	-39,953,445	-36,891,656	-28,480,916	-26,650,831
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>392,155</b>	<b>862,147</b>	<b>77,442</b>	<b>126,868</b>
- profit on equity investments accounted for using the equity method	392,155	301,733	0	0
- other income from investments in subsidiaries and associates	0	560,414	77,442	126,868
<b>INCOME FROM INVESTMENTS</b>	<b>22,849,917</b>	<b>72,632,969</b>	<b>15,056,735</b>	<b>53,895,007</b>
- interest income calculated using the effective interest method	11,496,667	13,220,641	7,290,480	8,691,379
- gains on disposals	6,775,913	10,373,969	6,435,985	8,000,065
- other income from investments	4,577,337	49,038,359	1,330,270	37,203,563
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>11,590,526</b>	<b>12,633,299</b>	<b>9,340,696</b>	<b>9,829,078</b>
- fees and commission income	8,409,065	7,921,153	7,294,175	6,949,056
- other income from insurance operations	3,181,461	4,712,146	2,046,521	2,880,022
<b>OTHER INCOME</b>	<b>9,840,823</b>	<b>7,930,010</b>	<b>1,814,668</b>	<b>2,625,684</b>
<b>NET CLAIMS INCURRED</b>	<b>185,726,897</b>	<b>160,668,850</b>	<b>104,340,181</b>	<b>87,602,251</b>
- gross claims settled	177,806,139	166,180,522	104,428,491	96,666,268
- reinsurers' share	-5,939,578	-6,156,702	-6,116,082	-6,237,319
- changes in claims provisions	11,970,294	-1,136,253	6,027,772	-2,826,698
- equalisation scheme expenses for supplementary health insurance	1,890,042	1,781,283	0	0
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>-26,795,998</b>	<b>23,999,517</b>	<b>-15,115,147</b>	<b>11,113,481</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-70,397,809</b>	<b>32,285,388</b>	<b>-67,737,386</b>	<b>28,266,276</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>4,216,911</b>	<b>4,219,809</b>	<b>3,595,096</b>	<b>3,629,229</b>
<b>OPERATING EXPENSES</b>	<b>56,888,117</b>	<b>54,423,638</b>	<b>36,021,930</b>	<b>35,599,693</b>
- acquisition costs	38,567,260	36,821,944	26,187,653	25,692,859
- other operating costs	18,320,857	17,601,694	9,834,277	9,906,834
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>187,331</b>	<b>65,591</b>	<b>6,345</b>	<b>17</b>
- loss on investments accounted for using the equity method	187,331	65,591	0	0
- other expenses from financial assets and liabilities	0	0	6,345	17
<b>EXPENSES FROM INVESTMENTS</b>	<b>104,761,418</b>	<b>5,051,603</b>	<b>79,407,663</b>	<b>4,037,963</b>
- loss on impairment of investments	167,716	66,042	167,716	0
- loss on disposal of investments	781,687	2,445,786	355,052	2,411,880
- other expenses from investments	103,812,015	2,539,775	78,884,895	1,626,083
<b>OTHER INSURANCE EXPENSES</b>	<b>14,979,962</b>	<b>10,686,324</b>	<b>6,466,138</b>	<b>4,280,517</b>
<b>OTHER EXPENSES</b>	<b>9,864,733</b>	<b>7,987,241</b>	<b>1,880,015</b>	<b>1,216,987</b>
- expenses from financing	890,858	341,574	844,464	335,063
- other expenses	8,973,875	7,645,667	1,035,551	881,924
<b>PROFIT BEFORE TAX</b>	<b>26,354,427</b>	<b>29,850,561</b>	<b>19,855,838</b>	<b>22,875,556</b>
Income tax expense	3,954,626	4,361,822	3,284,726	3,501,680
<b>NET PROFIT FOR THE PERIOD</b>	<b>22,399,801</b>	<b>25,488,739</b>	<b>16,571,112</b>	<b>19,373,876</b>
Earning per share	0.99	1.12	-	-
Net profit/loss attributable to the controlling company	22,361,201	25,381,528	-	-
Net profit/loss attributable to the non-controlling interest holders	38,600	107,211	-	-



	Triglav Group		Zavarovalnica Triglav	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019
in EUR				
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>				
<b>Net profit for the period after tax</b>	<b>22,399,801</b>	<b>25,488,739</b>	<b>16,571,112</b>	<b>19,373,876</b>
<b>Other comprehensive income after tax</b>	<b>-35,768,277</b>	<b>9,807,672</b>	<b>-22,871,263</b>	<b>4,621,935</b>
Items which could be transferred into P&L in future periods	-35,768,277	9,807,672	-22,871,263	4,621,935
Fair value gains/losses on available-for-sale financial assets	-58,510,785	20,897,043	-44,407,536	14,598,067
- net gains/losses recognized directly in equity	-55,225,156	26,424,758	-41,134,876	20,022,632
- transfers from equity to income statement	-3,285,629	-5,527,715	-3,272,660	-5,424,565
Liabilities from insurance contracts with DPF	13,528,043	-7,355,155	13,528,043	-7,355,154
Currency translation differences	-1,032,618	-149,611	0	0
Tax on other comprehensive income	10,247,083	-3,584,605	8,008,230	-2,620,978
<b>COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX</b>	<b>-13,368,476</b>	<b>35,296,411</b>	<b>-6,300,151</b>	<b>23,995,811</b>
Controlling interest	-13,428,117	35,147,407	-	-
Non-controlling interest	59,641	149,004	-	-

in EUR

Triglav Group	Share capital	Share premium	Contingency reserves	Legal and statutory reserves	Reserves from profit				Fair value reserve	Net profit/loss brought forward	Net profit/loss	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL
					Treasury share reserves	Treasury shares (deductible item)	Credit risk reserves	Other reserves form profit							
<b>As at 1 January 2020</b>	<b>73,701,392</b>	<b>50,276,637</b>	<b>640,339</b>	<b>19,793,935</b>	<b>364,680</b>	<b>-364,680</b>	<b>0</b>	<b>334,300,000</b>	<b>84,099,924</b>	<b>165,896,170</b>	<b>63,404,824</b>	<b>-2,587,098</b>	<b>789,526,123</b>	<b>2,425,665</b>	<b>791,951,788</b>
Comprehensive income for the period from 1 January 2020 to 31 March 2020	0	0	0	0	0	0	0	0	-34,764,988	0	22,361,201	-1,024,330	-13,428,117	59,641	-13,368,476
a) Net profit	0	0	0	0	0	0	0	0	0	0	22,361,201	0	22,361,201	38,600	22,399,801
b) Other comprehensive income	0	0	0	0	0	0	0	0	-34,764,988	0	0	-1,024,330	-35,789,318	21,041	-35,768,277
Transfer to retained earnings	0	0	0	0	0	0	0	0	0	63,404,824	-63,404,824	0	0	0	0
Changes in consolidation area	0	204	0	0	0	0	0	0	0	0	0	0	204	-32,934	-32,730
<b>As at 31 March 2020</b>	<b>73,701,392</b>	<b>50,276,841</b>	<b>640,339</b>	<b>19,793,935</b>	<b>364,680</b>	<b>-364,680</b>	<b>0</b>	<b>334,300,000</b>	<b>49,334,936</b>	<b>229,300,994</b>	<b>22,361,201</b>	<b>-3,611,428</b>	<b>776,098,210</b>	<b>2,452,372</b>	<b>778,550,582</b>
<b>As at 1 January 2019</b>	<b>73,701,392</b>	<b>50,206,540</b>	<b>599,088</b>	<b>19,221,613</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>314,300,000</b>	<b>66,237,889</b>	<b>142,483,579</b>	<b>80,533,643</b>	<b>-2,717,701</b>	<b>744,566,806</b>	<b>2,295,999</b>	<b>746,862,805</b>
Comprehensive income for the period from 1 January 2019 to 31 March 2019	0	0	0	0	0	0	0	0	9,911,593	0	25,381,528	-145,714	35,147,407	149,004	35,296,411
a) Net profit	0	0	0	0	0	0	0	0	0	0	25,381,528	0	25,381,528	107,211	25,488,739
b) Other comprehensive income	0	0	0	0	0	0	0	0	9,911,593	0	0	-145,714	9,765,879	41,793	9,807,672
Transfer to retained earnings	0	0	0	0	0	0	0	0	0	80,533,638	-80,533,638	0	0	0	0
Changes in consolidation area	0	459	0	0	0	0	0	0	0	0	0	0	459	-7,193	-6,734
<b>As at 31 March 2019</b>	<b>73,701,392</b>	<b>50,206,999</b>	<b>599,088</b>	<b>19,221,613</b>	<b>364,680</b>	<b>-364,680</b>	<b>763</b>	<b>314,300,000</b>	<b>76,149,482</b>	<b>223,017,217</b>	<b>25,381,533</b>	<b>-2,863,415</b>	<b>779,714,672</b>	<b>2,437,810</b>	<b>782,152,482</b>

