



Zavarovalnica Triglav d.d.
Miklošičeva 19, 1000 Ljubljana

triglav

www.triglav.eu
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Unaudited Interim Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2018 to 30 June 2018

MANAGEMENT BOARD:

President: Andrej Slapar

Members: Uroš Ivanc

Tadej Čoroli

Barbara Smolnikar

Marica Makoter

Ljubljana, August 2018

Credit rating

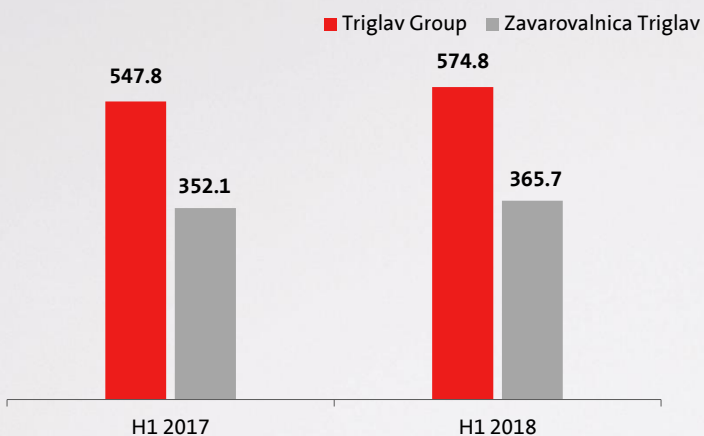
"A"

of the Triglav Group
with a stable
medium-term
outlook

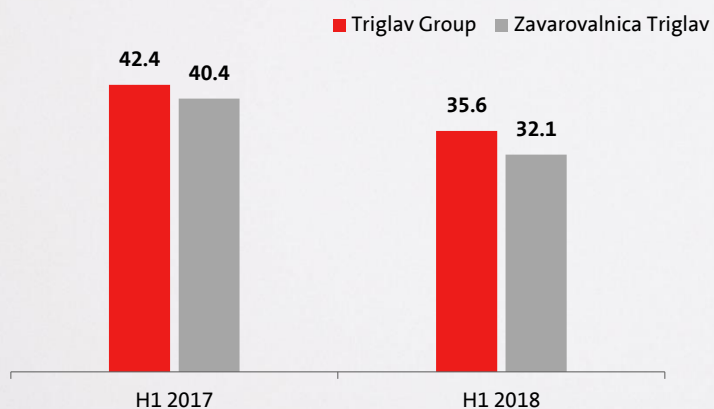
EUR 2,5

dividend per share

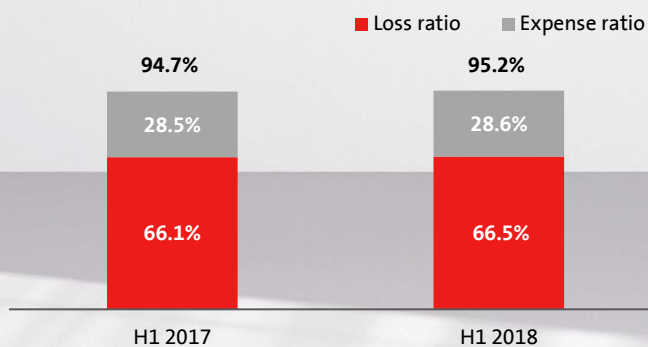
Gross written premium for insurance, co-insurance and reinsurance contracts in EUR million



Net profit before tax in EUR million



Combined ratio of the Triglav Group



Dear shareholders, business partner and colleagues,



In the first half of 2018, we continued to operate profitably and performed the activities aimed at implementing the guidelines of the Triglav Group Strategy. We are satisfied with the results. Premium growth was recorded in all insurance markets and all three insurance segments of the Group, in addition to increasing the volume of assets under management. Our result was also influenced by two other factors: the occurrence of major CAT events and lower returns on financial investments. In the reporting period, the Triglav Group generated a consolidated profit before tax of EUR 35.6 million (index 84). Considering the business conditions anticipated until the end of the year, it is estimated that the annual profit before tax of the Group will be within the planned range.

Our insurance business performed well. The Group booked 5% higher consolidated gross written premium (EUR 574.8 million). Its average growth on the Slovene market was 4% and on the markets outside of Slovenia it stood at 7%. We continued to increase the share of the premium written outside of Slovenia, raising it by 0.4 percentage point to 18.1%. In terms of individual insurance segments, a 6% premium growth was seen in non-life insurance, a 0.3% growth in life insurance and an 8% growth in health insurance. Premium growth was connected to higher insurance business operating expenses (index 105), primarily to acquisition costs.

Claims are an integral part of our business, with clients being at the centre of our activities. The long-term security of clients is guaranteed by the Group's capital strength, prudent formation of insurance technical provisions and good reinsurance protection. The Group's operations are affected by major CAT events with their varying severity and frequency. In the second quarter of 2018, floods, hail, storms and spring frost in Slovenia and Macedonia caused over EUR 21 million in claims, which will be paid to clients. As the result, gross claims from non-life insurance rose by 9%. In spite of that, the combined ratio of the Group was favourable at 95.2% as at the reporting date.

As at 30 June 2018, the Group's financial investments totalled EUR 3.1 billion. As expected given the last year's one-off events, return on investments (excluding unit-linked life insurance contract investments) dropped by 30% compared to the respective period of 2017.

In 2018, we continue with the consistent implementation of all guidelines of the Strategy. Among them are greater visibility of the Group as the leading asset manager in our markets and increased volume of assets under management. In this context, we are actively seeking the possibilities to consolidate asset management companies and the portfolios of pension companies in our markets. This year's acquisition of Raiffeisen Mirovinsko osiguravajuće društvo in the Croatian pension insurance market is related thereto.

I believe that the energy, expertise and engagement of our team of over 5 thousand colleagues are a good basis to effectively achieve our vision. We have a clear vision and have set out on a path to become a modern, innovative and dynamic insurance/financial group, which will firmly remain the leader both in Slovenia and the wider region.

Andrej Slapar

President of the Management Board of Zavarovalnica Triglav

A stylized handwritten signature in blue ink, consisting of a large initial 'S' followed by a series of loops and a long horizontal stroke.

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BUSINESS REPORT

1. Financial highlights in the first half of 2018

1.1 Performance of the Triglav Group

	in EUR million		
	H1 2018	H1 2017	Index 2018/2017
Gross written premium from insurance, co-insurance and reinsurance contracts	574.8	547.8	105
Net premium income	465.9	440.0	106
Gross claims paid*	326.8	314.2	104
Net claims incurred	324.8	312.4	104
Insurance business gross operating costs	128.1	122.5	105
Profit before tax	35.6	42.4	84
Net profit	30.0	36.1	83
Net profit attributable to the controlling company	29.7	35.7	83
	30 June 2018	31 December 2017	Index 2018/2017
Insurance technical provisions as at	2,846.2	2,732.2	104
Equity as at	719.3	756.6	95
Equity attributable to the controlling company as at	712.4	749.8	95
Number of employees as at	5,158	5,151	100

*Gross claims paid include gross claims paid from inward reinsurance

Key performance indicators of the Triglav Group

	H1 2018	H1 2017
ROE annualised	8.4%	10.2%
Loss ratio	66.5%	66.1%
Expense ratio*	28.6%	28.5%
Combined ratio*	95.2%	94.7%
Ratio between gross operating costs and gross written premium	22.3%	22.4%

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

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

	in EUR million		
	H1 2018	H1 2017	Index 2018/2017
Gross written premium from insurance, co-insurance and reinsurance contracts	365.7	352.1	104
Net premium income	273.8	260.6	105
Gross claims paid*	203.9	200.7	102
Net claims incurred	194.9	192.3	101
Gross operating costs	87.1	84.5	103
Profit before tax	32.1	40.4	79
Net profit	27.2	35.1	77
	30 June 2018	31 December 2017	Index 2018/2017
Insurance technical provisions as at	2,172.9	2,103.4	103
Equity as at	532.6	571.4	93
Number of employees as at	2,283	2,285	100

*Gross claims paid include gross claims paid from inward reinsurance

Key performance indicators of Zavarovalnica Triglav

	H1 2018	H1 2017
ROE annualised	10.2%	13.2%
Loss ratio	62.1%	62.1%
Expense ratio*	29.7%	28.2%
Combined ratio*	91.9%	90.3%
Ratio between gross operating costs and gross written premium	23.8%	24.0%

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

1.3 Activities, markets and position of the Triglav Group

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

The Group's key business pillars:



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

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

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

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

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

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

1.4 Composition of the Triglav Group

The Triglav Group as at 30 June 2018

Controlling company: ▪ Zavarovalnica Triglav d.d.

Subsidiaries of the Triglav Group:

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

**Associated companies
of the Triglav Group:**

- | |
|------------------------------------------------------------------------------------|
| ▪ Triglav Savjetovanje d.o.o., Sarajevo |
| ▪ Triglav Avtoservis, družba za storitve in trgovino d.o.o. |
| ▪ Triglav, Upravljanje nepremičnin d.d. |
| ▪ Golf Arboretum d.o.o. |
| ▪ AKM nepremičnine d.o.o. |
| ▪ Triglav, upravljanje nekretninama d.o.o., Zagreb |
| ▪ Triglav, upravljanje nekretninama d.o.o., Podgorica |
| ▪ Hotel Grad Podvin d.d. |
| ▪ Vse bo v redu, Zavod Zavarovalnice Triglav za družbeno odgovorne Aktivnosti |
| ▪ Triglavko, zavarovalno zastopniška družba d.o.o. |
| ▪ TRIGAL d.o.o. |
| ▪ Nama trgovsko podjetje d.d. |
| ▪ IF Prof Plus d.d. |
| ▪ Društvo za upravljanje Evropskim dobrovoljnim penzijskim fondom a.d., Banja Luka |
| ▪ Nacionalni biro osiguravača Crne Gore |

Changes in the Triglav Group in the first six months of 2018:

- Triglav INT acquired a 0.21% equity stake from non-controlling interest holders of Triglav Osiguruvanje a.d., Skopje, thereby becoming its 80.15% owner. The purchase price equalled MAK 1,887,777 or EUR 30,647.
- Due to an exclusion of a shareholder, the share capital of Golf Arboretum d.o.o. decreased by EUR 4,966. As a result, other shareholdings proportionately increased. Triglav, Upravljanje nepremičnin d.d. thereby became a 80.73% owner of the said company.
- By paying in EUR 4,586,808, Zavarovalnica Triglav increased the share capital of Triglav d.o.o. and thus remained a 49.9% owner of the company.
- On 24 April 2018, Triglav INT d.d., signed an agreement with Raiffeisen Bank Austria d.d., Zagreb to purchase a 74.99% stake in the Croatian pension insurance company Raiffeisen Mirovinsko osiguravajuće društvo. The agreement was signed under suspensive conditions, under which the approval of the regulators is required.
- Zavarovalnica Triglav provided additional capital to its subsidiary Triglav INT. The share capital was paid in by the in-cash contribution of EUR 4,000,000 and financed through a debt to equity swap transaction of EUR 5,170,729.
- Lovćen Osiguranje a.d. increased its equity stake in its subsidiary Lovćen životna osiguranja, a.d. in the amount of EUR 300,000, thus remaining a 100% owner of the said company.
- On 29 June 2018, Lovćen Auto a.d. changed its legal form from a.d. (public limited company) to d.o.o. (limited liability company).

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

1.5 Strategy and implementation of strategic objectives in H1 2018

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

Mission, values and vision of the Triglav Group

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

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

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

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

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

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

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

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

The Triglav Group in the region and beyond

The Group remains present in six countries of South-East Europe, where it will grow organically, however potential takeovers are not ruled out should an appropriate opportunity arise. In the region where the Group operates, a long-term accelerated growth of insurance markets is expected, resulting in a higher share of total written premium on the markets outside Slovenia.

The Group will continue to develop the markets in the region, primarily investing in those insurance segments where the highest growth rates are expected (life, health and pension insurance). Digital and other new business models will be developed, which will enable the Group to enter the markets outside the existing region. The Group will build strategic partnerships with the companies whose activities complement its business model.

Optimal organisational structure of the Triglav Group

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

Information about the implementation of the Triglav Group Strategy for the 2017–2020 Period at the end of H1 2018

In 2018, the Group has continued with the consistent implementation of the activities aimed at achieving the five guidelines of the Strategy. Some activities were carried out in order to continue the work started in previous years, while others were boldly set anew. Tangible results were achieved in some areas, whereas in relation to more extensive projects quality foundations for further work were laid.

1. Profitable operations and greater value of the Group

- In the reporting period, the Triglav Group generated a profit before tax of EUR 35.6 million.
- The increased volume of operations was seen in all business segments of the Group.

2. Efficient asset management

- The new IT system, which was implemented in 2017 so as to achieve better asset-liability and capital management of the Group, was further upgraded.
 - The activities aimed at increasing the volume of assets under management continued and asset management was further centralised, thereby improving the cost-effectiveness of this business segment at the Group level.
 - Active monitoring of the possibility to further consolidate the portfolios of pension companies and asset management companies was performed in the target markets of the Group, as well as the activities aimed at increasing the visibility of the Group as the leading asset manager in these markets. Through the acquisition of Raiffeisen Mirovinsko osiguravajuće društvo, the Group is able to enter the Croatian pension insurance market and thus expand its operations and strengthen its position in this market.
 - The regional platform for alternative investments (Trigal), which was established in 2017, was further developed and the processes for investing in alternative investments were upgraded.
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3. Comprehensive client relationships

- Adaptation of the management of all six segments of the Group's business (non-life, life, health and pension insurance, reinsurance and asset management).
 - Aimed at implementing the clients' omni-channel approach to the Group's services and products, online and mobile sale continued to be developed while other alternative sales channels (banks, travel agencies and leasing houses) were further strengthened. Products for online and banking sale continued to be adapted because they are becoming an increasingly important sales channel in all markets outside of Slovenia.
 - In 2018, the improved client relationship management system was launched; further upgrades of the system are planned.
 - In the first half of 2018, the activities aimed at upgrading the existing products and developing new, more flexible and understandable products were carried out:
 - In the Slovene Market: In cooperation with Abanka, a new single premium unit-linked life insurance product Abagarant was developed; in a co-insurance partnership, broader legal expense insurance was provided; the bonus system for small entrepreneurs Triglav podjetniški paket (Triglav entrepreneurial package) was provided and a new property insurance product for small and micro enterprises was designed in the context thereof; development of new health insurance products (critical illness insurance, short-term care insurance, surgery insurance, medical advice); redesign of second medical opinion insurance; upgrade of motor vehicle and agricultural insurance products; simplification of accident insurance for children and young people; an expanded range of personal protection insurance products; more flexible whole life insurance; redesign of loan protection life insurance, i.fleks unit-linked life insurance and voluntary pension insurance.
 - In the markets outside of Slovenia: In 2018 in all countries where the Group operates, the focus has been not only on the development and sale of health insurance products but also on the strengthening of cooperation with healthcare service providers. Entering into innovative partnerships (especially the loyalty programmes) and strengthening cross selling was adapted to specific markets; the development of the inward reinsurance programme and the provision of fronting services as well as the redesign of some products and the launch of new ones.
 - In 2018, the upgrading of products with assistance services has continued (Asistenca po poškodbi (assistance after suffering an injury), Specialisti Nezgoda (specialists – accident)), while new services have been developed (the new assistance application ASAP for health insurance). In 2017, roadside assistance was launched in all markets, in addition to other services in some markets, which were adapted to the specific markets of the Group.
 - The digital transformation of the Group continued. Throughout the strategy period, numerous activities aimed at modernising and optimising the insurance underwriting, insurance processing and claim settlement processes are carried out, in addition to the digitisation and automation of other business processes by introducing paperless, mobile and simple operations both with clients and partners. In 2018, the i.triglav web office continues to be upgraded and expanded with redesigned and new products and services; in the life insurance segment in the Slovene market, a fully electronic claim file was introduced and the electronic document archiving system was upgraded; in the non-life insurance segment, the possibility of cloud-based digital signatures was implemented; an application to optimise the process for issuing life insurance policies was developed; a module for improved e-enforcement management was implemented. Special attention continues to be paid to claim settlement and subrogation recovery by expanding the range of claims settled exclusively electronically and reported via a mobile application, in addition to requesting assistance services. In 2018 in the markets outside of Slovenia, the functionality for cooperation with external legal entities (B2B) and online solutions for
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natural persons (C2B) were upgraded in several insurance subsidiaries; furthermore, the phase of launching the application that allows online insurance underwriting in all subsidiaries was completed.

- In 2018, compliance with the requirements of the General Data Protection Regulation (GDPR) was ensured (upgrading of information systems by obtaining consent to personal data processing, anonymising non-production personal data and monitoring each and every access to the personal data), as well as with other European directives in the field of insurance.
- The interdisciplinary activities are implemented so as to achieve synergies in different areas of the Group. When developing services and processes, solutions and good practices are transferred to the Group members and adapted to the specificities of each market.
- Having completed the development of a business model for the digital entry of the Group into the selected markets outside the region, the focus now is on designing new business models and building partnerships, which could benefit the operations of the Group. In June this year, the Group thus entered the Greek motor vehicle insurance market in cooperation with the reinsurance and local Greek partner.

4. Transformation of operations

- The aim of aligning external data sources with internal data is to achieve greater transparency of operations, their optimisation and, above all, better knowing of clients. For this purpose, the Business Intelligence (BI) Department was established in 2017, which is in charge of the data warehouse, the reporting system and analytical support to business decisions.
- The geographical information system of the parent company, which is integrated into the risk underwriting, reinsurance and claim settlement processes, was upgraded in 2017 and the construction of the data warehouse in the parent company was completed. In 2018, the latter has started to be expanded to the Group level (the implementation of the daily data transfer, the transfer of reporting systems); moreover, ad hoc analytics continues to be developed. In 2018, the revised client satisfaction and loyalty measurement and in-depth client analyses are used when making business decisions.
- In 2018, the planned activities were implemented with the aim of establishing centralised management of information technology and increasing the centralisation of infrastructure and central services, all with a view to achieving internal synergies within the Group. This involves a set of activities for the creation of a platform for easier digitisation of operations and integration with business partners, the use of data sources in order to optimise the operations and a gradual transfer of most services of the Group members to the centralised IT infrastructure of the parent company. In 2018, the latter was upgraded and optimised, which is the basis for further centralisation of subsidiaries at the central location and the use of highly reliable information solutions and advanced information security mechanisms in all Group members. In 2018, the unified support information systems and standardised solutions tailored to the Group continue to be implemented and upgraded.
- In 2018, the activities aimed at raising information security maturity within the Triglav Group continue (additional equipment and security systems) and additional measures are implemented to facilitate the detection of security incidents.

5. Development of a modern culture and dedicated staff

- In 2018 in the context of the project of renewing the organisational culture of the Triglav Group, the target organisational culture of the Triglav Group was clearly defined based on the analysis of the existing organisational culture and organisational vitality performed in 2017 in all Group members. In addition, the measures for implementing changes and improvements at the level of each Group member, individual manager and each employee
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were adopted. These measures are being systematically implemented, individual manager and each employee were set out. These measures are being systematically implemented.

1.6 Significant events in the reporting period

Significant events in the reporting period were the following:

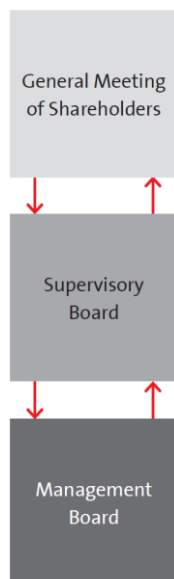
- At its session, held on 29 March 2018, the Supervisory Board approved the proposal of the Management Board to amend the capital management policy of the Triglav Group as well as the dividend policy as its part. Dividend policy is discussed in greater detail in Section 3.5 *Dividend policy*.
- With the acquisition of the Croatian pension insurer Raiffeisen Mirovinsko osiguravajuće društvo, the Triglav Group entered the Croatian pension insurance market, strengthened its presence and its position on the Croatian insurance market in line with the growth and development strategy of the Triglav Group (see *Section Changes to the Triglav Group composition* for more details).
- The 43rd General Meeting of Shareholders of Zavarovalnica Triglav was held on 29 May 2018. At the meeting, the shareholders:
 - adopted a resolution on the distribution of accumulated profits for 2018;
 - granted a discharge for the business year 2017 to both the Management and the Supervisory Board of Zavarovalnica Triglav;See Section 2.2.1 *General Meetings of Shareholders in the first half of 2018* for more details.
- The sale of equity stakes in Geoplin d.o.o. and Plinhold d.o.o. is completed. On 26 July 2017, the agreement was concluded between PETROL d.d. and the Republic of Slovenia, represented by Slovenski državni holding, d.d. The total purchase price amounted to EUR 14.5 million.