in EUR

Zavarovalnica Triglav	Share capital	Share premium	Reserves form profit		Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Other reserves from profit				
<b>As at 1 January 2020</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>334,300,000</b>	<b>53,859,881</b>	<b>9,929,059</b>	<b>50,614,416</b>	<b>580,480,275</b>
Comprehensive income for the period from 1 January 2020 to 31 March 2020	0	0	0	0	-22,871,263	0	16,571,112	-6,300,151
a) Net profit	0	0	0	0	0	0	16,571,112	16,571,112
b) Other comprehensive income	0	0	0	0	-22,871,263	0	0	-22,871,263
Transfer to retained earnings	0	0	0	0	0	50,614,416	-50,614,416	0
<b>As at 31 March 2020</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>334,300,000</b>	<b>30,988,618</b>	<b>60,543,475</b>	<b>16,571,112</b>	<b>574,180,124</b>
<b>As at 1 January 2019</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>314,300,000</b>	<b>47,260,189</b>	<b>1,239,764</b>	<b>65,543,864</b>	<b>560,120,736</b>
Comprehensive income for the period from 1 January 2019 to 31 March 2019	0	0	0	0	4,621,935	0	19,373,876	23,995,811
a) Net profit	0	0	0	0	0	0	19,373,876	19,373,876
b) Other comprehensive income	0	0	0	0	4,621,935	0	0	4,621,935
Transfer to retained earnings	0	0	0	0	0	65,543,864	-65,543,864	0
<b>As at 31 March 2019</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>314,300,000</b>	<b>51,882,124</b>	<b>66,783,628</b>	<b>19,373,876</b>	<b>584,116,547</b>

in EUR

<b>CASH FLOW STATEMENT</b>		<b>Triglav Group</b>		<b>Zavarovalnica Triglav</b>	
		<b>Q1 2020</b>	<b>Q1 2019</b>	<b>Q1 2020</b>	<b>Q1 2019</b>
<b>A.</b>	<b>OPERATING CASH FLOW</b>				
	<b>Income statement items</b>	<b>68,530,595</b>	<b>53,943,217</b>	<b>37,032,277</b>	<b>38,572,669</b>
	Net written premium for the period	319,424,592	314,161,771	170,912,047	158,796,164
	Investment income (excluding financial income)	7,959,586	11,807,791	3,107,237	3,454,158
	Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables	8,934,798	7,710,825	2,484,285	2,592,587
	Net claims paid	-174,860,070	-180,748,100	-98,312,407	-90,428,948
	Bonuses and rebates paid	-4,198,513	-3,850,406	-3,595,096	-3,629,229
	Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	-65,390,480	-63,221,164	-29,477,187	-26,897,986
	Investment expenses (excluding depreciation charge and financial expenses)	-6,910,722	-4,895,690	-2,261,831	-1,069,145
	Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	-12,512,724	-23,108,472	-2,792,870	-1,863,801
	Corporate income tax and other taxes excluded from operating expenses	-3,915,872	-3,913,338	-3,031,901	-2,381,131
	<b>Changes in net current assets-operating balance sheet items</b>	<b>-53,586,162</b>	<b>-34,558,544</b>	<b>-40,911,426</b>	<b>-26,390,644</b>
	Movements in receivables from direct insurance operations	-41,760,298	-40,855,819	-34,609,744	-35,777,495
	Movements in receivables from reinsurance operations	-39,248,792	-17,873,827	-5,264,450	775,004
	Movements in other receivables from (re)insurance operations	-15,847,444	-9,039,813	-675,840	-2,241,073
	Movements in other receivables and assets	-4,774,910	-2,767,696	476,423	885,477
	Movements in deferred tax assets	-760,597	-655,413	0	0
	Movements in inventories	820,412	-76,072	-42,860	-47,740
	Movements in debts from direct insurance operations	-2,967,908	2,277,763	-1,422,414	3,438,470
	Movements in debts from reinsurance operations	38,085,472	23,476,713	6,594,867	10,373,873
	Movements in operating debts	1,674,285	-1,787,426	-302,657	1,416
	Movements in other liabilities (excluding unearned premiums)	13,461,143	10,182,578	-5,664,751	-3,798,576
	Movements in deferred tax liabilities	-2,267,525	2,560,468	0	0
	<b>Net cash from/ (used in) operating activities</b>	<b>14,944,433</b>	<b>19,384,673</b>	<b>-3,879,149</b>	<b>12,182,025</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				<b>0</b>
	<b>Cash inflows from investing activities</b>	<b>528,787,340</b>	<b>299,770,562</b>	<b>437,254,756</b>	<b>228,032,035</b>
	Cash inflows from interest from investing activities	15,599,560	14,769,446	11,199,405	9,853,994
	Cash inflows from dividends received and profit sharing	373,252	1,206,841	65,487	1,140,635
	Cash inflows from the disposal of property, plant and equipment	257,694	3,197,190	167,989	267,458
	Cash inflows from the disposal of financial investments	512,556,834	280,597,085	425,821,875	216,769,948
	- Cash inflows from the disposal of investments in subsidiaries and associates	0	2,103,553	0	0
	- Other cash inflows from disposal of financial investments	512,556,834	278,493,532	425,821,875	216,769,948
	<b>Cash outflows from investing activities</b>	<b>-472,459,312</b>	<b>-310,113,612</b>	<b>-382,544,389</b>	<b>-243,274,037</b>
	Cash outflows for the purchase of intangible assets	-1,693,612	-801,889	-1,347,536	-349,714
	Cash outflows for the purchase of property, plant and equipment	-2,332,449	-5,697,534	-848,604	-3,047,502
	Cash outflows for the purchase of financial investments	-468,433,251	-303,614,189	-380,348,249	-239,876,821
	- Cash outflows for the purchase of investments in subsidiaries and associates	-13,532,729	-1,101,402	-13,500,000	-4,094,671
	- Other cash outflows to acquire financial investments	-454,900,522	-302,512,787	-366,848,249	-235,782,150
	<b>Net cash from/ (used in) investing activities</b>	<b>56,328,028</b>	<b>-10,343,050</b>	<b>54,710,367</b>	<b>-15,242,002</b>
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
	<b>Cash inflows from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Cash outflows from financing activities</b>	<b>-22,835,885</b>	<b>-1,875,918</b>	<b>-22,103,030</b>	<b>-1,427,941</b>
	Cash outflows for paid interest	-1,375,350	-1,363,191	-1,243,048	-1,244,949
	Cash outflows for payments of long-term financial liabilities	-20,628,000	0	-20,628,000	0
	Cash outflows for payments of short-term financial liabilities	-832,535	-512,508	-231,982	-182,773
	Cash outflows from dividends paid and profit sharing	0	-219	0	-219
	<b>Net cash from/ (used in) financing activities</b>	<b>-22,835,885</b>	<b>-1,875,918</b>	<b>-22,103,030</b>	<b>-1,427,941</b>
<b>D.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>124,219,174</b>	<b>74,752,304</b>	<b>54,840,300</b>	<b>13,510,569</b>
<b>E1.</b>	<b>Net cash flow for the period</b>	<b>48,436,576</b>	<b>7,165,705</b>	<b>28,728,188</b>	<b>-4,487,918</b>
<b>E2.</b>	<b>Foreign exchange differences</b>	<b>-87,177</b>	<b>-15,061</b>	<b>0</b>	<b>0</b>
<b>F.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>75,869,775</b>	<b>67,601,660</b>	<b>26,112,112</b>	<b>17,998,487</b>

## 3. Selected notes to the financial statements

### 3.1 Statement of compliance

The financial statements for the period from 1 January 2020 to 31 March 2020 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

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

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

The financial statements for the period from 1 January 2020 to 31 March 2020 have not been audited.

### 3.2 Significant accounting policies and estimates

The same accounting policies as for the preparation of the annual financial statements for 2019 were used for the preparation of the financial statements for the period between 1 January 2020 and 31 March 2020.

Due to the COVID-19 pandemic, which has had a significant impact on the economic and financial markets, the Company tested the appropriateness of the accounting policies, estimates and assumptions used in 2019. No significant changes occurred in the period from 1 January to 31 March 2020 that would change the measurement of financial assets, in particular as regards the appropriateness of the fair value of financial instruments and the potential impairment of equity instruments recognised as available-for-sale assets. The Company tested the possible impairment of non-financial assets, but it assessed that there were no significant deviations in the value of real property recognised at cost, right-of-use assets and other non-financial assets. There were also no changes to significant amounts in agreements due to the changed circumstances resulting from COVID-19.

The tax expense calculation for the period from 1 January 2020 to 31 March 2020 was made by applying the average effective tax rate of 2019.

### 3.3 Seasonal operations

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

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

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT**

31 March 2020

	Non-life	Life	Health	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
<b>ASSETS</b>	<b>2,006,827,107</b>	<b>2,016,856,798</b>	<b>75,074,075</b>	<b>194,841,536</b>	<b>4,293,599,516</b>	<b>-382,059,083</b>	<b>3,911,540,433</b>
Intangible assets	81,144,740	4,941,334	1,318,875	21,118,339	108,523,288	0	108,523,288
Property, plant and equipment	94,519,704	10,215,171	1,374,541	6,055,173	112,164,589	0	112,164,589
Non-current assets held for sale	0	0	0	843,192	843,192	0	843,192
Deferred tax assets	11,709,621	291,734	468,290	322,011	12,791,656	0	12,791,656
Investment property	48,135,197	1,854,693	0	25,478,518	75,468,408	4,023,015	79,491,423
Right of use assets	10,382,287	775,835	775,130	2,276,726	14,209,978	-3,943,474	10,266,504
Investments in subsidiaries	127,362,825	15,104,174	0	72,007,786	214,474,785	-214,474,785	0
Investments in associates	26,502,120	487,947	0	0	26,990,067	0	26,990,067
Financial investments	1,032,871,617	1,507,233,829	58,032,482	30,623,206	2,628,761,134	-8,620,708	2,620,140,426
- loans and deposits	79,043,962	27,712,669	0	4,090,861	110,847,492	-8,620,708	102,226,784
- held to maturity	0	165,376,481	0	0	165,376,481	0	165,376,481
- available for sale	951,433,874	853,692,475	58,032,482	26,532,345	1,889,691,176	0	1,889,691,176
- recognised at fair value through profit and loss	2,393,781	460,452,204	0	0	462,845,985	0	462,845,985
Unit-linked insurance assets	0	408,911,889	0	0	408,911,889	0	408,911,889
Reinsurers' share of technical provisions	225,245,971	1,031,187	1,989,254	0	228,266,412	-100,123,671	128,142,741
Receivables	303,523,870	7,613,886	6,412,463	13,895,811	331,446,030	-58,791,414	272,654,616
- receivables from direct insurance operations	142,863,882	1,028,352	5,926,393	43,382	149,862,009	-242,301	149,619,708
- receivables from reinsurance and co-insurance operations	139,249,600	166,020	218,887	0	139,634,507	-57,504,098	82,130,409
- current tax receivables	149,929	0	0	1,450,411	1,600,340	0	1,600,340
- other receivables	21,260,459	6,419,514	267,183	12,402,018	40,349,174	-1,045,015	39,304,159
Other assets	5,200,731	490,962	72,060	765,161	6,528,914	-128,046	6,400,868
Cash and cash equivalents	40,228,424	57,904,157	4,630,980	21,455,613	124,219,174	0	124,219,174
<b>EQUITY AND LIABILITIES</b>	<b>2,006,827,107</b>	<b>2,016,856,798</b>	<b>75,074,075</b>	<b>194,841,536</b>	<b>4,293,599,516</b>	<b>-382,059,083</b>	<b>3,911,540,433</b>
Equity	614,387,581	161,313,601	36,128,954	176,119,023	987,949,159	-209,398,577	778,550,582
Controlling interests	614,387,581	161,313,601	36,128,954	176,119,023	987,949,159	-211,850,949	776,098,210
- share capital	114,718,513	48,491,866	25,822,144	103,371,537	292,404,060	-218,702,668	73,701,392
- share premium	43,118,794	13,658,827	0	20,596,489	77,374,110	-27,097,269	50,276,841
- reserves from profit	304,169,128	47,203,902	759,573	1,737,217	353,869,820	864,454	354,734,274
- treasury share reserves	0	0	0	364,680	364,680	0	364,680
- treasury shares	0	0	0	0	0	-364,680	-364,680
- fair value reserve	35,306,062	5,200,660	127,701	9,917,637	50,552,060	-1,217,124	49,334,936
- net profit brought forward	107,583,826	40,785,948	7,030,922	39,142,014	194,542,710	34,758,284	229,300,994
- net profit for the year	11,685,770	7,233,999	2,388,614	1,073,216	22,381,599	-20,398	22,361,201
- currency translation differences	-2,194,512	-1,261,601	0	-83,767	-3,539,880	-71,548	-3,611,428
Non-controlling interests	0	0	0	0	0	2,452,372	2,452,372
Subordinated liabilities	49,385,661	0	1,500,000	0	50,885,661	-1,500,000	49,385,661
Insurance technical provisions	1,115,875,634	1,397,336,629	24,348,818	0	2,537,561,081	-102,020,396	2,435,540,685
- unearned premiums	426,772,128	526,028	4,113,403	0	431,411,559	-34,764,915	396,646,644
- mathematical provisions	0	1,362,468,522	0	0	1,362,468,522	0	1,362,468,522
- claims provisions	661,785,614	21,207,965	16,548,494	0	699,542,073	-65,638,123	633,903,950
- other insurance technical provisions	27,317,892	13,134,114	3,686,921	0	44,138,927	-1,617,358	42,521,569
Insurance technical provisions for unit-linked insurance contracts	0	414,091,276	0	0	414,091,276	0	414,091,276
Employee benefits	12,418,917	2,291,449	628,812	627,306	15,966,484	0	15,966,484
Other provisions	1,397,679	994,970	130,334	1,052,711	3,575,694	0	3,575,694
Deferred tax liabilities	8,246,856	779,134	0	3,398,192	12,424,182	-11,566	12,412,616
Other financial liabilities	2,894,969	16,448,086	24,646	1,582,723	20,950,424	-1,017,536	19,932,888
Operating liabilities	135,251,117	10,764,877	4,939,343	46,768	151,002,105	-56,187,023	94,815,082
- liabilities from direct insurance operations	6,580,430	10,293,003	3,387,426	0	20,260,859	-498,773	19,762,086
- liabilities from reinsurance and co-insurance operations	126,170,469	443,566	213,750	0	126,827,785	-55,688,250	71,139,535
- current tax liabilities	2,500,218	28,308	1,338,167	46,768	3,913,461	0	3,913,461
Lease liabilities	10,556,652	744,482	781,775	2,151,527	14,234,436	-4,033,916	10,200,520
Other liabilities	56,412,041	12,092,294	6,591,393	9,863,286	84,959,014	-7,890,069	77,068,945