2. Governance of the Triglav Group

2.1 Governance of Zavarovalnica Triglav d.d.

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

Two tier governance of Zavarovalnica Triglav



2.2 General Meeting of Shareholders

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

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

2.2.1 General Meeting of Shareholders in the first half of 2018

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

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

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

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

2.3 Management Board

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

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

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

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

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

2.3.1 Introducing the Management Board

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

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

2.4 Supervisory Board

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

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

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

2.4.1 Composition of the Supervisory Board

Composition of the Supervisory Board as at 30 June 2018:

- Shareholder representatives:
 - Igor Stebernak, Chairman,

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

3. The share and the shareholders of Zavarovalnica Triglav

3.1 The share of Zavarovalnica Triglav

In H1 2018, in **terms of liquidity**, the ZVTG share **remains one of the most traded shares on the Ljubljana Stock Exchange**. A share of 14% of the turnover in shares on the Ljubljana Stock Exchange was accounted for by the ZVTG share. The average daily trading volume of ZVTG shares was EUR 213 thousand, which was 28% more than the 2017 average (EUR 166 thousand) and 15% more than the average in the respective period of 2017 (EUR 185 thousand). In terms of market capitalisation, Zavarovalnica Triglav was third largest listed Slovene company with EUR 687 million.

Key figures for the shares of Zavarovalnica Triglav in H1 2018 (in EUR)

Items	
Maximum closing price	34.50
Minimum closing price	29.10
Closing price	30.20
Book value per share (parent company)*	23.43
Book value per share (consolidated data)*	31.33
Net earnings per share (consolidated data)**	1.32
Market capitalisation	686,601,470
Average daily trading volume	213,051
No. of shares	22,735,148
The percentage of floating stock***	31.8%
Traded on	Ljubljana Stock Exchange - LJSE
ISIN code	SI0021111651
Ticker symbol	ZVTG
Bloomberg	ZVTG SV
Reuters	ZVTG.LJ
Credit rating (S&P Global Ratings, AM Best)	A, stable medium-term outlook

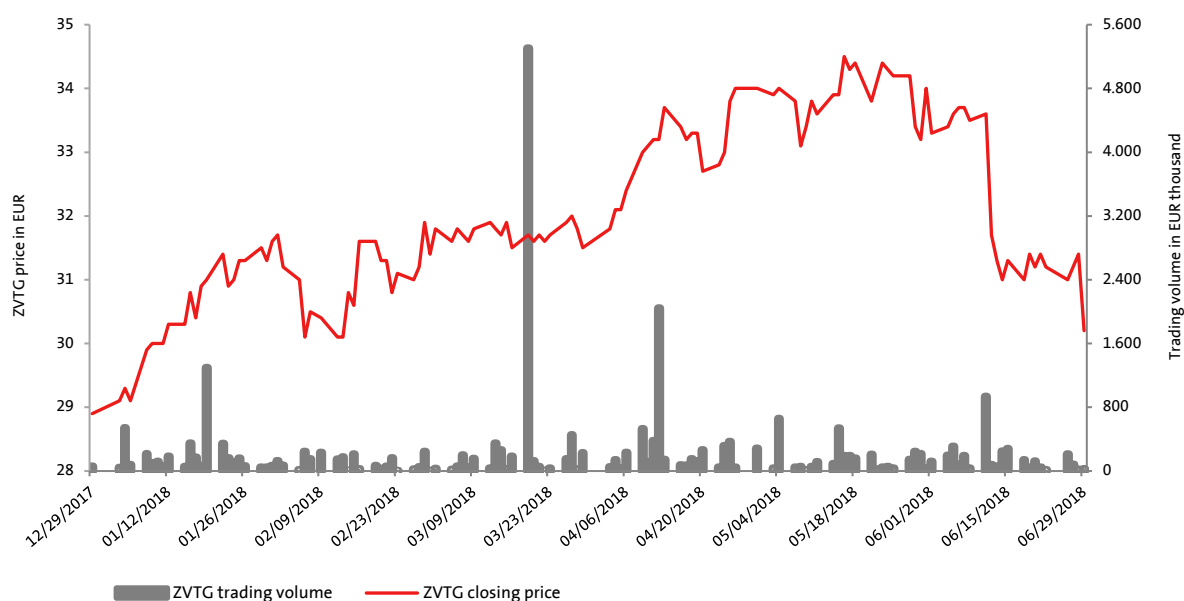
*In calculating the book value per share (parent company), the equity of Zavarovalnica Triglav and the number of shares as at the reporting date were taken into account, whilst in calculating the book value per share (consolidated data), the equity attributable to the controlling company and the number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

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

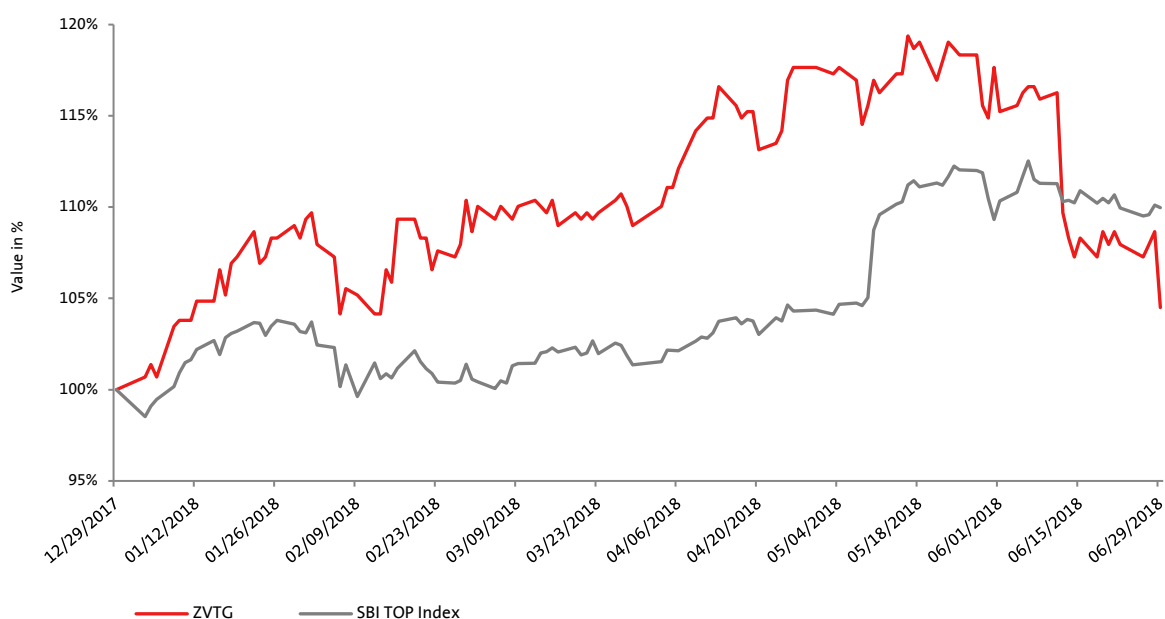
***The shares held by shareholders with a 5% or higher stake are deducted from the total number of shares.

Positive trends continued on the Ljubljana Stock Exchange in the first six months of 2018 with a SBI TOP Index growth of 10%. As shown in the figure graph below, further rise in the ZVTG share price was seen. On 11 June 2018, its growth reached 16%. As expected, the share price went down by 5.7% on the day after, when holding the share no longer meant being entitled to the dividend payment for 2017. In the reporting period, **the ZVTG share price saw a growth of 4.5%**, whilst the **dividend yield of the ZVTG share** stood at 7.4% as at 11 June 2018.

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



Movements in the ZVTG share price and in the value of the SBI TOP Index in H1 2018 (starting date 31 December 2017 = 100)



3.2 Equity

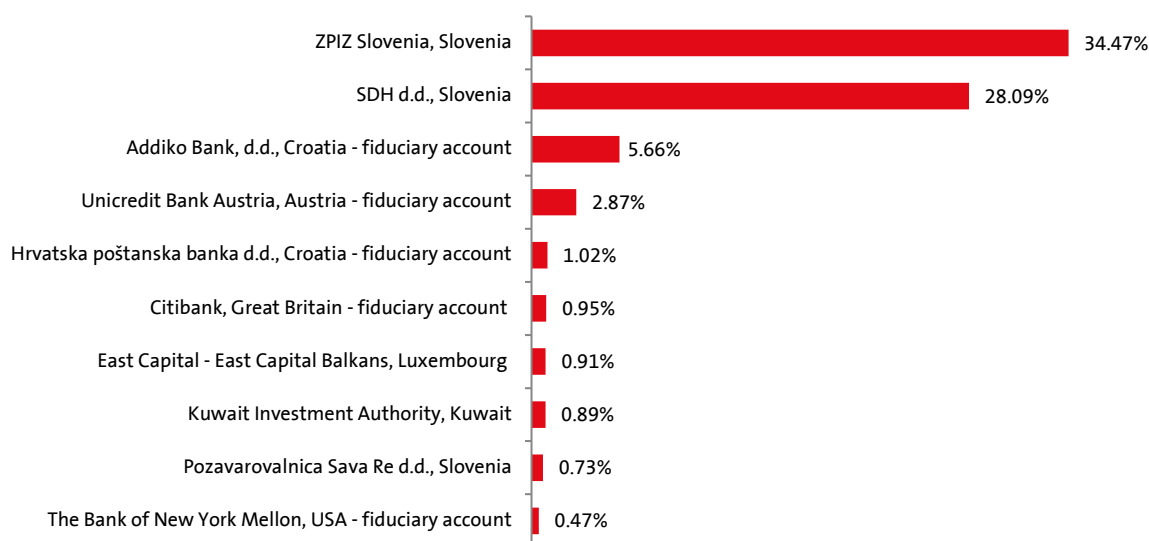
As at 30 June 2018, the share capital of Zavarovalnica Triglav remained at the 2017 level and stood at EUR 73,701,391.79. It was divided into 22,735,148 ordinary registered no-par value shares. All the shares of Zavarovalnica Triglav are of the same class, freely transferable and issued in a dematerialised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

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

3.3 Shareholder structure

Compared to the 2017 year-end, the structure of **top ten shareholders** did not significantly change, accounting for 76.1%, which was 0.6 percentage point less than as at the 2017 year-end. The top two shareholders maintained their stakes unchanged, whereas Addiko bank, Croatia – fiduciary account, the third top shareholder, decreased its stake by 0.7 percentage point to 5.7%. In 2018, Citibank, Great Britain – fiduciary account, increased its stake by 0.8 percentage point to 0.9% and thereby joined the top ten shareholders.

The top ten shareholders of Zavarovalnica Triglav as at 30 June 2018 (share in %)



As at the reporting date, Zavarovalnica Triglav had **14,254 shareholders** from 37 countries, the bulk from Slovenia (14,297 as at 31 December 2017). In relation to shareholder country and legal status, the shareholder structure did not see any significant changes in 2018. The equity stakes of international shareholders remained at around 18%.

Shareholder structure of Zavarovalnica Triglav as at 30 June 2018

	Total	Domestic	Foreign	Legal entities	Individuals
Number of shares	22,735,148	18,733,902	4,001,246	20,272,019	2,463,129
Number of shareholders	14,254	13,577	677	495	13,759
Number of shares - percentage	100.0%	82.40%	17.60%	89.17%	10.83%
Number of shareholders - percentage	100.0%	95.25%	4.75%	3.47%	96.53%

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

3.4 Credit rating

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

3.5 Dividend policy

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

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

The capital management strategic objectives and the dividend policy criteria

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

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

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

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

The economic activity in the developed world is slowing down. Following the increased insecurity, transitional factors and a lesser momentum in international trade, the euro area recorded a lower but still solid growth. Private consumption is supported by the increased employment and the greater purchasing power of population, while investment consumption is driven by the high profitability of enterprises, favourable financing and strong demand. Relatively favourable conditions remain in international trade.

According to the most recent published indicators, the growth of the Slovene economy is slightly slowing down. It is still broad-based and increasingly driven by domestic consumption. In its most recent May report, the European Commission forecasts the economic growth of 4.7% for Slovenia and 2.3% for the euro area, while inflation remains at a relatively low level at 1.9% and 1.5% respectively.

The first half of 2018 was quite turbulent for the financial markets. Following the increasingly higher uncertainty about the normalisation of the growth of the global economy, the increased risk of the consequences of trade wars and geopolitical tensions, the second quarter was further marked by the political instability in Italy, a further increase in interest rates by the FED and the announcement of the ECB to end its net asset purchases. The resulting situation began driving investors to safer investments. Compared to the beginning of the year, the return on the 10-year German government bond fell by 0.12 percentage point, ending the reporting period at only 0.30%. Apart from a few exceptions, a similar dynamics was seen in most other bonds of the euro area. Much attention was attracted by Italian bonds. The uncertainty surrounding the formation of the Italian Government caused the return on the 10-year Italian government bond to climb to over 3% in May, followed by only a slight decline, ending the reporting period at 2.67%, which is 0.66 percentage point higher than at the beginning of the year. The return on the Slovene government bond also increased slightly, ending the reporting period at 1%.

After a significant fall in early 2018, global stock indexes recorded growth; however, both the European EURO STOXX 50 Index and the Japanese Nikkei Index fell compared to the beginning of the year, whereas the American S&P 500 slightly grew. In the first half of 2018, the Slovene SBI TOP Index rose by as much as 10%.

The reporting period saw several major CAT events in the amount of EUR 21.1 million, which impacted the Group's performance. In early May, hail and floods in Eastern Slovenia caused EUR 3.0 million in claims. The June storms with hail (3 loss events) resulted in claims of EUR 16.9 million. In early June, storms with hail caused EUR 2.6 million in claims in North-Eastern Slovenia. On 8 June 2018, Bela Krajina and North-Eastern Slovenia were hit by hail, causing damages of EUR 13.2 million, whereas in mid-June the Zasavje region and its surroundings reported claims of EUR 1.2 million. In Macedonia, the April frost caused damages in the amount of EUR 400 thousand, whilst due to the May and June floods claims totalled EUR 760 thousand.

4.2 The insurance market and the position of the Group members in the first half of 2018

There were 14 insurance companies, 4 foreign branch offices and 2 reinsurance companies active in the **Slovene insurance market**, all members of the Slovenian Insurance Association (hereinafter: SZZ).

In the reporting period, the insurance companies recorded gross written premium amounting to EUR 1,251.3 million, **up by 6.4%**. **Non-life insurance** grew by 5.7% and accounted for 71.6% of total premium. Excluding health insurance, non-life insurance premium growth would be 5.3%, as health insurance premium growth of 6.7% was slightly higher. Non-life insurance premiums increased foremost as a result of higher other damage to property insurance, comprehensive car insurance and health insurance. **Life insurance** premium grew by 8.0%.

The Slovene insurance market continues to be characterised by a high degree of concentration as the four major insurance companies controlled 71.8% of the market. With a market share of 29.2%, **Zavarovalnica Triglav** maintained the leading position (29.9% in the respective period of 2017). The second largest market share was held by Zavarovalnica Sava, a company 1.6 times smaller. With a 36.1% market share on the Slovene insurance market, the **Triglav Group** (parent company, Triglav, Zdravstvena zavarovalnica and Skupna pokojninska družba) decreased its market share by 0.5 percentage point over the corresponding period in the preceding year.

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

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

- non-life insurance (excluding health insurance): 44.5% (an increase of 0.3 percentage point);
- life insurance: 29.3% (a decrease of 2.4 percentage points);
- health insurance: 25.7% (an increase of 0.3 percentage point).

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

- non-life insurance: 31.0% (an increase of 0.1 percentage point);
- life insurance: 24.6% (a decrease of 2.6 percentage points).

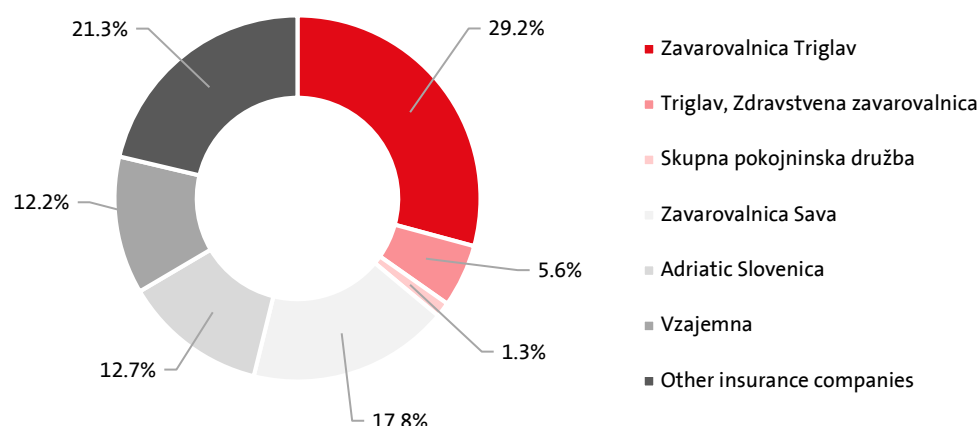
The market share of **Triglav, Zdravstvena zavarovalnica**:

- health insurance: 25.6% (an increase of 0.3 percentage point).

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

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

The market share of insurance companies in Slovenia as at 30 June 2018



Source: Slovenian Insurance Association

Market share and market rank trends of the Triglav Group markets in H1 2018

Market	Market share		Market share trend	Ranked in 2018	Ranked in 2017
Slovenia	36.1%	↓	-0.5-percentage point	1	1
Croatia	4.7%	↓	-0.1-percentage point	8	8
Serbia**	5.9%	↑	+0.2-percentage point	5	5
Montenegro	38.2%	↓	-0.9-percentage point	1	1
Bosnia and Herzegovina***	7.8%	○	0.0-percentage point	5	4
- Federation of BiH	9.2%	↓	-0.1-percentage point	7	6
- Republic of Srpska*/***	5.3%	↑	+0.1-percentage point	7	7
Macedonia**	16.6%	↑	+1.0-percentage point	1	1

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

**Data from January to March 2018

***Data from January to December 2017

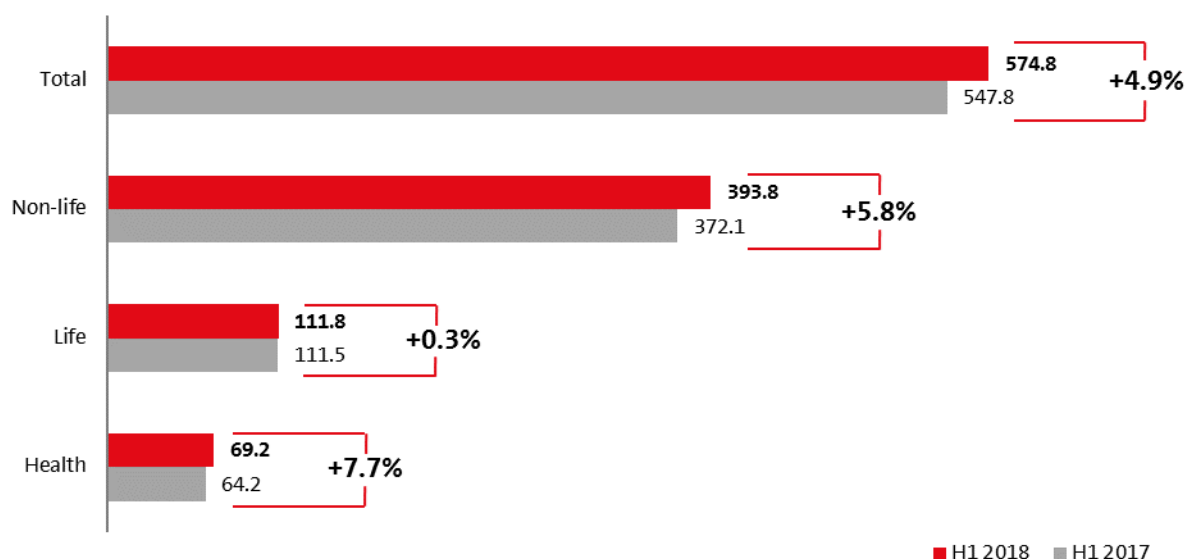
4.3 Gross written insurance, co-insurance and reinsurance premiums

The Triglav Group increased the volume of consolidated gross written insurance, co-insurance and reinsurance premiums by 5%. Written premium totalled EUR 574.8 million. Premium by segment:

- **non-life insurance:** EUR 393.8 million, index 106;
- **life insurance:** EUR 111.8 million, index 100;
- **health insurance:** EUR 69.2 million, index 108.

The Triglav Group recorded a 5% growth in gross written insurance, co-insurance and reinsurance premiums.