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT

31 December 2019

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



## STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

			31 March 2020		
	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
<b>ASSETS</b>	<b>3,811,954,927</b>	<b>481,644,589</b>	<b>4,293,599,516</b>	<b>-382,059,083</b>	<b>3,911,540,433</b>
Intangible assets	91,334,295	17,188,993	108,523,288	0	108,523,288
Property, plant and equipment	72,500,604	39,663,985	112,164,589	0	112,164,589
Non-current assets held for sale	697,725	145,467	843,192	0	843,192
Deferred tax assets	12,446,630	345,026	12,791,656	0	12,791,656
Investment property	68,770,617	6,697,791	75,468,408	4,023,015	79,491,423
Right of use assets	6,600,527	7,609,451	14,209,978	-3,943,474	10,266,504
Investments in subsidiaries	208,718,544	5,756,241	214,474,785	-214,474,785	0
Investments in associates	26,990,067	0	26,990,067	0	26,990,067
Financial investments	2,391,729,548	237,031,586	2,628,761,134	-8,620,708	2,620,140,426
- loans and deposits	67,026,149	43,821,343	110,847,492	-8,620,708	102,226,784
- held to maturity	157,064,855	8,311,626	165,376,481	0	165,376,481
- available for sale	1,708,657,835	181,033,341	1,889,691,176	0	1,889,691,176
- recognised at fair value through profit and loss	458,980,709	3,865,276	462,845,985	0	462,845,985
Unit-linked insurance assets	390,132,920	18,778,969	408,911,889	0	408,911,889
Reinsurers' share of technical provisions	177,074,750	51,191,662	228,266,412	-100,123,671	128,142,741
Receivables	264,321,058	67,124,972	331,446,030	-58,791,414	272,654,616
- receivables from direct insurance operations	108,524,415	41,337,594	149,862,009	-242,301	149,619,708
- receivables from reinsurance and co-insurance operations	124,082,614	15,551,893	139,634,507	-57,504,098	82,130,409
- current tax receivables	1,430,440	169,900	1,600,340	0	1,600,340
- other receivables	30,283,589	10,065,585	40,349,174	-1,045,015	39,304,159
Other assets	3,992,255	2,536,659	6,528,914	-128,046	6,400,868
Cash and cash equivalents	96,645,387	27,573,787	124,219,174	0	124,219,174
<b>EQUITY AND LIABILITIES</b>	<b>3,811,954,927</b>	<b>481,644,589</b>	<b>4,293,599,516</b>	<b>-382,059,083</b>	<b>3,911,540,433</b>
Equity	867,513,466	120,435,693	987,949,159	-209,398,577	778,550,582
Controlling interests	867,513,466	120,435,693	987,949,159	-211,850,949	776,098,210
- share capital	192,452,158	99,951,902	292,404,060	-218,702,668	73,701,392
- share premium	75,746,998	1,627,112	77,374,110	-27,097,269	50,276,841
- reserves from profit	343,392,459	10,477,361	353,869,820	864,454	354,734,274
- treasury share reserves	364,680	0	364,680	0	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	40,188,647	10,363,413	50,552,060	-1,217,124	49,334,936
- net profit brought forward	196,199,706	-1,656,996	194,542,710	34,758,284	229,300,994
- net profit for the year	19,168,818	3,212,781	22,381,599	-20,398	22,361,201
- currency translation differences	0	-3,539,880	-3,539,880	-71,548	-3,611,428
Non-controlling interests	0	0	0	2,452,372	2,452,372
Subordinated liabilities	50,885,661	0	50,885,661	-1,500,000	49,385,661
Insurance technical provisions	2,269,905,554	267,655,527	2,537,561,081	-102,020,396	2,435,540,685
- unearned premiums	338,548,667	92,862,892	431,411,559	-34,764,915	396,646,644
- mathematical provisions	1,288,766,790	73,701,732	1,362,468,522	0	1,362,468,522
- claims provisions	602,019,921	97,522,152	699,542,073	-65,638,123	633,903,950
- other insurance technical provisions	40,570,176	3,568,751	44,138,927	-1,617,358	42,521,569
Insurance technical provisions for unit-linked insurance contracts	395,500,208	18,591,068	414,091,276	0	414,091,276
Employee benefits	13,494,332	2,472,152	15,966,484	0	15,966,484
Other provisions	2,570,525	1,005,169	3,575,694	0	3,575,694
Deferred tax liabilities	10,763,461	1,660,721	12,424,182	-11,566	12,412,616
Other financial liabilities	19,308,501	1,641,923	20,950,424	-1,017,536	19,932,888
Operating liabilities	110,776,912	40,225,193	151,002,105	-56,187,023	94,815,082
- liabilities from direct insurance operations	16,623,904	3,636,955	20,260,859	-498,773	19,762,086
- liabilities from reinsurance and co-insurance operations	90,318,950	36,508,835	126,827,785	-55,688,250	71,139,535
- current tax liabilities	3,834,058	79,403	3,913,461	0	3,913,461
Lease liabilities	6,753,731	7,480,705	14,234,436	-4,033,916	10,200,520
Other liabilities	64,482,576	20,476,438	84,959,014	-7,890,069	77,068,945

## STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

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

## CONSOLIDATED INCOME STATEMENT BY SEGMENT

	Q1 2020				
	Non-life	Life	Health	Other	TOTAL
<b>NET PREMIUM INCOME</b>	<b>153,299,729</b>	<b>59,141,549</b>	<b>48,671,290</b>	<b>0</b>	<b>261,112,568</b>
- gross written premium	239,375,926	60,219,539	49,314,758	0	348,910,223
- ceded written premium	-46,848,986	-995,224	0	0	-47,844,210
- change in unearned premium reserve	-39,227,211	-82,766	-643,468	0	-39,953,445
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>392,155</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>392,155</b>
- profit on equity investments accounted for using the equity method	392,155	0	0	0	392,155
- other income from investments in subsidiaries and associates	0	0	0	0	0
<b>INCOME FROM INVESTMENTS</b>	<b>6,878,127</b>	<b>15,777,386</b>	<b>174,206</b>	<b>20,198</b>	<b>22,849,917</b>
- interest income calculated using the effective interest method	3,698,891	7,634,249	152,824	10,703	11,496,667
- gains on disposals	2,120,224	4,634,307	21,382	0	6,775,913
- other income from investments	1,059,012	3,508,830	0	9,495	4,577,337
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>11,223,839</b>	<b>354,148</b>	<b>12,539</b>	<b>0</b>	<b>11,590,526</b>
- fees and commission income	8,076,581	332,484	0	0	8,409,065
- other income from insurance operations	3,147,258	21,664	12,539	0	3,181,461
<b>OTHER INCOME</b>	<b>1,579,191</b>	<b>28,729</b>	<b>28,087</b>	<b>8,204,816</b>	<b>9,840,823</b>
<b>NET CLAIMS INCURRED</b>	<b>93,091,600</b>	<b>51,095,924</b>	<b>41,539,373</b>	<b>0</b>	<b>185,726,897</b>
- gross claims settled	89,365,906	50,798,330	37,641,903	0	177,806,139
- reinsurers' share	-5,793,221	-147,740	1,383	0	-5,939,578
- changes in claims provisions	9,518,915	445,334	2,006,045	0	11,970,294
- equalisation scheme expenses for supplementary health insurance	0	0	1,890,042	0	1,890,042
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>436,429</b>	<b>-27,199,499</b>	<b>-32,928</b>	<b>0</b>	<b>-26,795,998</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>-70,397,809</b>	<b>0</b>	<b>0</b>	<b>-70,397,809</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>4,214,920</b>	<b>1,991</b>	<b>0</b>	<b>0</b>	<b>4,216,911</b>
<b>OPERATING EXPENSES</b>	<b>44,424,787</b>	<b>8,707,107</b>	<b>3,756,223</b>	<b>0</b>	<b>56,888,117</b>
- acquisition costs	32,006,518	5,328,150	1,232,592	0	38,567,260
- other operating costs	12,418,269	3,378,957	2,523,631	0	18,320,857
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>18,350</b>	<b>38,117</b>	<b>0</b>	<b>130,864</b>	<b>187,331</b>
- loss on investments accounted for using the equity method	18,350	38,117	0	130,864	187,331
- other expenses from financial assets and liabilities	0	0	0	0	0
<b>EXPENSES FROM INVESTMENTS</b>	<b>2,758,883</b>	<b>101,984,999</b>	<b>14,088</b>	<b>3,448</b>	<b>104,761,418</b>
- loss on impairment of investments	97,492	70,224	0	0	167,716
- loss on disposal of investments	57,763	723,924	0	0	781,687
- other expenses from investments	2,603,628	101,190,851	14,088	3,448	103,812,015
<b>OTHER INSURANCE EXPENSES</b>	<b>13,268,441</b>	<b>1,439,744</b>	<b>271,777</b>	<b>0</b>	<b>14,979,962</b>
<b>OTHER EXPENSES</b>	<b>1,784,434</b>	<b>160,364</b>	<b>1,969</b>	<b>7,917,966</b>	<b>9,864,733</b>
- expenses from financing	716,403	130,185	0	44,270	890,858
- other expenses	1,068,031	30,179	1,969	7,873,696	8,973,875
<b>PROFIT BEFORE TAX</b>	<b>13,375,197</b>	<b>9,470,874</b>	<b>3,335,620</b>	<b>172,736</b>	<b>26,354,427</b>
Income tax expense	1,905,528	1,489,941	539,686	19,471	3,954,626
<b>NET PROFIT FOR THE PERIOD</b>	<b>11,469,669</b>	<b>7,980,933</b>	<b>2,795,934</b>	<b>153,265</b>	<b>22,399,801</b>
Net profit/loss attributable to the controlling company	11,420,509	7,976,271	2,795,934	168,487	22,361,201
Net profit/loss attributable to the non-controlling interest holders	49,160	4,662	0	-15,222	38,600

## CONSOLIDATED INCOME STATEMENT BY SEGMENT

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

		in EUR	
CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA		Q1 2020	
	Slovenia	Other	TOTAL
<b>NET PREMIUM INCOME</b>	<b>210,169,217</b>	<b>50,943,351</b>	<b>261,112,568</b>
- gross written premium	284,824,467	64,085,756	348,910,223
- ceded written premium	-37,687,005	-10,157,205	-47,844,210
- change in unearned premium reserve	-36,968,245	-2,985,200	-39,953,445
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>392,155</b>	<b>0</b>	<b>392,155</b>
- profit on equity investments accounted for using the equity method	392,155	0	392,155
- other income from investments in subsidiaries and associates	0	0	0
<b>INCOME FROM INVESTMENTS</b>	<b>19,281,439</b>	<b>3,568,478</b>	<b>22,849,917</b>
- interest income calculated using the effective interest method	9,809,071	1,687,596	11,496,667
- gains on disposals	6,647,224	128,689	6,775,913
- other income from investments	2,825,144	1,752,193	4,577,337
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>9,109,487</b>	<b>2,481,039</b>	<b>11,590,526</b>
- fees and commission income	6,829,170	1,579,895	8,409,065
- other income from insurance operations	2,280,317	901,144	3,181,461
<b>OTHER INCOME</b>	<b>8,254,022</b>	<b>1,586,801</b>	<b>9,840,823</b>
<b>NET CLAIMS INCURRED</b>	<b>161,718,898</b>	<b>24,007,999</b>	<b>185,726,897</b>
- gross claims settled	153,861,295	23,944,844	177,806,139
- reinsurers' share	-3,954,439	-1,985,139	-5,939,578
- changes in claims provisions	9,922,000	2,048,294	11,970,294
- equalisation scheme expenses for supplementary health insurance	1,890,042	0	1,890,042
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>-29,768,221</b>	<b>2,972,223</b>	<b>-26,795,998</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-68,113,110</b>	<b>-2,284,699</b>	<b>-70,397,809</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>3,596,084</b>	<b>620,827</b>	<b>4,216,911</b>
<b>OPERATING EXPENSES</b>	<b>39,598,612</b>	<b>17,289,505</b>	<b>56,888,117</b>
- acquisition costs	26,628,410	11,938,850	38,567,260
- other operating costs	12,970,202	5,350,655	18,320,857
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>187,331</b>	<b>0</b>	<b>187,331</b>
- loss on investments accounted for using the equity method	187,331	0	187,331
- other expenses from financial assets and liabilities	0	0	0
<b>EXPENSES FROM INVESTMENTS</b>	<b>101,409,559</b>	<b>3,351,859</b>	<b>104,761,418</b>
- loss on impairment of investments	167,716	0	167,716
- loss on disposal of investments	781,687	0	781,687
- other expenses from investments	100,460,156	3,351,859	103,812,015
<b>OTHER INSURANCE EXPENSES</b>	<b>13,162,524</b>	<b>1,817,438</b>	<b>14,979,962</b>
<b>OTHER EXPENSES</b>	<b>7,481,080</b>	<b>2,383,653</b>	<b>9,864,733</b>
- expenses from financing	798,967	91,891	890,858
- other expenses	6,682,113	2,291,762	8,973,875
<b>PROFIT BEFORE TAX</b>	<b>17,933,563</b>	<b>8,420,864</b>	<b>26,354,427</b>
Income tax expense	3,824,412	130,214	3,954,626
<b>NET PROFIT FOR THE PERIOD</b>	<b>14,109,151</b>	<b>8,290,650</b>	<b>22,399,801</b>
Net profit/loss attributable to the controlling company	14,109,151	8,252,050	22,361,201
Net profit/loss attributable to the non-controlling interest holders	0	38,600	38,600

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

### **3.5 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	31 March 2020			31 December 2019		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
<b>ASSETS</b>	<b>1,325,592,037</b>	<b>1,527,290,320</b>	<b>2,852,882,357</b>	<b>1,296,007,131</b>	<b>1,624,857,608</b>	<b>2,920,864,739</b>
Intangible assets	62,589,312	4,806,848	67,396,160	57,101,033	4,823,240	61,924,273
Property, plant and equipment	59,700,209	8,093,276	67,793,485	60,163,552	8,142,132	68,305,684
Deferred tax assets	11,287,736	252,702	11,540,438	11,414,866	246,674	11,661,540
Investment property	44,984,427	852,233	45,836,660	45,233,734	857,401	46,091,135
Right of use assets	4,060,106	0	4,060,106	4,106,316	0	4,106,316
Investments in subsidiaries	121,792,669	13,145,998	134,938,667	121,792,669	13,145,998	134,938,667
Investments in associates	31,554,026	0	31,554,026	18,054,026	0	18,054,026
Financial investments	713,031,097	1,102,938,462	1,815,969,559	763,048,943	1,149,158,439	1,912,207,382
- loans and deposits	41,435,323	6,569,530	48,004,853	42,585,064	6,464,783	49,049,847
- held to maturity	0	143,781,852	143,781,852	0	150,469,553	150,469,553
- available for sale	671,149,331	760,051,599	1,431,200,930	663,894,901	718,907,168	1,382,802,069
- recognised at fair value through profit and loss	446,443	192,535,481	192,981,924	56,568,978	273,316,935	329,885,913
Unit-linked insurance assets	0	364,496,204	364,496,204	0	433,758,610	433,758,610
Reinsurers' share of technical provisions	109,698,034	7,533	109,705,567	98,415,614	17,656	98,433,270
Receivables	139,642,485	1,988,515	141,631,000	99,996,693	1,782,360	101,779,053
- receivables from direct insurance operations	102,174,746	423,030	102,597,776	68,028,729	372,408	68,401,137
- receivables from reinsurance and co-insurance operations	22,406,612	77,514	22,484,126	17,218,816	861	17,219,677
- other receivables	15,061,127	1,487,971	16,549,098	14,749,148	1,409,091	16,158,239
Other assets	3,099,876	20,309	3,120,185	3,443,061	49,610	3,492,671
Cash and cash equivalents	24,152,060	30,688,240	54,840,300	13,236,624	12,875,488	26,112,112
<b>EQUITY AND LIABILITIES</b>	<b>1,325,592,037</b>	<b>1,527,290,320</b>	<b>2,852,882,357</b>	<b>1,296,007,131</b>	<b>1,624,857,608</b>	<b>2,920,864,739</b>
Equity	470,793,712	103,386,412	574,180,124	478,889,482	101,590,793	580,480,275
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
- reserves from profit	293,448,752	45,513,891	338,962,643	293,448,752	45,513,891	338,962,643
- fair value reserve	30,616,588	372,029	30,988,618	47,533,632	6,326,248	53,859,881
- net profit brought forward	46,221,580	14,321,895	60,543,475	9,931,936	-2,877	9,929,059
- net profit for the year	8,821,274	7,749,838	16,571,112	36,289,644	14,324,772	50,614,416
Subordinated liabilities	49,385,661	0	49,385,661	60,160,066	9,839,385	69,999,451
Insurance technical provisions	714,230,905	1,021,776,247	1,736,007,152	662,915,656	1,050,505,865	1,713,421,521
- unearned premiums	278,616,065	481,721	279,097,786	232,398,752	392,304	232,791,056
- mathematical provisions	0	990,635,674	990,635,674	0	1,020,231,686	1,020,231,686
- claims provisions	413,641,288	19,655,060	433,296,348	408,984,759	19,336,004	428,320,763
- other insurance technical provisions	21,973,552	11,003,792	32,977,344	21,532,145	10,545,871	32,078,016
Insurance technical provisions for unit-linked insurance contracts	0	367,882,013	367,882,013	0	435,592,711	435,592,711
Employee benefits	9,969,191	2,093,485	12,062,676	9,826,388	2,066,061	11,892,449
Other provisions	670,435	111,700	782,135	621,111	111,700	732,811
Deferred tax liabilities	7,375,193	1,984,796	9,359,989	11,343,388	6,024,831	17,368,219
Other financial liabilities	2,322,536	11,876,950	14,199,486	1,638,375	1,750	1,640,125
Operating liabilities	28,202,653	9,014,260	37,216,913	22,317,389	9,595,349	31,912,738
- liabilities from direct insurance operations	4,034,730	8,782,351	12,817,081	4,651,168	9,588,327	14,239,495
- liabilities from reinsurance and co-insurance operations	21,672,032	231,909	21,903,941	15,302,053	7,022	15,309,075
- current tax liabilities	2,495,891	0	2,495,891	2,364,168	0	2,364,168
Lease liabilities	4,164,388	0	4,164,388	4,166,278	0	4,166,278
Other liabilities	38,477,363	9,164,457	47,641,820	44,128,998	9,529,163	53,658,161