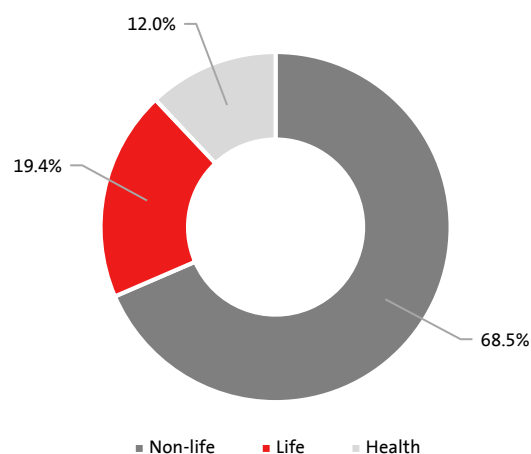
Consolidated gross written insurance, co-insurance and reinsurance premiums in H1 2018 compared to H1 2017



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

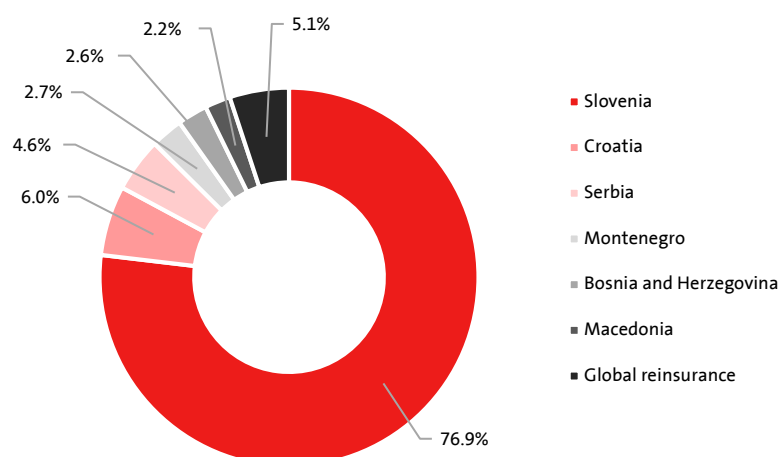
- non-life insurance accounted for 68.5% (H1 2017: 67.9%);
- life insurance accounted for 19.4% (H1 2017: 20.4%); and
- health insurance for 12.0% (H1 2017: 11.7%).

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



The share of the insurance premium written on the markets outside of Slovenia has been gradually increasing and was up by 0.4 percentage point compared to the same period of the previous year. A total of 76.9% of consolidated gross written premium was charged in the Slovene insurance market, 18.1% of the premium was booked in the markets outside of Slovenia, while global reinsurance premium accounted for 5.1% of written premium.

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



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

Country	Gross written premium		Index	Structure	
	H1 2018	H1 2017	H1 2018/ H1 2017	H1 2018	H1 2017
Slovenia	441,857,791	423,226,693	104	76.9%	77.3%
Croatia	34,274,724	31,979,518	107	6.0%	5.8%
Serbia	26,466,346	22,859,867	116	4.6%	4.2%
Montenegro	15,775,815	15,638,048	101	2.7%	2.9%
Bosnia and Herzegovina	14,734,120	14,393,013	102	2.6%	2.6%
Macedonia	12,545,244	11,729,054	107	2.2%	2.1%
Global reinsurance	29,125,798	27,956,014	104	5.1%	5.1%
Total	574,779,838	547,782,207	105	100.0%	100.0%

Premium growth was recorded in all insurance markets (see the overview by insurance subsidiary below). The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) booked EUR 555.7 million in non-consolidated gross written premium, up by 5% compared to the same period last year.

Pozavarovalnica Triglav Re posted a total of EUR 74.4 million in gross written reinsurance premium, up by 3% compared to the year before. In the operations outside of the Triglav Group, a 7% growth was achieved by concluding new contracts, the highest in the markets of the Central Europe (Czech Republic, Poland, Austria), Benelux, Great Britain and South America. Transactions with the Triglav Group experienced a 1% premium growth.

Gross written insurance, co-insurance and reinsurance premiums in H1 2018 by insurance company of the Triglav Group

Insurance company	Gross written premium			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	H1 2018
Zavarovalnica Triglav*	278,157,299	87,490,316	365,647,615	106	98	104	65.8%
Triglav, Zdravstvena zavarovalnica	69,619,142	0	69,619,142	108	0	108	12.5%
Skupna pokojninska družba	0	16,576,219	16,576,219	0	113	113	3.0%
Triglav Osiguranje, Zagreb	30,427,156	3,849,769	34,276,925	108	100	107	6.2%
Triglav Osiguranje, Belgrade	24,362,527	2,104,175	26,466,702	115	123	116	4.8%
Lovćen Osiguranje, Podgorica	14,896,424	0	14,896,424	99	0	99	2.7%
Triglav Osiguranje, Sarajevo	8,650,725	3,222,477	11,873,202	101	105	102	2.1%
Triglav Osiguranje, Banja Luka	2,876,516	0	2,876,516	104	0	104	0.5%
Triglav Osiguruvanje, Skopje	12,333,701	0	12,333,701	105	0	105	2.2%
Lovćen životna osiguranja, Podgorica	0	879,391	879,391	0	132	132	0.2%
Triglav Osiguruvanje Život, Skopje	0	211,543	211,543	0	0	0	0.0%
Total	441,323,490	114,333,890	555,657,380	106	101	105	100.0%
Pozavarovalnica Triglav Re	74,410,386	0	74,410,386	103	0	103	
Consolidation eliminations	-52,747,653	-2,540,275	-55,287,928	105	119	105	
Total consolidated	462,986,223	111,793,615	574,779,838	106	100	105	

*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 441.3 million in non-consolidated written premium or 6% more than in the same period of 2017.

In total written premium, **motor vehicle insurance** (comprehensive car insurance, motor liability insurance) remained the largest insurance class with a 30.7% share.

Motor vehicle insurance remained the most important segment, accounting for 30.7% of total premium earned.

The Triglav Group insurance subsidiaries collected EUR 80.9 million in **comprehensive car insurance** premium or 10% more than in the preceding year. Most insurance subsidiaries recorded premium growth mainly through effective sales campaigns, intensified sales activities and winning new clients. The strongest growth was recorded by Triglav Osiguranje, Belgrade (index 150) and Triglav Osiguranje, Zagreb (index 115). The parent company, accounting for 84% of the Group's total premiums, recorded a high 9% growth in written premium. Such a good result is a reflection of effective sales activities and sales campaigns (the "Together in Action" Vignette sales campaign and "Free Time"), the redesign of motor vehicle insurance tariffs and the increased number of sold insurance policies. Premium was lower in Triglav Osiguranje, Sarajevo (loss of premium of two major policyholders and a lower scope of cooperation with brokers) and Triglav Osiguruvanje, Skopje (a lower sale of cars and higher technical discounts).

The Group collected EUR 89.6 million in **motor liability insurance** premium, up by 5% compared to the preceding year. This insurance class continued to account for the largest share on the markets outside of Slovenia. In motor liability insurance, most insurance subsidiaries of the Group experienced premium growth, with the exception of Lovćen Osiguranje, which booked 1% less premium than the previous year. The highest premium growth of 12% was recorded by Triglav Osiguranje, Belgrade. Zavarovalnica Triglav, accounting for 60% of total motor liability insurance premium, recorded a 4% growth in written premium.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), premium of EUR 113.6 million was booked, having increased by 9%. In fire and natural disaster insurance, a premium growth of 1% was recorded, while in other damage

to property insurance a 14% premium growth was seen. The strongest increase in written premium was observed in Triglav Osiguruvanje, Skopje (119) and Triglav Osiguranje, Belgrade (index 113), which resulted from the acquisition of new policyholders and the increased scope of insurance coverage with certain existing policyholders as well as the higher volume of fronting arrangements concluded by the Serbian insurer. A high premium increase of 9% was posted by Triglav Osiguranje, Zagreb (crop insurance premium growth) and by the parent company, accounting for 79% of the Group's total premiums. In the parent company, the acquisition of new clients, the increased scope of insurance coverage and partly a different premium charging dynamics were the main causes of high growth in combined non-life insurance, machinery breakdown insurance in the power industry and erection insurance. The high growth in crop insurance policies was the result of the higher number of concluded insurance policies and the higher proportion of the Government's co-financing in fruit-growing, wine-growing, hop-growing and agriculture. In contrast, a decrease in premium due to the loss of several major policyholders was recorded by Triglav Osiguranje, Banja Luka, Triglav Osiguranje, Sarajevo and Lovćen Osiguranje.

A 9% growth was seen in **health insurance**, where the Group wrote EUR 72.2 million in premium. Triglav, Zdravstvena zavarovalnica generated the largest portion of the premium amounting to EUR 69.6 million, thus achieving an 8% growth. The bulk of its written premium stems from supplemental health insurance, resulting from the increased number of concluded insurance policies (cooperation with new agencies, effective marketing campaigns) and the premium increase on 1 May 2018. It was also successful in marketing additional health insurance products. Most other insurance subsidiaries selling health insurance products also recorded a high premium growth.

A premium growth of 9% was achieved in health insurance.

In **general liability insurance**, the Triglav Group recorded a 4% premium growth or EUR 29.0 million in nominal terms. Zavarovalnica Triglav, which accounted for 83% of total premium, charged 7% more premium than in 2017, primarily as the result of the high growth recorded in product liability insurance, building contractors liability insurance and directors and officers liability insurance. A high premium growth was also recorded by Lovćen Osiguranje, Podgorica and Triglav Osiguranje, Zagreb as the result of attracting new major policyholders.

Accident insurance accounted for 3.7% of total written premium or EUR 20.8 million in nominal terms, down by 3% compared to the year before. The largest drop in premium was recorded by Triglav Osiguruvanje, Skopje (index 80) due to the transfer of the key person insurance premium to the life insurer and a different premium charging dynamics for some key person insurance policies. Zavarovalnica Triglav, accounting for 66% of the Group's total premium, recorded a 6% decline in written premium, primarily as the result of two insurance sub-classes taken out simultaneously with motor vehicle insurance (the driver's bodily injury insurance or AO-plus insurance and driver and passenger accident insurance) due to a reduction in premium rates as well as on account of a lower premium from accident insurance for children and pupils. A high growth was achieved by the Sarajevo insurer (index 144) by attracting new policyholders and increasing the scope of insurance coverage with certain existing policyholders in relation to group accident insurance.

Credit insurance totalled EUR 13.5 million and accounted for 2.4% of total premium, down by 2% compared to the year before. Zavarovalnica Triglav, which accounted for 96% of total premium, recorded a 2% decrease in written premium. The decline in premium was primarily the result of lower consumer loan insurance premium (with a 54% share it is the most important credit insurance subclass) as well as a lower premium from unemployment, disability and whole life insurance (marketed by banks as an additional product taken out simultaneously with consumer and housing loans). The decrease in consumer loan insurance was caused by more

favourable premium rates of most insurers and the change in the credit policy of one of the major policyholders. In contrast, a high growth in credit insurance was recorded by Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Belgrade through the acquisition of new policyholders.

Premium from **other non-life insurance** (accounting for 3.9% of total premium) increased by 1% to EUR 21.7 million. The highest growth was recorded by Triglav Osiguranje, Belgrade index (131), primarily as the result of the higher volume of fronting arrangements in miscellaneous financial loss insurance and the higher number of concluded assistance insurance policies. Zavarovalnica Triglav, accounting for 70% of total premium, booked approximately the same volume of written premium compared to the preceding year (index 100). However, a lower premium was booked by Lovćen Osiguranje (a drop in premium from goods in transit insurance), Triglav Osiguranje, Sarajevo (non-renewal of miscellaneous financial loss insurance of two major policyholders) and Triglav Osiguruvanje, Skopje (non-renewal or renewal of fronting arrangements to a smaller extent compared to the previous year in goods in transit insurance).

4.3.2 Life insurance

In total, the Triglav Group insurance subsidiaries charged EUR 114.3 million in non-consolidated gross written premium from **life insurance** contracts or 1% more than in the same period last year. This accounted for 20.6% of total non-consolidated gross written premium, down by 0.9 percentage point compared to the corresponding period of 2017.

Life insurance premium (traditional life insurance, annuity insurance, pension insurance and voluntary pension insurance), which amounted to EUR 50.0 million and accounted for 43.7% of the life insurance class total, remained at approximately the same level as in the preceding year (index 100). The parent company recorded a 3% premium decrease compared to the same period last year (an 82% share). Premium growth was seen in the following other insurance subsidiaries selling life insurance: Lovćen životna osiguranja (a higher number of concluded policies), Triglav Osiguranje, Belgrade (mainly due to bank sales growth), Triglav Osiguranje, Sarajevo (sales growth via agencies), Triglav Osiguruvanje Život, Skopje (established in October 2017) and Triglav Osiguranje, Zagreb (sales growth via the internal sales network and agencies).

The premiums generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) rose by 4% compared to the preceding year. With EUR 56.5 million, they accounted for 49.4% of total life insurance premium. The 1% premium growth recorded by Zavarovalnica Triglav was primarily the result of higher regular premium payments. Skupna pokojninska družba recorded premium growth (index 113) resulting from the higher number of new insurance policies, whereas Triglav Osiguranje, Zagreb experienced a decline in premium (index 94).

Capital redemption insurance (supplemental voluntary pension insurance) generated EUR 7.8 million or 6.9% of the total life insurance premium. The 15% decrease was the result of smaller transfers of funds from other collective pension schemes of supplemental voluntary pension insurance provided by other managers to the collective supplemental voluntary pension insurance scheme of the parent company.

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

Insurance class	Gross written premium		Index	Structure
	H1 2018	H1 2017	H1 2018/ H1 2017	H1 2018
Accident insurance	20,802,450	21,529,924	97	3.7%
Health insurance	72,219,899	66,246,911	109	13.0%
Comprehensive car insurance	80,851,394	73,436,830	110	14.6%
Real property insurance	113,622,092	104,535,357	109	20.4%
Motor liability insurance	89,641,202	85,640,087	105	16.1%
General liability insurance	28,960,318	27,828,950	104	5.2%
Credit insurance	13,483,557	13,695,255	98	2.4%
Other non-life insurance	21,742,580	21,512,235	101	3.9%
Non-life insurance	441,323,492	414,425,549	106	79.4%
Life insurance	50,010,635	50,250,057	100	9.0%
Unit-linked life insurance	56,484,602	54,122,742	104	10.2%
Capital redemption insurance	7,838,651	9,259,453	85	1.4%
Life insurance	114,333,888	113,632,252	101	20.6%
Total	555,657,380	528,057,801	105	100.0%

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

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

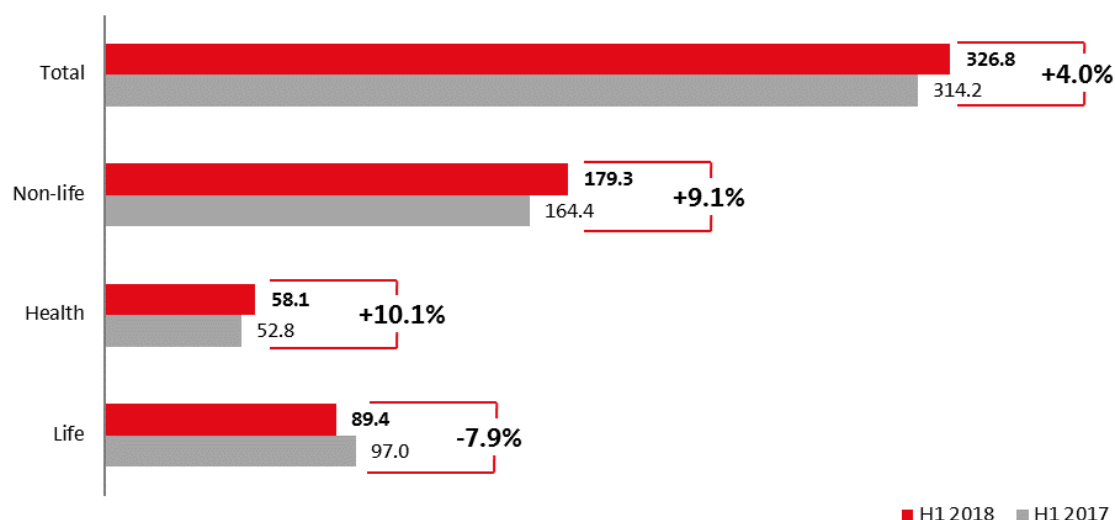
Insurance class	Gross written premium		Index	Structure
	H1 2018	H1 2017	H1 2018/ H1 2017	H1 2018
Accident insurance	13,687,735	14,533,352	94	3.7 %
Health insurance	324,305	242,764	134	0.1 %
Comprehensive car insurance	68,096,749	62,072,926	110	18.6 %
Real property insurance	90,165,317	82,916,962	109	24.7 %
Motor liability insurance	53,563,469	51,389,501	104	14.6 %
General liability insurance	24,111,958	22,634,840	107	6.6 %
Credit insurance	13,007,472	13,332,199	98	3.6 %
Other non-life insurance	15,258,568	15,273,164	100	4.2 %
Non-life insurance	278,215,573	262,395,708	106	76.1 %
Life insurance	41,029,865	42,320,532	97	11.2 %
Unit-linked life insurance	38,622,724	38,099,481	101	10.6 %
Capital redemption insurance	7,838,651	9,259,453	85	2.1 %
Life insurance	87,491,240	89,679,466	98	23.9 %
Total	365,706,813	352,075,174	104	100.0 %

4.4 Gross claims paid

In the reporting period, the Triglav Group posted a total of EUR 326.8 million in consolidated gross claims paid (including claim handling expenses, income from exercised subrogation receivables and gross claims paid from inward reinsurance), or 4% more than in the respective period of the previous year. Gross claims paid experienced growth in **non-life insurance**, equalling EUR 179.3 million (index 109), and in **health insurance**, totalling EUR 58.1 million (index 110). In contrast, gross claims paid in the **life insurance** segment declined by 8% and amounted to EUR 89.4 million.

Gross claims paid increased by 4% compared to the year before.

Consolidated gross claims paid in H1 2018 compared to H1 2017



The Triglav Group insurance subsidiaries (excluding Pozavarovalnica Triglav Re) posted a total of EUR 317.9 million in non-consolidated gross claims paid, up by 5% compared to the preceding year. A high growth in gross claims paid was observed in most insurance subsidiaries of the Group. The strongest growth rates in gross claims paid were recorded by Triglav Osiguranje, Banja Luka (index 147), Triglav Osiguranje, Zagreb (index 130) and Triglav Osiguranje, Belgrade (index 124).

Gross claims paid by Pozavarovalnica Triglav Re totalled EUR 25.9 million, up by 7% compared to the previous year. A 7% growth in gross claims paid was observed in operations both outside and within the Group. In operations within the Group, the growth mainly resulted from higher gross claims paid in general liability insurance (due to the recall of products in a facultative transaction with the parent company) and in fire and natural disaster insurance (higher paid claims based on a surplus contract with the parent company). In operations outside of the Group, the increase was primarily a result of the high growth of gross claims paid in fire insurance and natural disaster insurance and other damage to property insurance due to the larger portfolio and last year's catastrophe loss events in Latin America and the Caribbean Islands.

Gross claims paid in H1 2018 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	H1 2018
Zavarovalnica Triglav*	124,990,592	78,911,159	203,901,751	110	91	102	64.1%
Triglav, Zdravstvena zavarovalnica	58,094,162	0	58,094,162	110	0	110	18.3%
Skupna pokojninska družba	0	7,177,342	7,177,342	0	106	106	2.3%
Triglav Osiguranje, Zagreb	18,506,340	2,741,518	21,247,858	138	94	130	6.7%
Triglav Osiguranje, Belgrade	7,159,395	1,276,936	8,436,331	114	251	124	2.7%
Lovćen Osiguranje, Podgorica	7,615,576	0	7,615,576	98	0	98	2.4%
Triglav Osiguranje, Sarajevo	4,134,290	1,092,471	5,226,761	112	101	109	1.6%
Triglav Osiguranje, Banja Luka	963,295	0	963,295	147	0	147	0.3%
Triglav Osiguruvanje, Skopje	4,863,345	0	4,863,345	116	0	116	1.5%
Lovćen životna osiguranja, Podgorica	0	377,453	377,453	0	73	73	0.1%
Triglav Osiguruvanje Život, Skopje	0	0	0	0	0	0	0.0%
Total	226,326,995	91,576,879	317,903,874	112	93	105	100.0%
Pozavarovalnica Triglav Re	25,916,867	0	25,916,867	107	0	107	
Consolidation eliminations	-14,829,074	-2,211,661	-17,040,735	155	121	149	
Total - consolidated	237,414,788	89,365,218	326,780,006	109	92	104	

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

4.4.1 Non-life insurance

Non-consolidated gross claims paid in **non-life insurance** increased by 12% to EUR 226.3 million. The high increase in claims paid in non-life insurance primarily resulted from this year's major CAT events (see *Section 4.1 The macroeconomic environment and environmental impact on the operations of the Triglav Group* for more details) as well as from last year's major CAT events (for which adequate provisions were made and which were appropriately reinsured).

In **health insurance**, gross claims paid increased by 11%, accounting for 18.6% of total gross claims paid, and amounted to EUR 59.0 million. The largest portion of claims, amounting to EUR 58.1 million, was posted by Triglav, Zdravstvena zavarovalnica, which recorded a 10% growth. The increase in the number of insured persons and their changed age structure, which is nearing the Slovene average, resulted in higher average claims paid. The rise in gross claims paid was also affected by medical inflation. Due to the changed age structure, equalisation scheme expenses (index 89) were down to EUR 2.9 million.

Motor liability insurance claims declined by 2% over the respective period of 2017. They accounted for 14.4% of total gross claims paid by the Group, amounting to EUR 45.9 million. A decrease in gross claims paid was seen in most insurance subsidiaries, the highest in Triglav Osiguranje, Sarajevo (index 86) resulting from last year's payments of some substantial claims. Gross claims paid by the parent company, accounting for 67% of total gross claims paid by the Group in this insurance class, went down by 2% due to the decline in international passive claims. High growth in gross claims paid was posted by Triglav Osiguranje, Banja Luka, Triglav Osiguruvanje, Skopje and Lovćen Osiguranje on account of the higher number of reported claims and the settlement of some substantial individual claims.