INCOME STATEMENT	in EUR					
	Q1 2020			Q1 2019		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
<b>NET PREMIUM INCOME</b>	<b>96,592,442</b>	<b>45,838,690</b>	<b>142,431,132</b>	<b>89,841,268</b>	<b>42,304,065</b>	<b>132,145,333</b>
- gross written premium	165,204,413	46,178,342	211,382,755	155,910,868	42,574,227	198,485,095
- ceded written premium	-40,220,481	-250,226	-40,470,707	-39,509,869	-179,062	-39,688,931
- change in unearned premium reserve	-28,391,490	-89,426	-28,480,916	-26,559,731	-91,100	-26,650,831
<b>INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>77,442</b>	<b>0</b>	<b>77,442</b>	<b>126,868</b>	<b>0</b>	<b>126,868</b>
- profit on equity investments accounted for using the equity method	0	0	0	0	0	0
- other income from investments in subsidiaries and associates	77,442	0	77,442	126,868	0	126,868
<b>INCOME FROM INVESTMENTS</b>	<b>4,729,119</b>	<b>10,327,616</b>	<b>15,056,735</b>	<b>7,417,925</b>	<b>46,477,082</b>	<b>53,895,007</b>
- interest income calculated using the effective interest method	2,081,922	5,208,558	7,290,480	2,301,985	6,389,394	8,691,379
- gains on disposals	1,930,390	4,505,595	6,435,985	4,802,816	3,197,249	8,000,065
- other income from investments	716,807	613,463	1,330,270	313,124	36,890,439	37,203,563
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>8,425,591</b>	<b>915,105</b>	<b>9,340,696</b>	<b>9,797,991</b>	<b>31,087</b>	<b>9,829,078</b>
- fees and commission income	6,379,470	914,705	7,294,175	6,925,395	23,661	6,949,056
- other income from insurance operations	2,046,121	400	2,046,521	2,872,596	7,426	2,880,022
<b>OTHER INCOME</b>	<b>1,725,286</b>	<b>89,382</b>	<b>1,814,668</b>	<b>1,707,240</b>	<b>918,444</b>	<b>2,625,684</b>
<b>NET CLAIMS INCURRED</b>	<b>59,254,405</b>	<b>45,085,776</b>	<b>104,340,181</b>	<b>50,113,052</b>	<b>37,489,199</b>	<b>87,602,251</b>
- gross claims settled	59,594,371	44,834,120	104,428,491	59,508,411	37,157,857	96,666,268
- reinsurers' share	-6,038,568	-77,514	-6,116,082	-6,190,749	-46,570	-6,237,319
- changes in claims provisions	5,698,602	329,170	6,027,772	-3,204,610	377,912	-2,826,698
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)</b>	<b>441,407</b>	<b>15,556,554</b>	<b>-15,115,147</b>	<b>417,773</b>	<b>10,695,708</b>	<b>11,113,481</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>67,737,386</b>	<b>-67,737,386</b>	<b>0</b>	<b>28,266,276</b>	<b>28,266,276</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>3,595,096</b>	<b>0</b>	<b>3,595,096</b>	<b>3,629,229</b>	<b>0</b>	<b>3,629,229</b>
<b>OPERATING EXPENSES</b>	<b>28,430,469</b>	<b>7,591,461</b>	<b>36,021,930</b>	<b>28,516,289</b>	<b>7,083,404</b>	<b>35,599,693</b>
- acquisition costs	20,880,559	5,307,094	26,187,653	20,876,623	4,816,236	25,692,859
- other operating costs	7,549,910	2,284,367	9,834,277	7,639,666	2,267,168	9,906,834
<b>EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES</b>	<b>6,345</b>	<b>0</b>	<b>6,345</b>	<b>17</b>	<b>0</b>	<b>17</b>
- loss on investments accounted for using the equity method	0	0	0	0	0	0
- other expenses from financial assets and liabilities	6,345	0	6,345	17	0	17
<b>EXPENSES FROM INVESTMENTS</b>	<b>1,544,502</b>	<b>77,863,161</b>	<b>79,407,663</b>	<b>2,155,139</b>	<b>1,882,824</b>	<b>4,037,963</b>
- loss on impairment of investments	97,492	70,224	167,716	0	0	0
- loss on disposal of investments	52,977	302,075	355,052	1,176,604	1,235,276	2,411,880
- other expenses from investments	1,394,033	77,490,862	78,884,895	978,535	647,548	1,626,083
<b>OTHER INSURANCE EXPENSES</b>	<b>5,896,312</b>	<b>569,826</b>	<b>6,466,138</b>	<b>4,097,204</b>	<b>183,313</b>	<b>4,280,517</b>
<b>OTHER EXPENSES</b>	<b>1,736,977</b>	<b>143,038</b>	<b>1,880,015</b>	<b>1,059,026</b>	<b>157,961</b>	<b>1,216,987</b>
- expenses from financing	714,667	129,797	844,464	189,375	145,688	335,063
- other expenses	1,022,310	13,241	1,035,551	869,651	12,273	881,924
<b>PROFIT BEFORE TAX</b>	<b>10,644,367</b>	<b>9,211,471</b>	<b>19,855,838</b>	<b>18,903,563</b>	<b>3,971,993</b>	<b>22,875,556</b>
Income tax expense	1,823,093	1,461,633	3,284,726	2,274,742	1,226,938	3,501,680
<b>NET PROFIT FOR THE PERIOD</b>	<b>8,821,274</b>	<b>7,749,838</b>	<b>16,571,112</b>	<b>16,628,821</b>	<b>2,745,055</b>	<b>19,373,876</b>

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

#### **Intangible assets**

In the reporting period, the book value of intangible assets of the Triglav Group increased by EUR 6.8 million. Long-term deferred acquisition costs have increased by EUR 7.3 million, while new purchases of licences and software equalled EUR 1.7 million. In the first three quarters of 2019 amortisation reached EUR 2.1 million.

In the reporting period, the book value of intangible assets of Zavarovalnica Triglav increased by EUR 5.5 million. In the separate financial statements, the change mainly refers to the increase in long-term deferred acquisition costs. These have increased by EUR 5.5 million. New purchases of other intangible assets in the amount of EUR 1.3 million primarily relate to the purchase of licences and software. In the first three quarters of 2020 amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 1.4 million.

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

In the first three quarters of 2020 the book value of property, plant and equipment of the Triglav Group decreased by EUR 1.9 million. In the first three quarters of 2020 Triglav Group acquired new property, plant and equipment worth EUR 1.5 million and sold it in the carrying amount of EUR 868 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 2 million.

In the reporting period, the book value of property, plant and equipment of Zavarovalnica Triglav decreased by EUR 512 thousand. In the first three quarters of 2020 Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 767 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 1.3 million.

#### **Investment property**

The book value of investment property of the Group decreased by EUR 430 thousand. In the reporting period, the Group purchased investment property in the amount of EUR 131 thousand and sold it in the carrying amount of EUR 198 thousand. In the first three quarters of 2020, depreciation of investment property of the Group amounted to EUR 349 thousand.

In the first three quarters of 2020 the book value of investment property of Zavarovalnica Triglav decreased by EUR 254 thousand. Zavarovalnica Triglav purchased new investment property worth EUR 82 thousand and sold it in the carrying amount of EUR 95 thousand. In the reporting period, depreciation of investment property amounted to EUR 241 thousand.