Comprehensive car insurance claims grew by 9% over the corresponding period of 2017, amounting to EUR 45.1 million. They accounted for 14.2% of total gross claims paid by the Group. The highest growth rates in gross claims paid were recorded in Triglav Osiguranje, Belgrade (index 113), Triglav Osiguranje, Zagreb and the parent company (index 109). The high growth seen in the Serbian insurance subsidiary was the result of a larger portfolio, while the high growth in the Croatian insurance subsidiary stemmed from the higher number of rent-a-car insurance claims. The growth recorded in Zavarovalnica Triglav (an 84% share in total comprehensive car insurance claims) was primarily a result of an increase in the number of claims reported by legal entities (primarily goods vehicles) and the growth in material claims. Gross claims paid declined in Triglav Osiguranje, Banja Luka and Triglav Osiguranje, Sarajevo.

In **real property insurance**, gross claims paid amounted to EUR 44.0 million, up by as much as 36% compared to the year before, accounting for 13.9% of total gross claims paid. In fire and natural disaster insurance, a 23% increase in gross claims paid was seen, along with a 44% growth in other damage to property insurance. Zavarovalnica Triglav, holding a 73% share of this insurance class, recorded a 22% growth. The main reasons were the payments of claims from fire insurance (a substantial claim due to fire, last year's claims due to hailstorms and this year's substantial claims due to hail), combined non-property insurance (the payment of substantial claims from inward reinsurance due to last year's flood and substantial claims due to hail), and property and interest in property insurance for natural persons due to natural disasters (hailstorms and floods). High growth rates in gross claims paid were also recorded by Triglav Osiguranje, Zagreb (the payment of substantial individual claims from fronting insurance and the payment of claims due to last year's drought), Triglav Osiguranje, Sarajevo (the payment of some substantial individual fire insurance claims from past years, the payment of a substantial claim due to flood and a substantial claim from combined non-life insurance), Triglav Osiguruvanje, Skopje (the payment of substantial claims resulting from fire and theft as

well as crop damage caused by hail) and Triglav Osiguranje, Belgrade (the payment of substantial claims resulting from fire and flood).

Gross claims paid from **accident insurance** rose by 2%, amounting to EUR 12.1 million. This growth was to a large degree caused by a high growth in gross claims paid by Zavarovalnica Triglav due to the increase in payments relating to AO-plus insurance and individual accident insurance. Growth in gross claims paid was seen in Triglav Osiguranje, Sarajevo (an increase in group accident insurance claims) and Triglav Osiguranje, Banja Luka (a higher number of reported claims).

Gross claims paid from **general liability insurance** amounted to EUR 9.6 million, up by 19% compared to the year before. Gross claims paid by the parent company, which accounted for 92% of gross claims paid by the Group in this insurance class, reached a 20% growth resulting from the payments of some substantial individual claims in product liability insurance. In addition, the high growth in gross claims paid was posted by Triglav Osiguranje, Belgrade (the payment of a substantial freight forwarder liability insurance claim).

Gross claims paid from **credit insurance** rose by 20% to EUR 1.5 million. A high growth in gross claims paid was also recorded in Triglav Osiguranje, Belgrade due to the payments of two substantial claims. Gross claims paid by the parent company (index 105) accounted for the majority of total claims in this insurance class (91% share), among which the highest growth was recorded in export credit insurance and overdraft insurance.

Gross claims paid from **other non-life insurance** went up by 19% to EUR 9.1 million. Zavarovalnica Triglav, holding a 78% share of this insurance class, recorded a 13% growth, primarily resulting from higher gross claims paid from railway insurance (the payment of a substantial claim) and goods in transit insurance (a higher number of reported international transport insurance claims). High growth rates in gross claims paid were also recorded by Lovćen Osiguranje (the payment of a substantial aircraft insurance claim from the previous year), Triglav Osiguranje, Belgrade (a higher number of reported roadside assistance insurance claims, the payment of a substantial claim from miscellaneous financial loss insurance and goods in transit insurance) and Triglav Osiguranje, Skopje (the payment of some substantial individual assistance insurance claims).

4.4.2 Life insurance

Non-consolidated gross claims paid from **life insurance** declined by 7% to EUR 91.6 million. Their share in total non-consolidated claims paid fell by 4.0 percentage points to 28.8%.

The bulk of total claims paid was accounted for by **life insurance** (traditional life, annuity, annuity pension and voluntary pension insurance). They totalled EUR 46.0 million, down by 1% compared to the year before, primarily due to lower sums paid out on maturity and the decreased number of surrenders in Zavarovalnica Triglav (index 97). Other insurance subsidiaries of the Group selling this insurance class recorded growth.

Gross claims paid from **unit-linked life insurance** amounted to EUR 42.3 million or 14% less than the year before. Lower gross claims paid primarily resulted from the decrease in sums paid out on maturity in both Zavarovalnica Triglav (index 83) and Triglav Osiguranje, Zagreb (index 82). Gross claims paid by Skupna pokojninska družba rose by 6%.

Gross claims paid from **capital redemption insurance** (supplemental voluntary pension insurance) increased by 7%, mainly due to higher payments stemming from insurance transfers and payments due to illness or accident in the parent company.

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

Insurance class	Gross claims paid		Index	Structure
	H1 2018	H1 2017	H1 2018/ H1 2017	H1 2018
Accident insurance	12,135,090	11,953,117	102	3.8%
Health insurance	58,982,637	53,119,607	111	18.6%
Comprehensive car insurance	45,116,240	41,507,336	109	14.2%
Real property insurance	44,049,469	32,343,413	136	13.9%
Motor liability insurance	45,900,356	46,684,771	98	14.4%
General liability insurance	9,576,869	8,031,105	119	3.0%
Credit insurance	1,482,976	1,236,658	120	0.5%
Other non-life insurance	9,083,357	7,659,404	119	2.9%
Non-life insurance	226,326,994	202,535,411	112	71.2%
Life insurance	46,038,232	46,555,954	99	14.5%
Unit-linked life insurance	42,334,072	49,308,527	86	13.3%
Capital redemption insurance	3,204,576	2,996,365	107	1.0%
Life insurance	91,576,880	98,860,846	93	28.8%
Total	317,903,874	301,396,257	105	100.0%

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

Gross claims paid of Zavarovalnica Triglav by insurance class

Insurance class	Gross claims paid		Index	Structure
	H1 2018	H1 2017	H1 2018/ H1 2017	H1 2018
Accident insurance	7,235,495	6,628,891	109	3.5 %
Health insurance	33,030	6,449	512	0.0 %
Comprehensive car insurance	37,988,119	34,710,979	109	18.6 %
Real property insurance	31,957,719	26,122,723	122	15.7 %
Motor liability insurance	30,591,060	31,318,841	98	15.0 %
General liability insurance	8,778,932	7,287,052	120	4.3 %
Credit insurance	1,346,238	1,281,723	105	0.7 %
Other non-life insurance	7,088,903	6,297,648	113	3.5 %
Non-life insurance	125,019,496	113,654,306	110	61.3 %
Life insurance	41,453,297	42,627,296	97	20.3 %
Unit-linked life insurance	34,253,287	41,417,986	83	16.8 %
Capital redemption insurance	3,204,576	2,996,365	107	1.6 %
Life insurance	78,911,160	87,041,647	91	38.7 %
Total	203,930,656	200,695,953	102	100.0 %

4.5 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group totalled EUR 141.4 million, which was 5% more over the preceding year. In the reporting period, **Insurance business operating expenses** grew by 5% to EUR 128.1 million. Increased expenses were mostly caused by higher acquisition costs due to premium growth. **Non-insurance business expenses** increased by 5%, reaching EUR 13.3 million. The main reason for such an increase lies in higher costs of maintenance services in Triglav, Upravljanje nepremičnin.

Operating expenses of the insurance business accounted for 22.3% of gross written premium and were 0.1 percentage point lower than in the same period of 2017. Operating expenses in **non-life insurance** increased by 4% (EUR 103.1 million), in the

Operating expenses of the insurance business were 0.1 percentage point lower than in 2017.

life insurance segment they were up by 3% (EUR 18.3 million) and in **health insurance** they climbed by 11% (EUR 6.6 million).

Acquisition costs (fees and charges) increased by 12% to EUR 24.0 million, mostly due to higher acquisition costs in the parent company, Triglav Osiguranje, Zagreb and Triglav, Zdravstvena zavarovalnica. Increased acquisition costs of the parent company were primarily caused by higher underwriting commissions paid to insurance brokers, agencies and providers of roadworthiness tests due to premium growth as well as the increasing inclusion of insurance brokers into the insurance acquisition process. Growth of acquisition costs was also caused by higher costs of sales campaigns. The costs of goods sold dropped to EUR 25 thousand (index 23). The 8% increase in depreciation costs in the amount of EUR 7.0 million was mainly the consequence of higher depreciation costs of computer equipment in the parent company. With 48.9%, labour costs accounted for the largest portion of total expenses, having increased by 2% to EUR 73.7 million, primarily as the result of the higher number of employees in Triglav, Zdravstvena zavarovalnica and Triglav Osiguranje, Belgrade as well as increased other labour costs of the parent company. Costs of services provided by natural persons other than sole proprietors accounted for 1% of total expenses and amounted to EUR 1.4 million. Other operating expenses went up by 3%, reaching EUR 44.5 million. Among them, the highest increase was recorded in non-income-related costs of Triglav INT (dividend tax) and the parent company (a different dynamics of costs compared to the previous year), costs of rent and lease payments (mostly due to the rise in rental costs of software, lease costs of data lines and operating lease for cars in the parent company) and costs of maintenance services (mostly due to higher costs in Triglav, Upravljanje nepremičnin).

In total gross operating expenses broken down by functional group, an increase was seen in acquisition costs, accounting for 61.2% (vs. 59.9% in 2017), whilst asset management costs remained unchanged, accounting for 1.0%. Claim handling expenses and other operating expenses fell to 10.0% (a decrease of 0.6 percentage point) and 27.8% (a decrease of 0.8 percentage point) respectively.

Gross operating expenses of the Triglav Group in H1 2018 by nature

	Gross operating expenses		Index	Structure
	H1 2018	H1 2017	H1 2018/ H1 2017	H1 2018
Operating expenses by nature				
Acquisition costs (fees and commissions)	24,046,566	21,564,988	112	16.0 %
Costs of goods sold	25,127	107,430	23	0.0 %
Depreciation of operating assets	7,013,464	6,491,787	108	4.7 %
Labour costs	73,656,823	71,966,183	102	48.9 %
- wages and salaries	49,726,613	48,749,098	102	33.0 %
- social securities and pension insurance costs	11,683,689	11,490,668	102	7.8 %
- other labour costs	12,246,521	11,726,417	104	8.1 %
Costs of services provided by natural persons other than SPs together with pertaining taxes	1,407,431	584,053	241	0.9 %
Other operating expenses	44,461,643	42,964,520	103	29.5 %
- costs of entertainment, advertising, trade shows	10,242,373	10,085,546	102	6.8 %
- costs of material and energy	4,013,887	3,829,384	105	2.7 %
- maintenance costs	6,944,244	6,446,133	108	4.6 %
- travel expenses	2,817,345	2,770,627	102	1.9 %
- costs of intellectual and personal services	2,600,589	2,473,558	105	1.7 %
- non-income-related costs, excluding insurance	2,072,926	1,552,980	133	1.4 %
- costs of transport and communication services	2,489,624	2,461,185	101	1.7 %
- costs of insurance premiums	449,695	602,750	75	0.3 %
- payment transaction costs and banking services	3,700,973	3,762,905	98	2.5 %
- rents	3,874,888	3,447,186	112	2.6 %
- costs of services of professional training	581,649	517,526	112	0.4 %
- other costs of services	4,673,450	5,014,740	93	3.1 %
- long-term employee benefits	0	0	0	0.0 %
Total	150,611,054	143,678,961	105	100.0 %
Consolidation eliminations	-9,236,346	-8,496,743	109	
Total consolidated	141,374,708	135,182,218	105	

Gross operating expenses of Zavarovalnica Triglav in H1 2018 by nature

	Gross operating expenses		Index	Structure
	H1 2018	H1 2017	H1 2018/ H1 2017	H1 2018
Operating expenses by nature				
Acquisition cost (fees and commissions)	13,440,523	12,105,794	111	15.4 %
Depreciation of operating assets	4,685,373	4,382,967	107	5.4 %
Labour costs	49,729,731	49,366,532	101	57.1 %
- wages and salaries	33,796,284	33,836,079	100	38.8 %
- social securities and pension insurance costs	5,928,447	5,922,780	100	6.8 %
- other labour costs	10,005,000	9,607,673	104	11.5 %
Costs of services provided by natural persons other than SPs, including related taxes	128,925	124,596	103	0.1 %
Other operating costs	19,083,852	18,547,848	103	21.9 %
- costs of entertainment, advertising, trade shows	4,075,796	4,058,291	100	4.7 %
- costs of material and energy	1,785,361	1,629,065	110	2.1 %
- maintenance costs	4,179,372	4,181,679	100	4.8 %
- reimbursement of labour-related costs	1,761,665	1,814,520	97	2.0 %
- costs of intellectual and personal services	961,641	1,002,094	96	1.1 %
- non-income related costs, excluding insurance	923,477	676,966	136	1.1 %
- costs of transport and communication services	1,394,966	1,367,389	102	1.6 %
- costs for insurance premiums	56,525	206,246	27	0.1 %
- payment transaction costs and banking services	807,803	795,948	101	0.9 %
- rents	1,576,415	1,271,430	124	1.8 %
- costs of professional training services	267,993	266,698	100	0.3 %
- other costs of services	1,292,838	1,277,522	101	1.5 %
Total	87,068,404	84,527,737	103	100.0 %

4.6 Reinsurance

In the first half of 2018, the **Triglav Group** allocated EUR 59.8 million of reinsurance and coinsurance premiums to external equalisation, which was 2% less than in the respective period of 2017. Reinsurance premiums accounted for 10.4% total gross written insurance and coinsurance premiums. A reinsurers' share of gross claims settled of EUR 15.2 million (index 171) was received from reinsurance. The main reason of high growth lies in claim payments arising from mass loss events of the previous and current year.

In the reporting period, **Zavarovalnica Triglav** allocated EUR 55.9 million to of reinsurance and coinsurance premiums to external equalisation, which was 4% less than in the respective period of 2017. Reinsurance premium accounted for 15.3% of total gross written premium. In the reporting period, a reinsurers' and co-insurers' share of gross claims settled of EUR 14.9 million was received from reinsurance and coinsurance (index 164).

4.7 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured persons. As at the reporting date, the **Triglav Group** allocated EUR 2,846.2 million to gross insurance technical provisions, which in total was 4% more over the 2017 year-end. In **non-life** (index 113) and **health insurance** (index 109), the amount of gross insurance technical provisions grew, whilst in **life** it remained at a level approximately equal to the 2017 year-end (index 100). As at the reporting date, **Zavarovalnica Triglav** allocated EUR 2,172.9 million to gross insurance technical provisions, which was 3% more over the 2017 year-end.

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

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

- **Gross provisions for unearned premium** were 28% higher and amounted to EUR 355.4 million. Unearned premium from non-life insurance amounted to EUR 351.7 million (index 128), unearned premium from life insurance totalled EUR 466 thousand (index 109) and unearned premium from health insurance reached EUR 3.1 million (index 125). 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** formed for claims incurred but not settled until the reporting date were 5% higher, amounting to EUR 673.4 million. This increase resulted from higher amounts of reported claims which have not yet been settled by the end of the accounting period. Claims provisions from non-life insurance totalled EUR 642.1 million (index 105), those from the life-insurance segment stood at EUR 20.5 million (index 105) and those from health insurance amounted to EUR 10.8 million (index 108).
- As at the reporting date, **mathematical provisions** amounted to EUR 1,782.9 million and were at a level approximately equal to that of the 2017 year-end (index 100). Mathematical provisions for the long-term business fund backing life insurance totalled EUR 1,345.3 million (index 101), while insurance technical provisions for unit-linked life insurance contracts equalled EUR 437.6 million. They decreased by 3% due to a reduction in the price of fund units.
- **Provisions for bonuses and discounts** decreased by 2% to EUR 18.6 million.
- **Other insurance technical provisions** were 12% higher over the 2017 year-end and amounted to EUR 15.9 million. A growth of 23% in other insurance technical provisions was seen in Triglav, Zdravstvena zavarovalnica due to the increase in provisions for unexpired

risks arising from the sale of Zobje and Zobje+ insurance. Other insurance technical provisions of Zavarovalnica Triglav totalled EUR 9.4 million and increased by 14%. Provisions for unexpired risks grew by 28% (EUR 2.7 million), additional provisions for credit risks increased by 10% (EUR 5.8 million) and provisions for cancellations were up by 6% (EUR 1.0 million).

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

	Gross insurance technical provisions		Index
	30 June 2018	31 December 2017	2018/2017
Unearned premiums	355,358,930	278,112,719	128
Mathematical provisions	1,782,927,145	1,782,599,954	100
Claims provisions	673,397,150	638,473,713	105
Provisions for bonuses and discounts	18,602,143	18,943,606	98
Other insurance technical provisions	15,865,903	14,115,599	112
Total	2,846,151,271	2,732,245,591	104

Gross insurance technical provisions of Zavarovalnica Triglav as at 30 June 2018

	Gross insurance technical provisions		Index
	30 June 2018	31 December 2017	2018/2017
Unearned premiums	255,203,228	196,528,185	130
Mathematical provisions	1,401,236,288	1,410,988,265	99
Claims provisions	488,706,234	469,230,899	104
Provisions for bonuses and discounts	18,349,804	18,349,804	100
Other insurance technical provisions	9,426,589	8,262,880	114
Total	2,172,922,143	2,103,360,033	103

4.8 Structure of financial investments

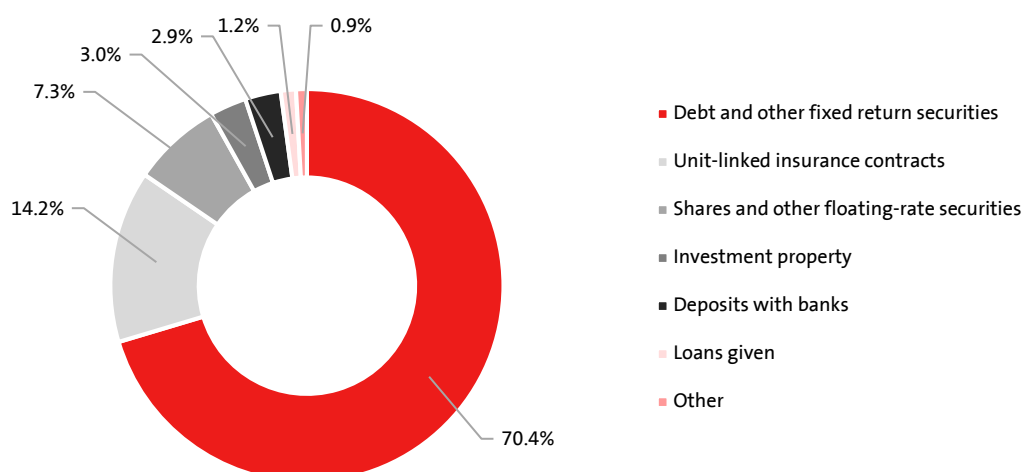
The Triglav Group follows a relatively conservative investment policy, focusing on investment security and liquidity governed by adequate profitability. In H1 2018, the structure of financial investments did not significantly change, but the Group actively adapted the shares of individual investment grades in order to maintain a high overall credit rating of the whole investment portfolio.

As at the reporting date, financial investments of the **Triglav Group**, including investment properties, amounted to EUR 3,096.2 million or 1% less than as at the 2017 year-end. Their share in total assets dropped by 2.6 percentage points, reaching 82.8%.

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

	Financial investments		Index	Structure	
	30 June 2018	31 December 2017	2018/2017	30 June 2018	31 Dec. 2017
Investment property	93,716,350	94,007,483	100	3.0%	3.0%
Shares in associates	11,392,944	6,449,324	177	0.4%	0.2%
Shares and other floating-rate securities	227,552,915	217,756,846	104	7.3%	6.9%
Debt and other fixed return securities	2,179,078,967	2,237,729,266	97	70.4%	71.3%
Loans given	38,529,904	30,095,727	128	1.2%	1.0%
Deposits with banks	91,014,966	73,807,472	123	2.9%	2.4%
Other financial investments	10,369,649	22,793,778	45	0.3%	0.7%
Financial investments of reinsurance companies in reinsurance contracts with cedents	5,872,721	5,667,613	104	0.2%	0.2%
Unit-linked insurance contracts	438,697,875	450,236,045	97	14.2%	14.3%
Total	3,096,226,291	3,138,543,554	99	100.0%	100.0%

Structure of financial investments of the Triglav Group as at 30 June 2018



Debt and other fixed-return securities accounted for the bulk of total financial investments. In terms of share, excluding unit-linked life insurance assets, equity investments are followed by investment properties and bank deposits.

In H1 2018, these investment grades of the portfolio were slightly adjusted. The share of equity investments and bank deposits increased by 0.4 percentage point and by 0.5 percentage point respectively, whereas debt securities and other fixed-return securities decreased by 0.9 percentage point. With a 3% share, investment property remained unchanged. Financial investments in associates increased by 0.2 percentage point, mostly due to the capital share increase of Triglav (see Section 1.4 *Composition of the Triglav Group* for more details). Loans given were also up by 0.2 percentage point. The share of other financial investments of the portfolio decreased by 0.4 percentage point due to the sale of equity stakes of Geoplin d.o.o. Ljubljana and Plinhold, d.o.o., (see Section 1.6 *Significant events in the reporting period* for more details).

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

By issuer sector, government bonds, accounted for almost one half of total debt securities. Compared to the 2017 year-end, they were down 4%, whilst their share in total financial assets was down 0.6 percentage points, followed by corporate bonds with a 26.3% share and financial bonds with a 24.0% share. A proportion of the latter increased, whilst the share of corporate bonds dropped. An already lower share of structured bonds decreased additionally.

Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index	Structure	
	30 June 2018	31 December 2017		30 June 2018	31 Dec. 2017
Government	1,077,579,780	1,119,983,226	96	49.5%	50.0%
Corporate	574,149,434	602,260,650	95	26.3%	26.9%
Financial	522,972,504	505,597,282	103	24.0%	22.6%
Structured	4,377,249	9,888,107	44	0.2%	0.4%
Total	2,179,078,967	2,237,729,265	97	100.0%	50.0%

Note: Unit-linked insurance contract investments data excluded.

The Group's investment portfolio mostly consists of investments in debt securities with a high **credit rating**. As much as 78.9% of the portfolio is accounted for by debt securities of issuers having an investment grade credit rating of at least BBB, primarily in developed markets, which ensures adequate liquidity for the Group.

Debt securities of the Triglav Group by issuer credit rating

Credit rating	Debt securities		Index	Structure	
	30 June 2018	31 December 2017	2018/2017	30 June 2018	31 Dec. 2017
AAA	214,621,289	224,091,714	96	9.8%	10.0%
AA	134,777,232	135,030,742	100	6.2%	6.0%
A	618,224,150	608,061,142	102	28.4%	27.2%
BBB	751,131,447	781,708,302	96	34.5%	34.9%
Below BBB	356,724,845	385,803,394	92	16.4%	17.2%
Not rated	103,600,005	103,033,971	101	4.8%	4.6%
Total	2,179,078,967	2,237,729,265	97	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

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

Debt securities of the Triglav Group by issuer country

Country of issuer	Debt securities		Index	Structure	
	30 June 2018	31 December 2017	2018/2017	30 June 2018	31 Dec. 2017
Slovenia	382,421,762	370,950,356	103	17.5%	16.6%
Netherlands	178,762,933	182,670,364	98	8.2%	8.2%
Germany	165,920,621	171,947,794	96	7.6%	7.7%
Italy	143,464,540	140,023,509	102	6.6%	6.3%
France	142,806,508	136,588,287	105	6.6%	6.1%
Spain	122,088,980	125,155,289	98	5.6%	5.6%
Other	1,043,613,624	1,110,393,666	94	47.9%	49.6%
Total	2,179,078,967	2,237,729,265	97	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

In total financial assets, the proportion of **equity investments** (shares and other floating rate securities and investments in associates) was up 7% in H1 2018, primarily resulting from the purchases of units of target equity and bond funds. Equity investments also include the category *other funds*, which consists mostly of alternative funds. Currently, this category accounts for 5.4% of equity investments, however its volume is gradually increasing.

Structure of equity investment type of the Triglav Group

Equity investment type	Equity investments		Index	Structure	
	30 June 2018	31 December 2017	2018/2017	30 June 2018	31 Dec. 2017
Shares	81,326,780	80,546,247	101	34.0%	35.9%
Equity funds	105,250,411	79,375,253	133	44.0%	35.4%
Bond funds	29,909,715	40,971,423	73	12.5%	18.3%
Money market funds	9,583,952	12,438,719	77	4.0%	5.5%
Other funds	12,875,000	10,874,528	118	5.4%	4.9%
Total	238,945,859	224,206,170	107	100.0%	100.0%

Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index 2018/2017	Structure	
	30 June 2018	31 December 2017		30 June 2018	31 Dec. 2017
Slovenia	63,026,156	62,230,851	101	26.4%	27.8%
Developed markets	142,430,471	138,198,029	103	59.6%	61.6%
Developing markets	23,590,708	12,763,426	185	9.9%	5.7%
Balkans	9,898,524	11,013,865	90	4.1%	4.9%
Total	238,945,859	224,206,170	107	100.0%	100.0%

In **Zavarovalnica Triglav**, financial investments, including investment properties, amounted to EUR 2,409.8 million, down 2% compared to the 2017 year-end.

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

	Financial investments		Index 2018/2017	Structure	
	30 June 2018	31 December 2017		30 June 2018	31 Dec. 2017
Investment property	48,107,201	48,214,401	100	2.0%	2.0%
Investments in subsidiaries and associates	141,927,523	128,169,985	111	5.9%	5.2%
Shares and other floating-rate securities	130,770,926	135,783,991	96	5.4%	5.5%
Debt and other fixed return securities	1,583,394,510	1,638,907,656	97	65.7%	66.8%
Loans given	51,727,427	48,781,121	106	2.1%	2.0%
Deposits with banks	48,709,075	33,974,540	143	2.0%	1.4%
Other financial investments	1,680,455	1,680,215	100	0.1%	0.1%
Derivative financial instruments	1,487,356	1,870,633	80	0.1%	0.1%
Unit-linked insurance contract investments	402,011,503	417,607,959	96	16.7%	17.0%
Total	2,409,815,976	2,454,990,500	98	100.0%	100.0%

4.9 Asset management

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

Asset management market

In Slovenia, 7 asset management companies were currently operating, which as the reporting date managed the total net asset value of mutual funds of EUR 2.7 billion. Mutual fund assets went up by 1.1%. In the discretionary mandate segment, 9 companies are operating in Slovenia, of which 3 are asset management companies. The value of these assets managed by asset management companies totalled EUR 723 million (index 103) as at the 30 June 2018.

Triglav Skladi d.o.o. manages 17 mutual funds and 6 investment combinations and provides discretionary mandates services. As the reporting date, an amount of EUR 693.3 million of net asset value was managed under mutual funds, which represented a 2% decrease compared to the 2017 year-end. The amount was affected by the situation on the capital markets and net inflows. Discretionary mandate segment rose by 11% and totalled EUR 50.5 million.

In H1 2018, Triglav Skladi held a 25.8% market share among asset management companies in the mutual fund segment and a 7.0% market share in the discretionary mandate segment.

5. Financial result and financial standing

5.1 Financial result

In the first six months of 2018, the Triglav Group posted a **profit before tax of EUR 35.6 million** or 16% less than in the same period last year. **Net profit** amounted to **EUR 30.0 million**, having decreased by 17% compared to 2017. Compared to 2017, a lower profit is primarily a result of higher claims incurred from non-life and health insurance and lower investment return. Compared to 2017, **annualised net return on equity** decreased by 1.9 percentage point to 8.4%.

The Triglav Group ended H1 2018 with a profit before tax of EUR 35.6 million.

Zavarovalnica Triglav posted a **profit before tax** of EUR 32.1 million or 21% less compared to the corresponding period of 2017. The Company's **net profit** dropped by 23% to EUR 27.2 million.

The **combined ratio of the Triglav Group** reached 95.2%, having increased by 0.5 percentage point compared to the same period last year, foremost as a result of the higher share of net claims incurred in net premium earned. The combined ratio shows profitability of operations in the non-life and health insurance segments. Any value of this ratio below 100 means that the non-life and health insurance portfolios as the core business (excluding return on investments) are earning a profit.

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

Insurance Group	H1 2017	H1 2016	Change
Zavarovalnica Triglav	91.9%	90.3%	1,6 p.p.
Triglav, Zdravstvena zavarovalnica	100.2%	100.8%	-0,6 p.p.
Pozavarovalnica Triglav Re	102.0%	97.1%	4,9 p.p.
Triglav Osiguranje, Zagreb	100.1%	103.2%	-3,1 p.p.
Triglav Osiguranje, Belgrade	95.2%	100.8%	-5,6 p.p.
Lovćen Osiguranje, Podgorica	95.8%	96.9%	-1,1 p.p.
Triglav Osiguranje, Sarajevo	99.8%	99.9%	-0,1 p.p.
Triglav Osiguranje, Banja Luka	99.1%	94.2%	4,9 p.p.
Triglav Osiguruvanje, Skopje	98.5%	99.9%	-1,4 p.p.
The Triglav Group	95.2%	94.7%	0,5 p.p.

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

Net premiums earned increased by 6% to EUR 465.9 million compared to the preceding year. Net premiums earned from non-life and health insurance increased by 8%, whilst that from life insurance remained at approximately the same level as the year before (index 100). Net premium earned is composed of gross written insurance in the amount of EUR 574.8 million (index 105), reduced by ceded written premium in the amount of EUR 59.8 million (index 98) and adjusted by the change in net unearned premium of EUR -49.0 million (index 105).

Net claims incurred increased by 4% to EUR 324.8 million. Net claims incurred from health insurance experienced the highest growth of 10%, those from non-life insurance increased by 8%, while those from life insurance decreased by 7%. Net claims incurred are composed of gross claims paid in the amount of EUR 326.8 million (index 104), reduced by the reinsurers' and co-insurers' shares in gross claims in the amount of EUR 15.2 million (index 171), adjusted by the change in claims provisions of EUR 10.3 million (index 265) and increased by equalisation scheme expenses for supplemental health insurance in the amount of EUR 2.9 million.

Income from investments, including income from investments in associates decreased by 31% and reached EUR 44.3 million. Income from investments in associates climbed by 381% to EUR 516 thousand, whereas income from investments was down 32%, reaching EUR 43.8 million. In the reporting period, interest income was down 4% to EUR 28.0 million, gains on disposals decreased by 47% to EUR 9.2 million, other income from investments reached EUR 6.6 million (vs. EUR 17.5 million in the respective period of 2017). Other income from investments include net unrealised gains on unit-linked life insurance assets reached EUR 1.9 million compared to EUR 12.6 million in the respective period of 2017.

Expenses from investments, including expenses from investments in associates increased by 34% and reached EUR 23.6 million. Expenses from investments in associates totalled EUR 78 thousand (index 34), while expenses from other investments equalled EUR 23.6 million, having increased by 36%. Realised loss on disposals totalled EUR 5.9 million (index 106), impairments of equity investments amounted to EUR 976 thousand, whereas other expenses from investments amounted to EUR 16.7 million (index 142). Other expenses from financial assets include net unrealised losses on unit-linked life insurance assets which totalled EUR 5.5 million (vs. EUR 972 thousand in 2017), fair value losses equalling EUR 7.0 million (index 192) and other financial expenses in the amount of EUR 4.2 million (index 59).

Return on investment of the Triglav Group (excluding unit-linked life insurance contract investments) represents the difference between income and expenses from financial assets. It dropped by 30% to EUR 24.3 million, primarily as a result of lower net gains on the sale of financial assets, lower net income arising from changes in fair value and lower net interest income. Continuously lower interest income is caused by lower interest rates. Lower net gains on the sale of financial assets are related mainly to investment activity which was lower in the first six months of 2018 compared to the respective period of 2017 and to lower profit from derivatives used for hedging against interest rate risk.

Lower return on financial investments of 30% was primarily a result of lower net gains on the sale of financial assets, lower net income arising from changes in fair value and lower net interest income.

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

Changes in other insurance technical provisions summed up to EUR 20.4 million (H1 2017: EUR 24.9 million), primarily due to decreased mathematical provisions (EUR 19.2 million). **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR -11.9 million (EUR -6.2 million in H1 2017) due to the decrease in price of fund units. **Provisions for bonuses and discounts** increased by 5% to EUR 4.1 million.

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 114.0 million and were 5% higher. Acquisition costs and other operating expenses were up 7% and 2% respectively.

Other income from insurance operations, excluding fees and commissions, increased by 6% and reached EUR 6.5 million. **Other insurance expenses**, excluding fees and commissions expenses, increased by 23%, amounting to EUR 7.3 million mainly due to higher adjustments of receivables. Receivables from insurance premiums went up by 14%. Net fee and commission income was down by 77%, reaching EUR 0.4 million.

Other income increased by 2% and totalled EUR 16.8 million, while **other expenses** were down 17% to EUR 16.0 million.

Individual items in the consolidated income statement of the Triglav Group for H1 2018

	H1 2018	H1 2017	Index
Net premium income	465,931,222	440,015,652	106
Income from investments including income in subsidiaries and associates	44,313,790	64,052,632	69
Other income from insurance operations	15,591,523	16,107,880	97
Other income	16,803,881	16,470,759	102
Net claims incurred	324,787,170	312,446,398	104
Change in other insurance technical provisions (excluding ULI)	20,424,003	24,860,516	82
Change in insurance technical provisions for unit-linked insurance contracts	-11,884,010	-6,246,320	190
Expenses for bonuses and discounts	4,101,632	3,904,309	105
Operating expenses	113,984,142	108,287,679	105
Expenses from investments including expenses in subsidiaries and associates	23,634,762	17,582,818	134
Other insurance expenses	15,974,993	14,014,019	114
Other expenses	15,985,567	19,371,560	83
Profit before tax	35,632,157	42,425,945	84
Income tax expense	5,667,149	6,307,978	90
Net profit for the accounting period	29,965,008	36,117,967	83

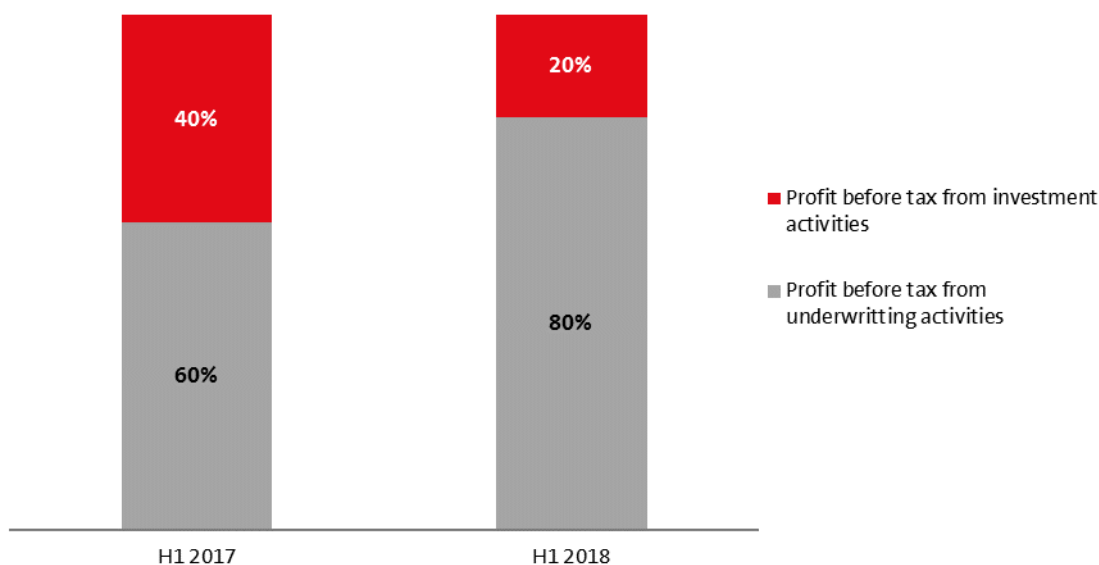
Profit/loss before tax of the Triglav Group*

	H1 2018				H1 2017			
	Non-life	Life	Health	Total	Non-life	Life	Health	Total
Profit before tax from underwriting activities	18,348,812	10,022,263	-373,392	27,997,683	14,931,854	9,720,130	424,817	25,076,801
Profit before tax from investment activities	9,358,798	-2,748,159	323,014	6,933,653	10,984,002	5,584,977	449,879	17,018,858
Profit before tax from insurance operations	27,707,610	7,274,104	-50,378	34,931,336	25,915,856	15,305,107	874,696	42,095,659
Profit before tax from non-insurance operations				700,821				330,286
Total profit before tax				35,632,157				42,425,945

*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 decrease in profit or loss from life insurance investments was mainly the result of lower returns on assets of the guarantee fund in the amount of EUR 5.8 million and additional provisions made due to the reduction in the reserving interest rate of EUR 2.9 million and due to the liability adequacy test (LAT) in the amount of EUR 0.5 million.

Structure of profit/loss before tax of the Triglav Group in H1 2018 and H1 2017



Individual items in the income statement of Zavarovalnica Triglav for H1 2018

	H1 2018	H1 2017	Index
Net premium income	273,827,679	260,633,200	105
Income from investments including income in subsidiaries and associates	36,128,127	54,485,883	66
Other income from insurance operations	14,462,907	16,118,839	90
Other income	5,414,227	5,245,542	103
Net claims incurred	194,896,356	192,332,957	101
Change in other insurance technical provisions	14,636,668	17,007,433	86
Change in insurance technical provisions for unit-linked insurance contracts	-16,319,228	-10,481,381	156
Expenses for bonuses and discounts	3,926,629	3,177,740	124
Operating expenses	76,168,847	73,128,123	104
Expenses from investments including expenses in subsidiaries and associates	16,827,127	11,239,910	150
Other insurance expenses	5,349,328	3,464,144	154
Other expense	2,258,037	6,218,089	36
Profit/loss before tax	32,088,413	40,392,691	79
Income tax expense	4,911,940	5,276,654	93
Net profit/loss for the accounting period	27,176,473	35,116,037	77

5.2 Financial standing

The total **balance sheet** of the Triglav Group as at 30 June 2018 stood at EUR 3,738.3 million or 2% more over the 2017 year-end.

The **total equity capital** as at the reporting date amounted to EUR 719.3 million or 5% less than at the 2017 year-end. The portion of equity in the balance sheet total decreased by 1.3 percentage point, totalling 19.2%. Equity attributable to the controlling company dropped by 5% to EUR 712.4 million, whereas non-controlling interest holders had EUR 6.9 million, up by 2%. Share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary registered no-par value shares.

As at the reporting date, total equity capital reached EUR 719.3 million.

As a result of a decrease in the value of available-for-sale financial assets, fair value reserve went down by 11% to EUR 84.8 million in nominal terms. Share premium amounted to EUR 50.4 million and remained at a level approximately equal to the 2017 year-end (index 100). Reserves from profit of EUR 334.0 million remained at a level approximately equal to that of the 2017 year-end (index 100). They include other reserves from profit, which remained unchanged and legal and statutory reserves, which increased by EUR 577 thousand from a net profit brought forward. Accumulated profit decreased by 14%, amounting to EUR 172.1 million. In addition to EUR 29.7 million (index 76) in net profit for the year, it includes EUR 142.4 million of net profit brought forward (index 89). Net profit brought forward increased by EUR 39.1 million due to a transfer of net profit of the preceding year and decreased by EUR 56.8 million due to the payment of dividends and by EUR 584 thousand due to a transfer of legal, statutory and contingency reserves.

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

Gross insurance technical provisions grew by 4% to EUR 2,846.2 million. Their share in the balance sheet total increased by 1.8 percentage points to 76.1%. Mathematical provisions amounted to EUR 1,782.9 million and remained at a level approximately equal to the 2017 year-end (index 100). Gross claims provisions of EUR 673.4 million were up 5%. Provisions for gross unearned premiums and other insurance technical provisions were up by 28% and 4% respectively. Insurance technical provisions are discussed in greater detail under *Section 4.7*.

Other financial liabilities of EUR 5.5 million decreased by 1%. Their share accounted for 0.1% of total liabilities.

Operating liabilities grew by 2% over the 2017 year-end, amounting to EUR 50.6 million, and accounted for 1.4% of total liabilities. Liabilities from co-insurance and reinsurance operations rose to EUR 31.0 million (index 108), while liabilities from direct insurance operations grew to EUR 19.5 million (index 103). Current tax liabilities equalled EUR 164 thousand (vs. EUR 1.7 million in 2017).

Compared to the 2017 year-end, **other provisions** shrunk by 1% to EUR 17.5 million (a 0.5% share in total liabilities). Compared to 31 December 2017, **deferred tax liabilities** decreased by 15% to EUR 22.4 million, primarily due to lower fair value reserve from financial investments for which deferred tax is calculated. **Other liabilities** decreased by 14% mainly due to lower short-term liabilities of the parent company, reaching EUR 61.4 million and accounting for 1.6% of total balance sheet liabilities.

Financial investments in associates of the Triglav Group reached EUR 11.4 million, having increased by 77% as a result of a capital raise of Triglav in the amount of EUR 4.6 million and the effects of the equity method.

Financial assets accounted for 68.3% of total assets (2.1 percentage points less than at the 2017 year-end) and totalled EUR 2,552.4 million, which represents a decrease of 1% compared to the 2017 year-end. The bulk of financial assets was accounted for by available-for-sale financial assets, which totalled EUR 1,756.6 million. In total financial assets, EUR 437.9 million was accounted for by financial assets measured at fair value through profit or loss, EUR 201.2 million by held-to-maturity financial assets, and EUR 156.7 million by deposits and loans. **Unit-linked life insurance contracts investments** amounted to EUR 438.7 million, which was 3% less compared to 31 December 2017. See *Section 4.8* on the structure of financial assets for more details.