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

## Financial assets and unit-linked insurance assets

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

Triglav Group	in EUR			
	Carrying amount		Fair value	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Loans and deposits	102,226,784	112,578,151	102,843,134	111,869,033
Held to maturity	165,376,481	186,109,072	204,588,595	230,326,336
Available for sale	1,889,691,176	1,826,940,416	1,889,691,176	1,826,940,416
Investments recognised at fair value	462,845,985	614,403,313	462,845,985	614,403,313
Unit-linked insurance assets	408,911,889	482,031,288	409,052,659	482,136,908
<b>TOTAL</b>	<b>3,029,052,315</b>	<b>3,222,062,240</b>	<b>3,069,021,549</b>	<b>3,265,676,006</b>

Zavarovalnica Triglav	in EUR			
	Carrying amount		Fair value	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Loans and deposits	48,004,853	49,049,847	45,919,110	47,819,371
Held to maturity	143,781,852	150,469,553	180,971,131	192,128,559
Available for sale	1,431,200,930	1,382,802,069	1,431,200,930	1,382,802,069
Investments recognised at fair value	192,981,924	329,885,913	192,981,924	329,885,913
Unit-linked insurance assets	364,496,204	433,758,610	364,543,954	433,858,926
<b>TOTAL</b>	<b>2,180,465,763</b>	<b>2,345,965,992</b>	<b>2,215,617,049</b>	<b>2,386,494,838</b>

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

### Triglav Group

Values as at 31 March 2020	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	159,886,593	59,880,131	219,766,724
Debt instruments	6,457,618	165,376,481	1,729,804,583	402,519,411	2,304,158,093
Derivative financial instruments	0	0	0	446,443	446,443
Unit-linked financial assets	3,983,960	0	0	404,927,929	408,911,889
Loans	95,769,166	0	0	0	95,769,166
<b>Total</b>	<b>106,210,744</b>	<b>165,376,481</b>	<b>1,889,691,176</b>	<b>867,773,914</b>	<b>3,029,052,315</b>

Values as at 31 December 2019	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	152,784,122	57,120,147	209,904,269
Debt instruments	6,474,012	186,109,072	1,674,156,294	557,283,166	2,424,022,544
Derivative financial instruments	0	0	0	0	0
Unit-linked financial assets	3,926,047	0	0	478,105,241	482,031,288
Loans	106,104,139	0	0	0	106,104,139
<b>Total</b>	<b>116,504,198</b>	<b>186,109,072</b>	<b>1,826,940,416</b>	<b>1,092,508,554</b>	<b>3,222,062,240</b>

## Zavarovalnica Triglav

Values as at 31 March 2020	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	120,245,907	10,116,963	130,362,870
Debt instruments	6,408,193	143,781,852	1,310,955,023	182,418,518	1,643,563,586
Derivative financial instruments	0	0	0	446,443	446,443
Unit-linked financial assets	3,778,228	0	0	360,717,976	364,496,204
Loans	41,596,660	0	0	0	41,596,660
<b>Total</b>	<b>51,783,081</b>	<b>143,781,852</b>	<b>1,431,200,930</b>	<b>553,699,900</b>	<b>2,180,465,763</b>

Values as at 31 December 2019	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	108,786,034	695,915	109,481,949
Debt instruments	6,400,668	150,469,553	1,274,016,035	329,189,998	1,760,076,254
Derivative financial instruments	0	0	0	0	0
Unit-linked financial assets	3,722,735	0	0	430,035,875	433,758,610
Loans	42,649,179	0	0	0	42,649,179
<b>Total</b>	<b>52,772,582</b>	<b>150,469,553</b>	<b>1,382,802,069</b>	<b>759,921,788</b>	<b>2,345,965,992</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

As at 31 March 2020	in EUR			
	Level 1	Level 2	Level 3	Total
Equity securities	156,039,470	0	63,727,254	219,766,724
Debt securities	296,379,296	1,835,944,692	0	2,132,323,988
Derivative financial instruments	0	446,443	0	446,443
Unit-linked financial assets	352,309,049	52,599,386	19,494	404,927,929
<b>Total</b>	<b>804,727,815</b>	<b>1,888,990,521</b>	<b>63,746,748</b>	<b>2,757,465,084</b>

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

## Zavarovalnica Triglav

As at 31 March 2020	in EUR			
	Level 1	Level 2	Level 3	Total
Equity securities	72,586,449	0	57,776,421	130,362,870
Debt securities	234,462,974	1,258,910,567	0	1,493,373,541
Derivative financial instruments	0	446,443	0	446,443
Unit-linked financial assets	316,016,445	44,701,531	0	360,717,976
Investments in associates	0	0	31,554,025	31,554,025
<b>Total</b>	<b>623,065,868</b>	<b>1,304,058,541</b>	<b>89,330,446</b>	<b>2,016,454,855</b>

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

## Value assessment techniques and inputs used for measurement purposes

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value
<b>EXTERNAL APPRAISERS (market operator)</b>				
Debt securities - composite	Stochastic model, HW1f and HW2f network models	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, correlation matrix, volatility indices		Level 2
Debt securities– compound with exposure to stock markets	Stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, volatility indices		Level 2
Derivatives	Black-Scholes model	Index volatility		Level 2
<b>BLOOMBERG BVAL</b>				
Debt securities – companies, financial institutions and government	Cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		Level 2
<b>INTERNAL APPRAISERS</b>				
Debt securities - government	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	yield curve issued by Republic of Slovenia (Bloomberg ID: I259 Currency); credit spread between 0% and 0.63%	Level 2
Debt securities - companies and financial institutions	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	yield curve issued by Republic of Slovenia (Bloomberg ID: I259 Currency); credit spread between 0.42% and 3.98%	Level 2
Equity securities	Cash flow discounting	g (growth rate during constant growth period)	2%	Level 3
		EBIT margin (constant growth period)	35.00%	
	Discount rate	12.8% up to 70% for start ups		
	Lack of marketability discount	10%		
	NAV method	Real property price changes		
Market approach	MVIC/EBITDA			
Equity investment in associates	Equity method	Accumulated gains and losses		Level 3
Real property for own use	Income approach, market approach, analysis of the most economical use of development land	Capitalisation rate, market prices of comparable real property	7.5% - 15% depending on risk/location	Level 3
Investment property			Market values based on information available	

## Changes of Level 3 financial assets

	Triglav Group		Zavarovalnica Triglav	
	2020	2019	2020	2019
Opening balance as at 1 January	61,061,888	35,999,032	73,739,171	47,019,220
Purchases	2,760,918	17,323,114	15,786,780	14,261,941
Disposals	-574,239	-9,286,341	-574,239	-4,737,212
Revaluations through income statement	129,440	121,988	0	0
Revaluations through Equity	378,782	-139,830	378,734	-139,827
Transfers from Level 1 and Level 2	0	-23	0	0
Exchange rate difference	-10,041	-1,272	0	0
Closing balance as at 31 March	63,746,748	44,016,668	89,330,446	56,404,122

in EUR

The value of financial assets classified into Level 3 increased in the first three months of 2020 as a result of the payments into venture capital funds. The largest acquisition relates to the Infra Debt – Sub Fund 1 fund managed by Maeg in the amount of EUR 907 thousand. Disposals and revaluations are also mostly related to changes associated with venture capital funds. The largest repayment was from the AMC IV fund in the amount of EUR 461 thousand and the largest revaluation was related to the investment in ISF III fund in the amount of EUR 207 thousand.

The largest increase in assets classified into Level 3 at Zavarovalnica Triglav is the capital increase of ZTSR d.o.o., which is described in detail below.

### Impairments

In the first three months of 2020, the Triglav Group recognised EUR 168 thousand of losses due to permanent impairment of financial assets. The total amount of impairments was recognised at Zavarovalnica Triglav. No impairment losses were recognised among other fixed assets.

### Subordinated debt instruments

The Company did not issue any new debt securities in the period from 1 January to 31 March 2020. The same applies to other subsidiaries. In the reporting period, the issued ZT02 bond matured. The principal was paid to the bondholders in the amount of EUR 20.6 million.

### Contingent liabilities

No contingent liabilities in the form of a guarantee given were recognised in the first three months of 2020 by the Company. In off-balance sheet assets, only alternative investment assets were reduced by EUR 2.1 million. In the reporting period, no contingent liabilities for the guarantees given were created by any Group member.

### Distribution of accumulated profits

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

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

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

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

#### **Capital increase of ZTSR, d.o.o.**

Through in cash contribution of EUR 13.5 million, Zavarovalnica Triglav increased the capital of its associate ZTSR, d.o.o., thereby maintaining its 50% participating interest in said company.