Investment properties amounted to EUR 93.7 million and were at a level approximately equal to the 2017 year-end (index 100), accounting for 2.5% of total assets.

Receivables and deferred tax assets increased by 32% to EUR 233.8 million. They accounted for 6.3% of total assets, of which receivables from direct insurance operations accounted for the bulk, totalling EUR 141.1 million (index 165), which experienced an increase of 14% compared to the respective period of last year. Receivables from co-insurance and reinsurance operations reached EUR 44.7 million (index 99), other receivables stood at EUR 34.4 million (index 104) and current tax receivables at EUR 816 thousand. Deferred tax assets amounted to EUR 12.9 million (index 93).

Insurance technical provisions transferred to reinsurance contracts amounted to EUR 122.9 million, having increased by 47%. Assets from reinsurance contracts from claims provisions were 38% higher and totalled EUR 88.4 million, while assets from unearned premium rose by 73% to EUR 34.3 million.

Property, plant and equipment stood at EUR 113.6 million, having increased by 2% over the 2017 year-end. **Intangible assets** stood at EUR 92.2 million, having increased by 17% primarily due to higher long-term deferred acquisition costs.

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

Cash and cash equivalents equalled EUR 71.2 million (index 91), whilst **other assets** totalled EUR 6.0 million (index 154). **Off-balance-sheet items** totalled EUR 228.5 million (index 95).

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

	30 June 2018	31 December 2017	Index
ASSETS	3,738,296,583	3,674,676,193	102
Intangible assets	92,154,668	78,840,612	117
Property, plant and equipment	113,637,966	111,210,437	102
Non-current assets held for sale	2,289,566	2,278,440	100
Investment property	93,716,350	94,007,483	100
Investments in associates	11,392,944	6,449,324	177
Financial investments	2,552,419,123	2,587,850,704	99
Unit-linked insurance assets	438,697,875	450,236,044	97
Reinsurers' share of insurance technical provisions	122,862,907	83,815,576	147
Receivables and deferred tax assets	233,849,584	177,647,469	132
Other assets	6,037,169	3,922,257	154
Cash and cash equivalents	71,238,431	78,417,847	91
Off balance sheet items	228,528,516	240,363,102	95
EQUITY AND LIABILITIES	3,738,296,583	3,674,676,193	102
Equity	719,282,075	756,645,683	95
Subordinated liabilities	15,460,153	15,459,132	100
Insurance technical provisions	2,408,517,605	2,282,701,026	106
Insurance technical provisions for unit-linked insurance contracts	437,633,666	449,544,565	97
Other provisions	17,510,392	17,774,490	99
Deferred tax liabilities	22,352,099	26,396,579	85
Other financial liabilities	5,540,614	5,589,381	99
Operating liabilities	50,577,444	49,381,602	102
Other liabilities	61,422,535	71,183,735	86
Off balance sheet items	228,528,516	240,363,102	95

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

	30 June 2018	31 December 2017	Index
ASSETS	2,804,875,750	2,786,489,540	101
Intangible assets	69,275,625	59,786,283	116
Property, plant and equipment	69,614,474	67,526,775	103
Investment property	48,107,201	48,214,401	100
Investments in subsidiaries and associates	141,927,521	128,169,983	111
Financial investments	1,817,769,750	1,860,998,156	98
Unit-linked insurance assets	402,011,503	417,607,959	96
Reinsurers' share of insurance technical provisions	111,203,147	85,327,645	130
Receivables and deferred tax assets	121,409,613	81,350,417	149
Other assets	2,942,736	1,993,174	148
Cash and cash equivalents	20,614,179	35,514,745	58
Off balance sheet items	157,692,562	174,448,801	90
EQUITY AND LIABILITIES	2,804,875,750	2,786,489,540	101
Equity	532,604,472	571,412,305	93
Subordinated liabilities	20,609,542	20,608,180	100
Insurance technical provisions	1,773,158,337	1,687,109,267	105
Insurance technical provisions for unit-linked insurance contracts	399,763,807	416,250,767	96
Other provisions	11,692,817	11,425,425	102
Deferred tax liabilities	6,604,299	9,301,053	71
Other financial liabilities	1,554,246	1,845,184	84
Operating liabilities	27,566,472	27,740,050	99
Other liabilities	31,321,757	40,797,310	77
Off balance sheet items	157,692,562	174,448,801	90

6. Risk management

6.1 Risk Management

In view of the situation described in Section *Risk Management* in the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2017, in the first half of 2018 the risk management system was upgraded at the Group level in accordance with internal initiatives and the risks identified in the business environment. There were no material changes of the risk profile in the reporting period. The capital level of both the Company and the Group remained within the set strategic guidelines and adequately exceeded the target level of the risks underwritten. The risks that were particularly closely monitored in the reporting period were the risks arising from climate change, the risks of financial markets, which arise from increased macroeconomic uncertainty, and certain risks in connection with the interpretation of the GDPR provisions on personal data protection, which are all presented below.

On the scales of the most likely events and events with the greatest impact, which are published by the World Economic Forum (Global Risks Perception Survey 2017–2018¹), the risks of extreme weather events, the risks of failure of climate-change mitigation and adaptation and the risks of natural disasters are again at the forefront in 2018. The Company is aware of the importance of climate change and the destructive power of natural disasters as its consequences, which can result in both the increased number of events and the amount of material damage. The core business of the Company is to ensure an adequate coverage even when such events occur. Therefore, the Company continuously adapts to such risks and provides sufficient capital for covering the losses from natural disasters. Furthermore, the Company has adequate reinsurance protection for these purposes, which covers claims resulting from major CAT events as well as at the aggregate level.

The risk of severe storms was realised in the June hailstorm, which was most devastating in Bela Krajina. Even taking into account these claims, the claims experience is within expectations. Both the Company and the Group are aware that climate change will continue to have a significant impact on the demand for this type of insurance and on their claims experience and consequently on the performance of the Company, therefore extra attention is paid to these risks.

In the past, increased macroeconomic uncertainties affecting the financial markets were observed. These included the political changes in Italy, which led to a noticeable increase in credit spreads on Italian bonds. The well-diversified investment portfolio of the Company also includes exposures to Italy. The relevant developments are constantly monitored in terms of market and credit risks so as to appropriately limit the exposure.

In the context of a special project, Zavarovalnica Triglav carried out the activities with a view to adapting its business processes and harmonising the software environment with the provisions of the new EU legislation relating to personal data protection (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data; hereinafter: the Regulation), which became effective as of 25 May 2018. By implementing the project activities, the planned compliance of the Company's processes with the regulatory requirements was achieved. Nevertheless, there is a risk of non-compliance, mainly due to

¹ <https://www.marsh.com/content/dam/marsh/Documents/PDF/UK-en/the-global-risks-report-2018.pdf>

potential differences in the interpretation of the provisions of the Regulation between the Company and the supervisory authority, which is assessed as moderate, and a risk arising from the untimely adoption of the new Personal Data Protection Act (ZVOP-2) on a national level, which was assessed as low, because the provisions of the most recently published draft ZVOP-2 were also taken into account in the implementation of the Regulation.

6.2 Internal audit

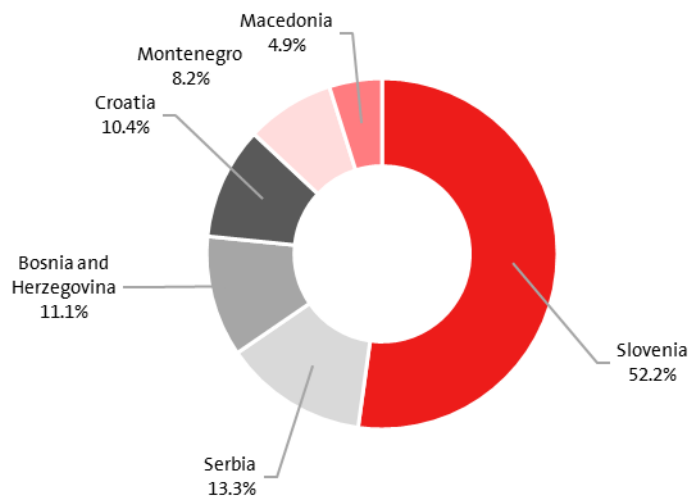
In the first six months of 2018, the Internal Audit Department complied with its annual work plan. It conducted internal audits of various divisions in Zavarovalnica Triglav and audits in some subsidiaries. The findings were reported to the management of the audited divisions and to the Management Board.

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

7. Human Resource Management of the Triglav Group

As at the reporting date, 5,158 employees or 7 more compared to the 2017 year-end were employed in the Triglav Group.

Employees by market of the Triglav Group



ACCOUNTING REPORT

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Statement of management's responsibility

The Management Board herewith confirms the financial statements for the period from 1 January 2018 to 30 June 2018 as well as the applied accounting policies and notes to the financial statements.

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

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

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

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

Andrej Slapar,
President of the Management Board

Uroš Ivanc,
Member of the Management Board

Tadej Čoroli,
Member of the Management Board

Barbara Smolnikar,
Member of the Management Board

Marica Makoter,
Member of the Management Board

Ljubljana, 7 August 2018

1. Financial statements

in EUR

STATEMENT OF FINANCIAL POSITION

	Triglav Group		Zavarovalnica Triglav	
	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
ASSETS	3,738,296,583	3,674,676,193	2,804,875,750	2,786,489,540
Intangible assets	92,154,668	78,840,612	69,275,625	59,786,283
Property, plant and equipment	113,637,966	111,210,437	69,614,474	67,526,775
Non-current assets held for sale	2,289,566	2,278,440	0	0
Deferred tax assets	12,857,716	13,769,115	0	0
Investment property	93,716,350	94,007,483	48,107,201	48,214,401
Investments in subsidiaries	0	0	127,338,667	118,167,937
Investments in associates	11,392,944	6,449,324	14,588,855	10,002,047
- accounted for using the equity method	11,392,944	6,449,324	0	0
- measured at fair value	0	0	14,588,855	10,002,047
Financial investments	2,552,419,123	2,587,850,704	1,817,769,750	1,860,998,156
- loans and deposits	156,746,744	125,251,487	109,006,475	91,428,595
- held to maturity	201,217,467	221,390,576	158,370,526	166,993,807
- available for sale	1,756,589,970	1,815,323,900	1,351,084,827	1,400,652,988
- recognised at fair value through profit and loss	437,864,942	425,884,741	199,307,922	201,922,766
Unit-linked insurance assets	438,697,875	450,236,044	402,011,503	417,607,959
Reinsurers' share of technical provisions	122,862,907	83,815,576	111,203,147	85,327,645
Assets from investment contracts	0	0	0	0
Receivables	220,991,868	163,878,354	121,409,613	81,350,417
- receivables from direct insurance operations	141,093,851	85,722,492	96,045,122	54,731,853
- receivables from reinsurance and co-insurance operations	44,693,468	44,939,702	13,496,537	13,889,792
- current tax receivables	815,977	32,211	23,193	0
- other receivables	34,388,572	33,183,949	11,844,761	12,728,772
Other assets	6,037,169	3,922,257	2,942,736	1,993,174
Cash and cash equivalents	71,238,431	78,417,847	20,614,179	35,514,746
Off balance sheet items	228,528,516	240,363,102	157,692,562	174,448,801
EQUITY AND LIABILITIES	3,738,296,583	3,674,676,193	2,804,875,750	2,786,489,540
Equity	719,282,075	756,645,683	532,604,472	571,412,305
Controlling interests	712,367,432	749,838,244	532,604,472	571,412,305
- share capital	73,701,392	73,701,392	73,701,392	73,701,392
- share premium	50,397,646	50,403,656	53,412,884	53,412,884
- reserves from profit	333,990,924	333,407,073	318,962,643	318,962,643
- treasury share reserves	364,680	364,680	0	0
- treasury shares	-364,680	-364,680	0	0
- fair value reserve	84,803,671	95,398,236	58,103,828	67,250,264
- net profit brought forward	142,421,011	160,647,992	1,247,252	25,563,172
- net profit for the year	29,700,860	39,133,955	27,176,473	32,521,950
- currency translation differences	-2,648,072	-2,854,060	0	0
- reserve of disposal group held for sale	0	0	0	0
Non-controlling interests	6,914,643	6,807,439	0	0
Subordinated liabilities	15,460,153	15,459,132	20,609,542	20,608,180
Insurance technical provisions	2,408,517,605	2,282,701,026	1,773,158,337	1,687,109,267
- unearned premiums	355,358,930	278,112,719	255,203,228	196,528,185
- mathematical provisions	1,345,293,479	1,333,055,389	1,001,472,481	994,737,498
- claims provisions	673,397,150	638,473,713	488,706,234	469,230,900
- other insurance technical provisions	34,468,046	33,059,205	27,776,394	26,612,684
Insurance technical provisions for unit-linked insurance contracts	437,633,666	449,544,565	399,763,807	416,250,767
Employee benefits	13,861,805	13,979,843	10,866,101	10,700,463
Other provisions	3,648,587	3,794,647	826,717	724,961
Non-current liabilities held for sale and discontinued operations	0	0	0	0
Deferred tax liabilities	22,352,099	26,396,579	6,604,299	9,301,053
Liabilities from investment contracts	0	0	0	0
Other financial liabilities	5,540,614	5,589,381	1,554,246	1,845,184
Operating liabilities	50,577,444	49,381,602	27,566,472	27,740,050
- liabilities from direct insurance operations	19,455,922	18,875,323	11,652,091	11,354,265
- liabilities from reinsurance and co-insurance operations	30,957,819	28,758,158	15,914,381	15,249,797
- current tax liabilities	163,703	1,748,121	0	1,135,988
Other liabilities	61,422,535	71,183,735	31,321,757	40,797,310
Off balance sheet items	228,528,516	240,363,102	157,692,562	174,448,801

in EUR

INCOME STATEMENT	Triglav Group		Zavarovalnica Triglav	
	H1 2018	H1 2017	H1 2018	H1 2017
NET PREMIUM INCOME	465,931,222	440,015,652	273,827,678	260,633,200
- gross written premium	574,779,838	547,782,207	365,706,812	352,075,172
- ceded written premium	-59,846,113	-61,169,263	-55,933,594	-58,053,433
- change in unearned premium reserve	-49,002,503	-46,597,292	-35,945,540	-33,388,539
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	515,930	107,270	4,840,648	5,151,433
- profit on equity investments accounted for using the equity method	515,930	107,270	0	0
- other income from investments in subsidiaries and associates	0	0	4,840,648	5,151,433
INCOME FROM INVESTMENTS	43,797,860	63,945,362	31,287,481	49,334,451
- interest income calculated using the effective interest method	27,965,490	29,137,707	18,672,769	19,570,830
- gains on disposals	9,203,997	17,312,784	8,657,208	16,210,070
- other income from investments	6,628,373	17,494,871	3,957,504	13,553,551
OTHER INCOME FROM INSURANCE OPERATIONS	15,591,523	16,107,880	14,462,907	16,118,839
- fees and commission income	9,114,187	9,986,533	9,407,488	11,009,728
- other income from insurance operations	6,477,336	6,121,347	5,055,419	5,109,111
OTHER INCOME	16,803,881	16,470,759	5,414,227	5,245,542
NET CLAIMS INCURRED	324,787,170	312,446,398	194,896,356	192,332,957
- gross claims settled	326,780,006	314,203,835	203,930,656	200,695,953
- reinsurers' share	-15,220,564	-8,910,466	-14,916,537	-9,071,158
- changes in claims provisions	10,320,211	3,890,372	5,882,237	708,162
- equalisation scheme expenses for supplementary health insurance	2,907,517	3,262,657	0	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	20,424,003	24,860,516	14,636,668	17,007,433
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-11,884,010	-6,246,320	-16,319,228	-10,481,381
EXPENSES FOR BONUSES AND DISCOUNTS	4,101,632	3,904,309	3,926,629	3,177,740
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0
OPERATING EXPENSES	113,984,142	108,287,679	76,168,847	73,128,123
- acquisition costs	78,399,707	73,340,761	55,393,908	53,262,849
- other operating costs	35,584,435	34,946,918	20,774,939	19,865,274
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	77,650	227,303	764	3,759
- loss on investments accounted for using the equity method	77,650	227,303	0	0
- other expenses from financial assets and liabilities	0	0	764	3,759
EXPENSES FROM INVESTMENTS	23,557,112	17,355,515	16,827,127	11,239,910
- loss on impairment of investments	976,294	66,953	964,485	0
- loss on disposal of investments	5,857,568	5,536,829	5,763,679	5,168,705
- other expenses from investments	16,723,250	11,751,733	10,098,963	6,071,205
OTHER INSURANCE EXPENSES	15,974,993	14,014,019	5,349,328	3,464,144
OTHER EXPENSES	15,985,567	19,371,560	2,258,037	6,218,089
- expenses from financing	551,484	791,325	615,374	858,811
- other expenses	15,434,083	18,580,235	1,642,663	5,359,278
PROFIT BEFORE TAX	35,632,157	42,425,945	32,088,413	40,392,691
Income tax expense	5,667,149	6,307,978	4,911,940	5,276,654
NET PROFIT FOR THE PERIOD	29,965,008	36,117,967	27,176,473	35,116,037
Earning per share	1.32	1.59		
Net profit/loss attributable to the controlling company	29,700,860	35,728,129		
Net profit/loss attributable to the non-controlling interest holders	264,148	389,838		

in EUR

STATEMENT OF COMPREHENSIVE INCOME

	Triglav Group		Zavarovalnica Triglav	
	H1 2018	H1 2017	H1 2018	H1 2017
Net profit for the period after tax	29,965,008	36,117,967	27,176,473	35,116,037
Other comprehensive income after tax	-10,413,820	1,533,381	-9,146,436	-1,236,636
Items which will not be transferred in P&L in future periods	0	0	0	0
Items which could be transferred into P&L in future periods	-10,413,820	1,533,381	-9,146,436	-1,236,636
Fair value gains/losses on available-for-sale financial assets	-21,620,208	-2,777,940	-19,714,692	-4,745,723
- net gains/losses recognized directly in equity	-16,663,675	14,596,835	-14,912,202	12,214,770
- transfers from equity to income statement	-4,956,533	-17,374,775	-4,802,490	-16,960,493
Fair value gains / losses on non-current assets held for sale	0	0	0	0
Fair value gains/losses on cashflow hedges	0	0	0	0
Share of OCI of entities accounted for using the equity method	-17,242	45,100	0	0
Liabilities from insurance contracts with DPF	6,904,920	2,580,306	6,904,921	2,580,306
Currency translation differences	189,670	867,349	0	0
Tax on other comprehensive income	4,129,040	818,566	3,663,335	928,781
COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	19,551,188	37,651,346	18,030,037	33,879,401
Controlling interest	19,312,286	37,164,378	0	0
Non-controlling interest	238,902	486,968	0	0

Reserves from profit															in EUR
Triglav Group	Share capital	Share premium	Contingency reserves	Legal and statutory reserves	Treasury share reserves	Treasury shares (deductible item)	Credit risk reserves	Other reserves from profit	Fair value reserve	Net profit/loss brought forward	Net profit/loss	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL
As at 1 January 2018	73,701,392	50,403,656	592,269	18,514,040	364,680	-364,680	763	314,300,001	95,398,236	160,647,992	39,133,955	-2,854,060	749,838,244	6,807,439	756,645,683
Comprehensive income for the period from 1 January 2018 to 30 June 2018	0	0	0	0	0	0	0	0	-10,594,565	0	29,700,860	205,988	19,312,283	238,902	19,551,185
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	0	39,133,955	-39,133,955	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	-56,777,085	0	0	-56,777,085	-102,094	-56,879,179
Allocation and use of legal and statutory reserves	0	0	6,844	577,007	0	0	0	0	0	-583,851	0	0	0	0	0
Changes in consolidation area	0	-6,010	0	0	0	0	0	0	0	0	0	0	-6,010	-29,604	-35,614
As at 30 June 2018	73,701,392	50,397,646	599,113	19,091,047	364,680	-364,680	763	314,300,001	84,803,671	142,421,011	29,700,860	-2,648,072	712,367,432	6,914,643	719,282,075
As at 1 January 2017	73,701,392	53,488,690	592,269	20,642,424	364,680	-364,680	763	284,300,001	87,735,128	173,192,869	44,216,477	-3,914,499	733,955,514	10,394,233	744,349,747
Comprehensive income for the period from 1 January 2017 to 30 June 2017	0	0	0	0	0	0	0	0	579,724	0	35,728,129	856,524	37,164,378	486,968	37,651,346
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	0	44,216,477	-44,216,477	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	-56,777,141	0	0	-56,777,141	-4,311	-56,781,452
Allocation and use of legal and statutory reserves	0	0	0	167,985	0	0	0	0	0	-167,985	0	0	0	0	0
Changes in consolidation area	0	-3,047,757	0	-2,428,902	0	0	0	0	0	0	0	0	-5,476,661	-3,320,787	-8,797,448
As at 30 June 2017	73,701,392	50,440,933	592,269	18,381,507	364,680	-364,680	763	284,300,001	88,314,852	160,464,220	35,728,129	-3,057,975	708,866,090	7,556,103	716,422,193

Zavarovalnica Triglav	Reserves from profit						in EUR		
	Share capital	Share premium	Legal and statutory reserves	Credit risk reserves	Other reserves from profit	Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
As at 1 January 2018	73,701,392	53,412,884	4,662,643	0	314,300,000	67,250,264	25,563,172	32,521,950	571,412,305
Comprehensive income for the period from 1 January 2018 to 30 June 2018	0	0	0	0	0	-9,146,436	0	27,176,473	18,030,037
Allocation to net profit/loss brought forward	0	0	0	0	0	0	32,521,949	-32,521,949	0
Dividend payment	0	0	0	0	0	0	-56,837,869	0	-56,837,869
As at 30 June 2018	73,701,392	53,412,884	4,662,643	0	314,300,000	58,103,828	1,247,252	27,176,473	532,604,472
As at 1 January 2017	73,701,392	53,412,884	4,662,643	0	284,300,000	64,890,318	44,688,278	37,733,602	563,389,117
Comprehensive income for the period from 1 January 2017 to 30 June 2017	0	0	0	0	0	-1,236,636	0	35,116,037	33,879,401
Allocation to net profit/loss brought forward	0	0	0	0	0	0	37,733,602	-37,733,602	0
Dividend payment	0	0	0	0	0	0	-56,837,868	0	-56,837,868
As at 30 June 2017	73,701,392	53,412,884	4,662,643	0	284,300,000	63,653,682	25,584,011	35,116,037	540,430,649

in EUR

		Triglav Group		Zavarovalnica Triglav	
		H1 2018	H1 2017	H1 2018	H1 2017
A.	OPERATING CASH FLOW				
a.	Income statement items	91,828,809	65,158,584	53,648,322	36,692,614
	Net written premium for the period	531,897,572	500,209,380	309,773,218	294,021,739
	Investment income (excluding financial income)	12,791,626	10,569,775	6,252,987	5,682,182
	Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables	21,062,182	18,736,423	5,286,639	5,038,874
	Net claims paid	-315,860,991	-309,922,854	-189,014,119	-191,624,795
	Bonuses and rebates paid	-4,514,458	-3,816,060	-3,926,629	-3,177,740
	Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	-116,445,968	-107,516,351	-63,878,168	-59,063,490
	Investment expenses (excluding depreciation charge and financial expenses)	-5,426,331	-5,938,445	-2,760,142	-2,971,889
	Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	-25,055,468	-30,400,493	-2,980,924	-5,657,197
	Corporate income tax and other taxes excluded from operating expenses	-6,619,355	-6,762,791	-5,104,539	-5,555,071
b.	Changes in net current assets-operating balance sheet items	-72,148,795	-47,008,613	-50,307,702	-31,163,675
	Movements in receivables from direct insurance operations	-54,419,014	-37,087,111	-41,113,338	-25,192,130
	Movements in receivables from reinsurance operations	1,394,184	-6,460,668	393,255	-5,289,842
	Movements in other receivables from (re)insurance operations	-9,591,491	-2,073,612	-1,131,214	-47,876
	Movements in other receivables and assets	-1,112,768	-6,410,591	-534,973	-1,107,585
	Movements in deferred tax assets	-2,088,029	-853,951	0	0
	Movements in inventories	-92,396	277,373	-51,112	-36,912
	Movements in debts from direct insurance operations	332,485	1,182,264	297,826	1,356,415
	Movements in debts from reinsurance operations	207,202	1,318,353	664,583	2,797,753
	Movements in operating debts	-1,279,315	869,025	1,362	80,447
	Movements in other liabilities (excluding unearned premiums)	-5,457,318	1,612,968	-8,834,091	-3,723,945
	Movements in deferred tax liabilities	-42,335	617,337	0	0
c.	Net cash from/ (used in) operating activities (a + b)	19,680,014	18,149,971	3,340,620	5,528,939
B.	CASH FLOWS FROM INVESTING ACTIVITIES			0	0
a.	Cash inflows from investing activities	544,147,037	667,411,519	448,291,987	567,352,861
	Cash inflows from interest from investing activities	30,174,335	39,857,362	22,232,650	31,299,308
	Cash inflows from dividends received and profit sharing	-3,403,894	314,357	4,814,438	4,882,915
	Cash inflows from the disposal of intangible assets	0	1,528	0	0
	Cash inflows from the disposal of property, plant and equipment	2,309,060	771,003	589,009	344,867
	Cash inflows from the disposal of financial investments	515,067,536	626,467,269	420,655,891	530,825,771
	- Cash inflows from the disposal of investments in subsidiaries and associates	0	0	0	3,015,580
	- Other cash inflows from disposal of financial investments	515,067,536	626,467,269	420,655,892	527,810,191
b.	Cash outflows from investing activities	-512,887,033	-621,407,565	-408,451,361	-512,587,055
	Cash outflows for the purchase of intangible assets	-2,989,168	-2,074,740	-1,497,331	-1,235,404
	Cash outflows for the purchase of property, plant and equipment	-8,163,312	-1,919,722	-5,240,606	-1,140,279
	Cash outflows for the purchase of financial investments	-501,734,553	-617,413,103	-401,713,424	-510,211,372
	- Cash outflows for the purchase of investments in subsidiaries and associates	-4,617,455	-6,947,337	-13,757,538	-5,472,080
	- Other cash outflows to acquire financial investments	-497,117,098	-610,465,766	-387,955,886	-504,739,292
c.	Net cash from/ (used in) investing activities (a + b)	31,260,004	46,003,954	39,840,626	54,765,806
C.	CASH FLOWS FROM FINANCING ACTIVITIES			0	0
a.	Cash inflows from financing activities	0	0	0	0
	Cash inflows from paid-in capital	0	0	0	0
	Cash inflows from long-term loans received and issued	0	0	0	0
	Cash inflows from short-term loans received	0	0	0	0
b.	Cash outflows from financing activities	-58,123,127	-60,353,620	-58,081,814	-58,065,236
	Cash outflows for paid interest	-1,227,366	-1,227,366	-1,227,366	-1,227,366
	Cash outflows for purchase of treasury shares	0	-2,349,109	0	0
	Cash outflows for capital repayment	0	0	0	0
	Cash outflows for payments of long-term financial liabilities	0	0	0	0
	Cash outflows for payments of short-term financial liabilities	0	0	0	0
	Cash outflows from dividends paid and profit sharing	-56,895,761	-56,777,145	-56,854,447	-56,837,870
c.	Net cash from/ (used in) financing activities (a + b)	-58,123,127	-60,353,620	-58,081,814	-58,065,236
D.	Closing balance of cash and cash equivalents	71,238,431	69,590,308	20,614,178	29,883,155
E1.	Net cash flow for the period	-7,183,109	3,800,305	-14,900,568	2,229,509
E3.	Foreign exchange differences	3,693	75,529	0	0
F.	Opening balance of cash and cash equivalents	78,417,847	65,714,474	35,514,746	27,653,646

2. Selected notes to the financial statements

2.1 Statement of compliance

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

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

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

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

2.2 Significant accounting policies and estimates

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

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

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

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

2.3 Seasonal operations

Operations of Zavarovalnica Triglav are not of a seasonal character. In the first half year of 2018, gross written premium in non-life insurance was somewhat higher than in the remaining part of the year, as insurance to corporate clients is sold at the beginning of the year (as policies expire at the beginning of the financial year).

2.4 Segmental analysis of the Triglav Group operations

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
BY SEGMENT**

30 June 2018

	Non-life	Life	Health	Other	TOTAL NON- CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	1,866,298,761	1,990,768,148	57,820,184	195,718,236	4,110,605,329	-372,308,746	3,738,296,583
Intangible assets	84,553,483	3,456,740	1,233,086	2,911,359	92,154,668	0	92,154,668
Property, plant and equipment	93,554,358	10,357,382	1,348,868	8,377,358	113,637,966	0	113,637,966
Deferred tax assets	12,228,163	183,390	150,576	295,587	12,857,716	0	12,857,716
Investment property	51,057,471	2,375,011	0	34,919,897	88,352,379	5,363,971	93,716,350
Investments in subsidiaries	126,172,977	10,504,174	0	75,707,857	212,385,008	-212,385,008	0
Investments in associates	9,112,669	636,787	0	1,643,488	11,392,944	0	11,392,944
Financial assets	1,005,974,917	1,922,590,689	46,195,337	43,264,604	3,018,025,547	-26,908,549	2,991,116,998
Financial investments:	1,005,974,917	1,483,892,814	46,195,337	43,264,604	2,579,327,672	-26,908,549	2,552,419,123
- loans and deposits	83,869,719	83,011,247	389,107	11,235,832	178,505,905	-21,759,161	156,746,744
- held to maturity	0	201,217,467	0	0	201,217,467	0	201,217,467
- available for sale	917,925,386	765,479,417	45,806,230	32,028,772	1,761,239,805	-4,649,835	1,756,589,970
- recognised at fair value through profit and loss	4,179,812	434,184,683	0	0	438,364,495	-499,553	437,864,942
Unit-linked insurance assets	0	438,697,875	0	0	438,697,875	0	438,697,875
Reinsurers' share of technical provisions	229,653,944	39,259	1,342,674	0	231,035,877	-108,172,970	122,862,907
Receivables	227,733,758	8,803,877	5,439,985	9,102,135	251,079,755	-30,087,887	220,991,868
- receivables from direct insurance operations	135,986,458	635,173	4,644,976	30,637	141,297,244	-203,393	141,093,851
- receivables from reinsurance and co-insurance operations	70,010,893	7,092	131,349	0	70,149,334	-25,455,866	44,693,468
- current tax receivables	758,853	154	0	56,970	815,977	0	815,977
- other receivables	20,977,554	8,161,458	663,660	9,014,528	38,817,200	-4,428,628	34,388,572
Other assets	5,016,830	175,157	194,572	768,913	6,155,472	-118,303	6,037,169
Cash and cash equivalents	21,240,191	31,645,682	1,915,086	16,437,472	71,238,431	0	71,238,431
Non-current assets held for sale	0	0	0	2,289,566	2,289,566	0	2,289,566
EQUITY AND LIABILITIES	1,866,298,761	1,990,768,148	57,820,184	195,718,236	4,110,605,329	-372,308,746	3,738,296,583
Equity	578,428,282	147,904,286	30,728,454	170,106,381	927,167,403	-207,885,328	719,282,075
Controlling interests	578,428,282	147,904,286	30,728,454	170,106,381	927,167,403	-214,799,971	712,367,432
- share capital	114,718,513	48,091,579	25,822,144	101,249,363	289,881,599	-216,180,207	73,701,392
- share premium	43,048,225	13,658,827	0	20,762,996	77,470,048	-27,072,402	50,397,646
- reserves from profit	283,812,741	47,163,439	344,643	1,709,241	333,030,064	960,860	333,990,924
- treasury share reserves	0	0	0	0	0	364,680	364,680
- treasury shares	0	0	0	0	0	-364,680	-364,680
- fair value reserve	59,442,207	10,919,706	1,264,271	14,831,463	86,457,647	-1,653,976	84,803,671
- net profit brought forward	51,025,360	24,526,738	3,190,158	25,187,386	103,929,642	38,491,369	142,421,011
- net profit for the year	28,422,112	4,097,429	107,238	6,381,010	39,007,789	-9,306,929	29,700,860
- currency translation differences	-2,040,876	-553,432	0	-15,078	-2,609,386	-38,686	-2,648,072
Non-controlling interests	0	0	0	0	0	6,914,643	6,914,643
Subordinated liabilities	10,776,050	9,833,492	1,500,000	0	22,109,542	-6,649,389	15,460,153
Insurance technical provisions	1,127,786,311	1,370,264,963	16,830,198	0	2,514,881,472	-106,363,867	2,408,517,605
- unearned premiums	377,568,124	504,683	3,273,826	0	381,346,633	-25,987,703	355,358,930
- mathematical provisions	0	1,343,436,498	0	0	1,343,436,498	1,856,981	1,345,293,479
- claims provisions	723,185,346	20,533,732	10,768,279	0	754,487,357	-81,090,207	673,397,150
- other insurance technical provisions	27,032,841	5,790,050	2,788,093	0	35,610,984	-1,142,938	34,468,046
Insurance technical provisions for unit-linked insurance contracts	0	437,633,666	0	0	437,633,666	0	437,633,666
Employee benefits	10,726,018	2,046,906	482,128	606,753	13,861,805	0	13,861,805
Other provisions	1,848,795	1,307,746	89,095	402,951	3,648,587	0	3,648,587
Deferred tax liabilities	13,720,490	5,093,423	0	3,538,186	22,352,099	0	22,352,099
Other financial liabilities	5,300,024	1,137,516	49,021	2,904,273	9,390,834	-3,850,220	5,540,614
Operating liabilities	63,812,810	8,203,958	4,389,377	89,836	76,495,981	-25,918,537	50,577,444
- liabilities from direct insurance operations	7,491,687	8,168,222	4,232,848	0	19,892,757	-436,835	19,455,922
- liabilities from reinsurance and co-insurance operations	56,258,789	35,736	144,996	0	56,439,521	-25,481,702	30,957,819
- current tax liabilities	62,334	0	11,533	89,836	163,703	0	163,703
Other liabilities	53,899,981	7,342,192	3,751,911	18,069,856	83,063,940	-21,641,405	61,422,535
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
BY SEGMENT**

31 December 2017

	Non-life	Life	Health	Other	TOTAL NON- CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	1,771,644,611	2,003,539,158	56,434,979	185,413,134	4,017,031,882	-342,355,689	3,674,676,193
Intangible assets	71,318,618	3,025,618	1,288,099	3,208,277	78,840,612	0	78,840,612
Property, plant and equipment	90,742,267	10,567,978	1,427,685	8,472,507	111,210,437	0	111,210,437
Deferred tax assets	12,994,783	380,255	64,932	329,145	13,769,115	0	13,769,115
Investment property	51,244,024	2,401,488	0	34,998,000	88,643,512	5,363,971	94,007,483
Investments in subsidiaries	116,711,634	10,504,174	0	75,677,210	202,893,018	-202,893,018	0
Investments in associates	4,399,809	708,237	0	1,341,278	6,449,324	0	6,449,324
Financial assets	1,058,188,425	1,923,532,925	47,398,481	41,536,723	3,070,656,554	-32,569,806	3,038,086,748
Financial investments:	1,058,188,425	1,473,296,881	47,398,481	41,536,723	2,620,420,510	-32,569,806	2,587,850,704
- loans and deposits	74,294,351	68,428,166	389,713	9,560,016	152,672,246	-27,420,759	125,251,487
- held to maturity	0	221,390,576	0	0	221,390,576	0	221,390,576
- available for sale	978,443,512	762,544,440	47,008,768	31,976,707	1,819,973,427	-4,649,527	1,815,323,900
- recognised at fair value through profit and loss	5,450,562	420,933,699	0	0	426,384,261	-499,520	425,884,741
Unit-linked insurance assets	0	450,236,044	0	0	450,236,044	0	450,236,044
Reinsurers' share of technical provisions	164,982,800	33,246	86,064	0	165,102,110	-81,286,534	83,815,576
Receivables	175,081,175	6,250,245	4,630,440	8,765,717	194,727,577	-30,849,223	163,878,354
- receivables from direct insurance operations	80,936,921	526,028	4,384,052	25,485	85,872,486	-149,994	85,722,492
- receivables from reinsurance and co-insurance operations	70,564,407	107,320	44,261	0	70,715,988	-25,776,286	44,939,702
- current tax receivables	21,706	154	0	10,351	32,211	0	32,211
- other receivables	23,558,141	5,616,743	202,127	8,729,881	38,106,892	-4,922,943	33,183,949
Other assets	3,258,596	72,269	93,026	619,445	4,043,336	-121,079	3,922,257
Cash and cash equivalents	22,722,480	46,062,723	1,446,252	8,186,392	78,417,847	0	78,417,847
Non-current assets held for sale	0	0	0	2,278,440	2,278,440	0	2,278,440
EQUITY AND LIABILITIES	1,771,644,611	2,003,539,158	56,434,979	185,413,134	4,017,031,882	-342,355,689	3,674,676,193
Equity	610,210,587	159,335,731	30,986,326	154,611,642	955,144,286	-198,498,603	756,645,683
Controlling interests	610,210,587	159,335,731	30,986,326	154,611,642	955,144,286	-205,306,042	749,838,244
- share capital	114,718,513	47,691,579	25,822,144	92,083,600	280,315,836	-206,614,444	73,701,392
- share premium	43,048,225	13,658,827	0	20,762,996	77,470,048	-27,066,392	50,403,656
- reserves from profit	283,095,556	47,156,595	344,643	1,709,241	332,306,035	1,101,038	333,407,073
- fair value reserve	65,931,902	14,646,079	1,629,381	14,853,773	97,061,135	-1,662,899	95,398,236
- net profit brought forward	76,985,684	22,765,346	2,055,271	23,281,671	125,087,972	35,560,020	160,647,992
- net profit for the year	28,420,908	14,075,019	1,134,887	1,956,845	45,587,659	-6,453,704	39,133,955
- currency translation differences	-1,990,201	-657,714	0	-36,484	-2,684,399	-169,661	-2,854,060
Non-controlling interests	0	0	0	0	0	6,807,439	6,807,439
Subordinated liabilities	10,775,525	9,832,655	1,500,000	0	22,108,180	-6,649,048	15,459,132
Insurance technical provisions	990,706,110	1,356,384,332	14,831,179	0	2,361,921,621	-79,220,595	2,282,701,026
- unearned premiums	289,866,512	439,263	2,630,206	0	292,935,981	-14,823,262	278,112,719
- mathematical provisions	0	1,331,198,408	0	0	1,331,198,408	1,856,981	1,333,055,389
- claims provisions	675,322,350	19,476,640	9,929,037	0	704,728,027	-66,254,314	638,473,713
- other insurance technical provisions	25,517,248	5,270,021	2,271,936	0	33,059,205	0	33,059,205
Insurance technical provisions for unit-linked insurance contracts	0	449,544,564	0	0	449,544,564	0	449,544,565
Employee benefits	10,860,025	2,022,147	486,037	611,634	13,979,843	0	13,979,843
Other provisions	1,869,081	1,372,200	161,611	391,755	3,794,647	0	3,794,647
Deferred tax liabilities	15,511,778	7,331,797	0	3,553,004	26,396,579	0	26,396,579
Other financial liabilities	5,549,056	1,112,471	98,854	8,664,123	15,424,504	-9,835,123	5,589,381
Operating liabilities	63,014,034	8,501,117	4,126,075	301,889	75,943,115	-26,561,513	49,381,602
- liabilities from direct insurance operations	7,156,311	8,336,100	4,003,137	0	19,495,548	-620,225	18,875,323
- liabilities from reinsurance and co-insurance operations	54,516,389	146,850	36,207	0	54,699,446	-25,941,288	28,758,158
- current tax liabilities	1,341,334	18,167	86,731	301,889	1,748,121	0	1,748,121
Other liabilities	63,148,415	8,102,144	4,244,897	17,279,087	92,774,543	-21,590,808	71,183,735
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