#### **Acquisition of Diagnostični center Bled**

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



### 3.8 Related party transactions

#### Revenues of the Management and Supervisory Board

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

								in EUR
Name and surname	Fixed salaries (gross)	Other additional payments*	Bonuses	Net pay received	Insurance premiums**	Other benefits***	Reimbursements	
Andrej Slapar	46,188	0	0	13,726	15,415	3,371	469	
Uroš Ivanc	43,879	0	0	14,879	10,300	281	465	
Tadej Čoroli	43,879	0	0	14,161	10,285	1,969	220	
Barbara Smolnikar	43,879	0	0	14,241	10,153	1,969	220	
David Benedek****	43,879	620	0	14,844	9,978	2,719	177	
Marica Makoter	43,879	0	0	13,892	10,285	1,913	104	
<b>TOTAL</b>	<b>265,583</b>	<b>620</b>	<b>0</b>	<b>85,743</b>	<b>66,416</b>	<b>12,222</b>	<b>1,655</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 reporting period members of the Management Board did not receive any payments for their work in subsidiaries.

As at 31 March 2020 Zavarovalnica Triglav, d.d. had the following receivables from and liabilities to the Management Board members:

			in EUR
Name and surname	Receivables as at 31 March 2020	Liabilities as at 31 March 2020	
Andrej Slapar	0	124,590	
Uroš Ivanc	6	118,353	
Tadej Čoroli	30	118,353	
Barbara Smolnikar	14	94,695	
David Benedek****	0	32,017	
Marica Makoter	16	118,353	
Benjamin Jošar*****	0	8,223	
<b>TOTAL</b>	<b>66</b>	<b>614,584</b>	

\*\*\*\* David Benedek is Management Board member from 29 August 2019.

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

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

Name and surname	Compensation	Attendance fee	Reimbursements	in EUR	
				Total gross pay	Total net pay
Igor Stebernak	4,688	715	0	5,403	3,929
Andrej Andoljšek	4,000	1,595	0	5,595	4,069
Milan Tomažević	3,438	275	0	3,713	2,700
Žiga Škerjanec	3,750	2,035	0	5,785	4,207
Nataša Damjanovič	3,750	935	0	4,685	3,407
Mario Gobbo	3,438	495	5,546	9,479	6,244
Peter Celar	3,750	2,035	301	6,086	4,426
Branko Gorjan	3,125	275	0	3,400	2,473
Igor Zupan	3,125	495	0	3,620	2,633
Simon Kolenc*	1,250	275	59	1,584	1,152
Boštjan Koler*	757	1,320	0	2,077	1,511
<b>Total</b>	<b>35,071</b>	<b>10,450</b>	<b>5,906</b>	<b>51,427</b>	<b>36,751</b>

\* External committee member.

As at 31 March 2020 Zavarovalnica Triglav, d.d. had the following receivables from and liabilities to the Supervisory Board members and members of Committees:

Name and surname	in EUR	
	Receivables as at 31 March 2020	Liabilities as at 31 March 2020
Igor Stebernak	0	2,839
Andrej Andoljšek	0	2,275
Milan Tomažević	0	1,994
Žiga Škerjanec	0	2,370
Nataša Damjanovič	0	2,590
Mario Gobbo	0	5,335
Peter Celar	0	2,370
Branko Gorjan	0	1,838
Igor Zupan	0	2,058
Simon Kolenc*	0	900
Boštjan Koler	0	313
<b>TOTAL</b>	<b>0</b>	<b>24,882</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	
	31 March 2020	31 December 2019
<b>ASSETS</b>		
Right of use Asset	918,093	894,363
Shares	134,938,667	134,938,667
Debt securities and loans	7,670,793	8,205,916
Receivables from insurers	95,425	16,117
Premium receivable from re-insurance	8,412,853	2,658,012
Receivables from co-insurers' share in claim	0	2,207
Receivables from re-insurers' share in claim	5,435,707	6,516,400
Other short-term receivables from insurance operation	48,429	20,131
Short term receivables from financing	35,369	27,743
Other short-term receivables	686,295	787,779
Deferred short-term expenses of insurance contract acquisition	31,010	31,010
<b>LIABILITIES</b>		
Liabilities to policy holders	237	1,924
Liabilities to agents and brokers	402,898	389,637
Liabilities for co-insurance premiums	32,365	20,523
Liabilities for re-insurance premiums	14,965,396	8,769,818
Liabilities for re-insurers' share in claims	-2,014,851	488,063
Other short-term liabilities	106,815	348,599
Lease liabilities	931,394	905,208

	in EUR	
	Q1 2020	Q1 2019
<b>INCOME AND EXPENSES</b>		
Gross written premium and active reinsurance premium	12,867,196	5,777,711
Outward re-/co-insurance premium (-)	-28,426,166	-26,126,348
<b>Net premium income</b>	<b>-15,558,970</b>	<b>-20,348,637</b>
Reinsurance commission income	4,689,016	5,262,516
Other income from insurance operations	242,640	1,061,841
Interest income	77,242	126,836
Other insurance income	1,243,072	456,994
Income from land and buildings	173,809	196,116
Other income	100,055	81,612
Other income from financial assets	200	32
<b>TOTAL INCOME</b>	<b>-9,032,936</b>	<b>-13,162,690</b>
Gross claims settled	-2,134,993	989,182
Re-/co-insurers' share in gross claim	-4,933,801	-4,541,405
<b>Net claims</b>	<b>-7,068,794</b>	<b>-3,552,223</b>
Expenses for reinsurance premiums	1,581,080	468,904
Other financial expenses	6,346	17
Interest expenses	5,936	6,003
Depreciation of right of use assets	36,942	10,407
<b>TOTAL EXPENSES</b>	<b>-5,438,490</b>	<b>-3,066,892</b>

## Transactions with associates

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

	Triglav Group		Zavarovalnica Triglav		in EUR
	31 March 2020	31 December 2019	31 March 2020	31 December 2019	
<b>ASSETS</b>					
Shares	26,990,067	13,154,379	31,554,026	18,054,026	
Receivables from insurers	35,008	1,511	34,790	1,380	
Other short-term receivables	20,000	0	20,000	0	
<b>LIABILITIES</b>					
Liabilities to policy holders	27	27	0	0	
Liabilities to agents and brokers	0	5,902	0	5,421	
Other short - term liabilities	312	312	0	0	
Accrued expenses	1,606	1,182	0	0	

	Triglav Group		Zavarovalnica Triglav		in EUR
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	
Gross written premium	49,987	23,252	49,333	22,598	
<b>TOTAL INCOME</b>	<b>49,987</b>	<b>23,252</b>	<b>49,333</b>	<b>22,598</b>	
Gross claims settled	0	21,398	0	21,398	
Acquisition costs	1,076	1,210	0	0	
<b>TOTAL EXPENSES</b>	<b>1,076</b>	<b>22,608</b>	<b>0</b>	<b>21,398</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 31 March 2020 there were 45 of such companies; the list is published on the SDH website (<http://sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

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

	Triglav Group		Zavarovalnica Triglav	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	in EUR			
<b>ASSETS</b>				
Stakes and shares	14,293,086	8,963,246	14,173,944	17,747,194
Debt securities	107,519,096	98,462,080	78,374,672	75,690,601
Operating receivables	1,390	62,634	1,390	68,729
Re-insurance receivables	0	0	7,440	25,135
Other assets	8,390,444	4,809,284	0	0
<b>LIABILITIES</b>				
Operating liabilities	942,338	1,477,079	761,697	1,506,890
Re-insurance liabilities	0	0	5,232	9,840
	<b>Q1 2020</b>	<b>Q1 2019</b>	<b>Q1 2020</b>	<b>Q1 2019</b>
<b>INCOME</b>				
Gross written premium	4,302,361	6,079,743	4,346,285	6,189,947
Financial income	611,728	594,734	352,330	323,112
Other income	15,184	30,325	14,137	30,324
<b>EXPENSES</b>				
Gross claims settled	981,186	1,988,931	999,745	1,975,850
Financial expenses	241,661	86,796	185,827	41,227
Other expenses	2,781,671	3,115,248	1,635,542	2,194,802

### **3.9 Significant events after the reporting date**

During the period between the end of the reporting period and the date of approval of the financial statements, there were no adjusting events that would affect the consolidated and separate financial statements of Zavarovalnica Triglav for the period from 1 January to 31 March 2020.

The COVID-19 pandemic is a non-adjusting event after the reporting period. The Company assessed the impact of the event on assets and liabilities. Financial assets, insurance and financial liabilities were restated. The restatements showed that there were no significant changes in the statement of financial position of Zavarovalnica Triglav and the Triglav Group during the reporting period.

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