30 June 2018

	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,679,340,368	431,264,961	4,110,605,329	-372,308,746	3,738,296,583
Intangible assets	74,306,968	17,847,700	92,154,668	0	92,154,668
Property, plant and equipment	75,578,899	38,059,067	113,637,966	0	113,637,966
Deferred tax assets	12,442,956	414,760	12,857,716	0	12,857,716
Investment property	76,298,733	12,053,646	88,352,379	5,363,971	93,716,350
Investments in subsidiaries	204,818,615	7,566,393	212,385,008	-212,385,008	0
Investments in associates	11,392,944	0	11,392,944	0	11,392,944
Financial assets	2,784,543,384	233,482,163	3,018,025,547	-26,908,549	2,991,116,998
Financial investments:	2,365,056,474	214,271,198	2,579,327,672	-26,908,549	2,552,419,123
- loans and deposits	135,836,344	42,669,561	178,505,905	-21,759,161	156,746,744
- held to maturity	184,903,056	16,314,411	201,217,467	0	201,217,467
- available for sale	1,610,572,123	150,667,682	1,761,239,805	-4,649,835	1,756,589,970
- recognised at fair value through profit and loss	433,744,951	4,619,544	438,364,495	-499,553	437,864,942
Unit-linked insurance assets	419,486,910	19,210,965	438,697,875	0	438,697,875
Reinsurers' share of technical provisions	189,826,128	41,209,749	231,035,877	-108,172,970	122,862,907
Receivables	190,545,600	60,534,155	251,079,755	-30,087,887	220,991,868
- receivables from direct insurance operations	100,695,829	40,601,415	141,297,244	-203,393	141,093,851
- receivables from reinsurance and co-insurance operations	65,612,303	4,537,031	70,149,334	-25,455,866	44,693,468
- current tax receivables	642,398	173,579	815,977	0	815,977
- other receivables	23,595,070	15,222,130	38,817,200	-4,428,628	34,388,572
Other assets	3,484,112	2,671,360	6,155,472	-118,303	6,037,169
Cash and cash equivalents	55,345,256	15,893,175	71,238,431	0	71,238,431
Non-current assets held for sale	756,773	1,532,793	2,289,566	0	2,289,566
EQUITY AND LIABILITIES	3,679,340,368	431,264,961	4,110,605,329	-372,308,746	3,738,296,583
Equity	814,271,242	112,896,161	927,167,403	-207,885,328	719,282,075
Controlling interests	814,271,242	112,896,161	927,167,403	-214,799,971	712,367,432
- share capital	193,083,890	96,797,709	289,881,599	-216,180,207	73,701,392
- share premium	75,913,505	1,556,543	77,470,048	-27,072,402	50,397,646
- reserves from profit	322,949,553	10,080,511	333,030,064	960,860	333,990,924
- treasury share reserves	0	0	0	364,680	364,680
- treasury shares	0	0	0	-364,680	-364,680
- fair value reserve	77,412,532	9,045,115	86,457,647	-1,653,976	84,803,671
- net profit brought forward	110,147,010	-6,217,368	103,929,642	38,491,369	142,421,011
- net profit for the year	34,764,752	4,243,037	39,007,789	-9,306,929	29,700,860
- currency translation differences	0	-2,609,386	-2,609,386	-38,686	-2,648,072
Non-controlling interests	0	0	0	6,914,643	6,914,643
Subordinated liabilities	22,109,542	0	22,109,542	-6,649,389	15,460,153
Insurance technical provisions	2,267,152,187	247,729,285	2,514,881,472	-106,363,867	2,408,517,605
- unearned premiums	298,117,299	83,229,334	381,346,633	-25,987,703	355,358,930
- mathematical provisions	1,279,652,204	63,784,294	1,343,436,498	1,856,981	1,345,293,479
- claims provisions	657,467,845	97,019,512	754,487,357	-81,090,207	673,397,150
- other insurance technical provisions	31,914,839	3,696,145	35,610,984	-1,142,938	34,468,046
Insurance technical provisions for unit-linked insurance contracts	418,387,989	19,245,677	437,633,666	0	437,633,666
Employee benefits	12,081,619	1,780,186	13,861,805	0	13,861,805
Other provisions	2,322,904	1,325,683	3,648,587	0	3,648,587
Deferred tax liabilities	20,925,887	1,426,212	22,352,099	0	22,352,099
Other financial liabilities	4,066,314	5,324,520	9,390,834	-3,850,220	5,540,614
Operating liabilities	61,960,960	14,535,021	76,495,981	-25,918,537	50,577,444
- liabilities from direct insurance operations	16,201,862	3,690,895	19,892,757	-436,835	19,455,922
- liabilities from reinsurance and co-insurance operations	45,666,278	10,773,243	56,439,521	-25,481,702	30,957,819
- current tax liabilities	92,820	70,883	163,703	0	163,703
Other liabilities	56,061,724	27,002,216	83,063,940	-21,641,405	61,422,535
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

in EUR

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

	31 December 2017				
	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,614,478,901	402,552,981	4,017,031,882	-342,355,689	3,674,676,193
Intangible assets	64,429,076	14,411,536	78,840,612	0	78,840,612
Property, plant and equipment	73,583,739	37,626,698	111,210,437	0	111,210,437
Deferred tax assets	13,357,451	411,664	13,769,115	0	13,769,115
Investment property	76,402,270	12,241,242	88,643,512	5,363,971	94,007,483
Investments in subsidiaries	195,617,238	7,275,780	202,893,018	-202,893,018	0
Investments in associates	6,449,324	0	6,449,324	0	6,449,324
Financial assets	2,830,737,860	239,918,694	3,070,656,554	-32,569,806	3,038,086,748
Financial investments:	2,399,932,370	220,488,140	2,620,420,510	-32,569,806	2,587,850,704
- loans and deposits	111,821,768	40,850,478	152,672,246	-27,420,759	125,251,487
- held to maturity	203,560,517	17,830,059	221,390,576	0	221,390,576
- available for sale	1,663,292,719	156,680,708	1,819,973,427	-4,649,527	1,815,323,900
- recognised at fair value through profit and loss	421,257,366	5,126,895	426,384,261	-499,520	425,884,741
Unit-linked insurance assets	430,805,490	19,430,554	450,236,044	0	450,236,044
Reinsurers' share of technical provisions	141,119,147	23,982,963	165,102,110	-81,286,534	83,815,576
Receivables	145,898,870	48,828,707	194,727,577	-30,849,223	163,878,354
- receivables from direct insurance operations	59,122,562	26,749,924	85,872,486	-149,994	85,722,492
- receivables from reinsurance and co-insurance operations	62,936,521	7,779,467	70,715,988	-25,776,286	44,939,702
- current tax receivables	4,457	27,754	32,211	0	32,211
- other receivables	23,835,330	14,271,562	38,106,892	-4,922,943	33,183,949
Other assets	2,245,426	1,797,910	4,043,336	-121,079	3,922,257
Cash and cash equivalents	63,881,727	14,536,120	78,417,847	0	78,417,847
Non-current assets held for sale	756,773	1,521,667	2,278,440	0	2,278,440
EQUITY AND LIABILITIES	3,614,478,901	402,552,981	4,017,031,882	-342,355,689	3,674,676,193
Equity	842,431,956	112,712,330	955,144,286	-198,498,603	756,645,683
Controlling interests	842,431,956	112,712,330	955,144,286	-205,306,042	749,838,244
- share capital	183,918,127	96,397,709	280,315,836	-206,614,444	73,701,392
- share premium	75,913,505	1,556,543	77,470,048	-27,066,392	50,403,656
- reserves from profit	322,949,553	9,356,482	332,306,035	1,101,038	333,407,073
- fair value reserve	88,222,900	8,838,235	97,061,135	-1,662,899	95,398,236
- net profit brought forward	128,992,839	-3,904,867	125,087,972	35,560,020	160,647,992
- net profit for the year	42,435,032	3,152,627	45,587,659	-6,453,704	39,133,955
- currency translation differences	0	-2,684,399	-2,684,399	-169,661	-2,854,060
Non-controlling interests	0	0	0	6,807,439	6,807,439
Subordinated liabilities	22,108,180	0	22,108,180	-6,649,048	15,459,132
Insurance technical provisions	2,139,794,923	222,126,698	2,361,921,621	-79,220,595	2,282,701,026
- unearned premiums	223,888,442	69,047,539	292,935,981	-14,823,262	278,112,719
- mathematical provisions	1,269,100,045	62,098,363	1,331,198,408	1,856,981	1,333,055,389
- claims provisions	617,489,746	87,238,281	704,728,027	-66,254,314	638,473,713
- other insurance technical provisions	29,316,690	3,742,515	33,059,205	0	33,059,205
Insurance technical provisions for unit-linked insurance contracts	430,052,242	19,492,322	449,544,564	0	449,544,565
Employee benefits	11,920,963	2,058,880	13,979,843	0	13,979,843
Other provisions	2,351,028	1,443,619	3,794,647	0	3,794,647
Deferred tax liabilities	24,957,195	1,439,384	26,396,579	0	26,396,579
Other financial liabilities	10,009,188	5,415,316	15,424,504	-9,835,123	5,589,381
Operating liabilities	64,669,856	11,273,259	75,943,115	-26,561,513	49,381,602
- liabilities from direct insurance operations	15,840,323	3,655,225	19,495,548	-620,225	18,875,323
- liabilities from reinsurance and co-insurance operations	47,201,500	7,497,946	54,699,446	-25,941,288	28,758,158
- current tax liabilities	1,628,033	120,088	1,748,121	0	1,748,121
Other liabilities	66,183,370	26,591,173	92,774,543	-21,590,808	71,183,735
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

CONSOLIDATED INCOME STATEMENT BY SEGMENT

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

CONSOLIDATED INCOME STATEMENT BY SEGMENT

	H1 2017				
	Non-life	Life	Health	Other	TOTAL
NET PREMIUM INCOME	264,983,879	111,438,343	63,593,430	0	440,015,652
- gross written premium	372,065,718	111,502,115	64,214,374	0	547,782,207
- ceded written premium	-61,147,159	-22,104	0	0	-61,169,263
- change in unearned premium reserve	-45,934,680	-41,668	-620,944	0	-46,597,292
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	41,598	0	0	65,672	107,270
- profit on equity investments accounted for using the equity method	41,598	0	0	65,672	107,270
- other income from investments in subsidiaries and associates	0	0	0	0	0
INCOME FROM INVESTMENTS	17,818,681	45,352,425	534,954	239,302	63,945,362
- interest income calculated using the effective interest method	9,803,780	18,979,197	354,146	584	29,137,707
- gains on disposals	6,958,185	10,174,150	180,449	0	17,312,784
- other income from investments	1,056,716	16,199,078	359	238,718	17,494,871
OTHER INCOME FROM INSURANCE OPERATIONS	16,006,885	79,450	21,545	0	16,107,880
- fees and commission income	9,928,247	58,286	0	0	9,986,533
- other income from insurance operations	6,078,638	21,164	21,545	0	6,121,347
OTHER INCOME	3,203,841	45,645	14,413	13,206,860	16,470,759
NET CLAIMS INCURRED	159,047,577	96,959,139	56,439,682	0	312,446,398
- gross claims settled	164,402,175	97,029,302	52,772,358	0	314,203,835
- reinsurers' share	-8,910,466	0	0	0	-8,910,466
- changes in claims provisions	3,555,868	-70,163	404,667	0	3,890,372
- equalisation scheme expenses for supplementary health insurance	0	0	3,262,657	0	3,262,657
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	1,025,320	23,007,264	827,932	0	24,860,516
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-6,246,320	0	0	-6,246,320
EXPENSES FOR BONUSES AND DISCOUNTS	3,891,608	12,701	0	0	3,904,309
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0	0
OPERATING EXPENSES	86,215,579	16,340,185	5,731,915	0	108,287,679
- acquisition costs	62,027,136	9,546,627	1,766,998	0	73,340,761
- other operating costs	24,188,443	6,793,558	3,964,917	0	34,946,918
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	44,805	11,661	0	170,837	227,303
- loss on investments accounted for using the equity method	44,805	11,661	0	170,837	227,303
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM INVESTMENTS	6,831,472	10,329,447	85,075	109,521	17,355,515
- loss on impairment of investments	48,804	18,149	0	0	66,953
- loss on disposal of investments	2,585,448	2,778,997	64,910	107,474	5,536,829
- other expenses from investments	4,197,220	7,532,301	20,165	2,047	11,751,733
OTHER INSURANCE EXPENSES	13,684,810	125,123	204,086	0	14,014,019
OTHER EXPENSES	5,397,858	1,071,556	956	12,901,190	19,371,560
- expenses from financing	500,563	288,155	0	2,607	791,325
- other expenses	4,897,295	783,401	956	12,898,583	18,580,235
PROFIT BEFORE TAX	25,915,856	15,305,107	874,696	330,286	42,425,945
Income tax expense	3,997,251	1,732,661	0	578,066	6,307,978
NET PROFIT FOR THE PERIOD	21,918,605	13,572,446	874,696	-247,780	36,117,967
Net profit/loss attributable to the controlling company	21,691,202	13,436,040	874,696	-273,809	35,728,129
Net profit/loss attributable to the non-controlling interest holders	227,403	136,406	0	26,029	389,838

in EUR

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

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

in EUR

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	H1 2017		
	Slovenia	Other	TOTAL
NET PREMIUM INCOME	361,557,659	78,457,993	440,015,652
- gross written premium	451,182,707	96,599,500	547,782,207
- ceded written premium	-51,141,688	-10,027,575	-61,169,263
- change in unearned premium reserve	-38,483,360	-8,113,932	-46,597,292
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	107,270	0	107,270
- profit on equity investments accounted for using the equity method	107,270	0	107,270
- other income from investments in subsidiaries and associates	0	0	0
INCOME FROM INVESTMENTS	58,487,230	5,458,132	63,945,362
- interest income calculated using the effective interest method	25,104,946	4,032,761	29,137,707
- gains on disposals	17,262,861	49,923	17,312,784
- other income from investments	16,119,423	1,375,448	17,494,871
OTHER INCOME FROM INSURANCE OPERATIONS	13,720,434	2,387,446	16,107,880
- fees and commission income	9,149,227	837,306	9,986,533
- other income from insurance operations	4,571,207	1,550,140	6,121,347
OTHER INCOME	12,905,251	3,565,508	16,470,759
NET CLAIMS INCURRED	272,667,730	39,778,668	312,446,398
- gross claims settled	273,139,220	41,064,615	314,203,835
- reinsurers' share	-5,382,126	-3,528,340	-8,910,466
- changes in claims provisions	1,647,979	2,242,393	3,890,372
- equalisation scheme expenses for supplementary health insurance	3,262,657	0	3,262,657
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	23,173,669	1,686,847	24,860,516
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-6,067,446	-178,874	-6,246,320
EXPENSES FOR BONUSES AND DISCOUNTS	3,265,990	638,319	3,904,309
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0
OPERATING EXPENSES	79,142,663	29,145,016	108,287,679
- acquisition costs	53,600,491	19,740,270	73,340,761
- other operating costs	25,542,172	9,404,746	34,946,918
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	227,303	0	227,303
- loss on investments accounted for using the equity method	227,303	0	227,303
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM INVESTMENTS	14,985,807	2,369,708	17,355,515
- loss on impairment of investments	0	66,953	66,953
- loss on disposal of investments	5,536,808	21	5,536,829
- other expenses from investments	9,448,999	2,302,734	11,751,733
OTHER INSURANCE EXPENSES	10,791,334	3,222,685	14,014,019
OTHER EXPENSES	14,573,727	4,797,833	19,371,560
- expenses from financing	771,066	20,259	791,325
- other expenses	13,802,661	4,777,574	18,580,235
PROFIT BEFORE TAX	34,017,066	8,408,879	42,425,945
Income tax expense	6,253,875	54,103	6,307,978
NET PROFIT FOR THE PERIOD	27,763,191	8,354,776	36,117,967
Net profit/loss attributable to the controlling company	27,646,580	8,081,549	35,728,129
Net profit/loss attributable to the non-controlling interest holders	116,611	273,227	389,838

2.5 Segmental analysis of Zavarovalnica Triglav's operations

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

STATEMENT OF FINANCIAL POSITION BY
SEGMENT

	30 June 2018			31 December 2017		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
ASSETS	1,273,554,881	1,549,362,985	2,822,917,866	1,234,239,636	1,571,072,810	2,805,312,446
Intangible assets	65,932,257	3,343,368	69,275,625	56,888,236	2,898,047	59,786,283
Property, plant and equipment	61,175,751	8,438,723	69,614,474	58,868,140	8,658,635	67,526,775
Deferred tax assets	11,853,701	143,092	11,996,793	12,623,125	340,249	12,963,374
Investment property	46,880,312	1,226,889	48,107,201	46,974,353	1,240,048	48,214,401
Investments in subsidiaries	118,792,669	8,545,998	127,338,667	109,621,939	8,545,998	118,167,937
Investments in associates	14,588,855	0	14,588,855	10,002,047	0	10,002,047
Financial assets	706,704,830	1,513,076,423	2,219,781,253	754,881,568	1,523,724,547	2,278,606,115
Financial investments:	706,704,830	1,111,064,920	1,817,769,750	754,881,568	1,106,116,588	1,860,998,156
- loans and deposits	44,600,638	64,405,837	109,006,475	39,631,423	51,797,172	91,428,595
- held to maturity	0	158,370,526	158,370,526	0	166,993,807	166,993,807
- available for sale	660,616,836	690,467,991	1,351,084,827	713,379,512	687,273,476	1,400,652,988
- recognised at fair value through profit and loss	1,487,356	197,820,566	199,307,922	1,870,633	200,052,133	201,922,766
Unit-linked insurance assets	0	402,011,503	402,011,503	0	417,607,959	417,607,959
Reinsurers' share of technical provisions	111,164,769	38,378	111,203,147	85,295,285	32,360	85,327,645
Receivables	123,795,571	3,659,365	127,454,936	84,107,305	3,102,644	87,209,949
- receivables from direct insurance operations	95,659,221	385,901	96,045,122	54,345,318	386,535	54,731,853
- receivables from reinsurance and co-insurance operations	13,494,578	1,959	13,496,537	13,786,820	102,972	13,889,792
- current tax receivables	23,193	0	23,193	0	0	0
- other receivables	14,618,579	3,271,505	17,890,084	15,975,167	2,613,137	18,588,304
Other assets	2,850,636	92,100	2,942,736	1,990,130	3,044	1,993,174
Cash and cash equivalents	9,815,530	10,798,649	20,614,179	12,987,508	22,527,238	35,514,746
EQUITY AND LIABILITIES	1,273,554,881	1,549,362,985	2,822,917,866	1,234,239,636	1,571,072,810	2,805,312,446
Equity	441,587,228	91,017,244	532,604,472	469,422,357	101,989,948	571,412,305
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
- reserves from profit	273,448,752	45,513,891	318,962,643	273,448,752	45,513,891	318,962,643
- fair value reserve	51,076,589	7,027,238	58,103,828	57,662,938	9,587,325	67,250,264
- net profit brought forward	1,247,252	0	1,247,252	25,295,403	267,769	25,563,172
- net profit for the year	24,129,117	3,047,356	27,176,473	21,329,746	11,192,204	32,521,950
Subordinated liabilities	10,776,050	9,833,492	20,609,542	10,775,525	9,832,655	20,608,180
Insurance technical provisions	746,231,692	1,026,926,645	1,773,158,337	668,287,155	1,018,822,112	1,687,109,267
- unearned premiums	254,734,508	468,720	255,203,228	196,121,894	406,291	196,528,185
- mathematical provisions	0	1,001,472,481	1,001,472,481	0	994,737,498	994,737,498
- claims provisions	469,478,225	19,228,009	488,706,234	450,789,937	18,440,963	469,230,900
- other insurance technical provisions	22,018,959	5,757,435	27,776,394	21,375,324	5,237,360	26,612,684
Insurance technical provisions for unit-linked insurance contracts	0	399,763,807	399,763,807	0	416,250,767	416,250,767
Employee benefits	8,957,755	1,908,346	10,866,101	8,819,152	1,881,311	10,700,463
Other provisions	715,017	111,700	826,717	613,261	111,700	724,961
Deferred tax liabilities	12,065,053	6,536,039	18,601,092	13,609,999	8,654,428	22,264,427
Other financial liabilities	1,554,246	0	1,554,246	1,845,184	0	1,845,184
Operating liabilities	20,859,773	6,706,699	27,566,472	21,083,190	6,656,860	27,740,050
- liabilities from direct insurance operations	4,952,269	6,699,822	11,652,091	4,821,731	6,532,534	11,354,265
- liabilities from reinsurance and co-insurance operations	15,907,504	6,877	15,914,381	15,125,471	124,326	15,249,797
- current tax liabilities	0	0	0	1,135,988	0	1,135,988
Other liabilities	30,808,067	6,559,013	37,367,080	39,783,813	6,873,029	46,656,842

INCOME STATEMENT BY SEGMENT

	H1 2018			H1 2017		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
NET PREMIUM INCOME	186,534,527	87,293,151	273,827,678	171,250,098	89,383,102	260,633,200
- gross written premium	278,215,571	87,491,241	365,706,812	262,395,706	89,679,466	352,075,172
- ceded written premium	-55,797,854	-135,740	-55,933,594	-57,813,937	-239,496	-58,053,433
- change in unearned premium reserve	-35,883,190	-62,350	-35,945,540	-33,331,671	-56,868	-33,388,539
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	4,840,648	0	4,840,648	5,151,433	0	5,151,433
- profit on equity investments accounted for using the equity method	0	0	0	0	0	0
- other income from investments in subsidiaries and associates	4,840,648	0	4,840,648	5,151,433	0	5,151,433
INCOME FROM INVESTMENTS	10,409,663	20,877,818	31,287,481	12,392,098	36,942,353	49,334,451
- interest income calculated using the effective interest method	5,200,349	13,472,420	18,672,769	5,744,764	13,826,066	19,570,830
- gains on disposals	4,282,749	4,374,459	8,657,208	6,097,820	10,112,250	16,210,070
- other income from investments	926,565	3,030,939	3,957,504	549,514	13,004,037	13,553,551
OTHER INCOME FROM INSURANCE OPERATIONS	14,374,709	88,198	14,462,907	16,039,579	79,260	16,118,839
- fees and commission income	9,332,103	75,385	9,407,488	10,945,076	64,652	11,009,728
- other income from insurance operations	5,042,606	12,813	5,055,419	5,094,503	14,608	5,109,111
OTHER INCOME	3,385,037	2,029,190	5,414,227	3,185,604	2,059,938	5,245,542
NET CLAIMS INCURRED	115,234,177	79,662,179	194,896,356	105,433,413	86,899,544	192,332,957
- gross claims settled	125,019,496	78,911,160	203,930,656	113,654,307	87,041,646	200,695,953
- reinsurers' share	-14,886,449	-30,088	-14,916,537	-9,056,173	-14,985	-9,071,158
- changes in claims provisions	5,101,130	781,107	5,882,237	835,279	-127,117	708,162
- equalisation scheme expenses for supplementary health insurance	0	0	0	0	0	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	643,635	13,993,033	14,636,668	915,912	16,091,521	17,007,433
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-16,319,228	-16,319,228	0	-10,481,381	-10,481,381
EXPENSES FOR BONUSES AND DISCOUNTS	3,926,629	0	3,926,629	3,177,740	0	3,177,740
OPERATING EXPENSES	60,722,545	15,446,302	76,168,847	57,843,376	15,284,747	73,128,123
- acquisition costs	44,906,069	10,487,839	55,393,908	42,732,291	10,530,558	53,262,849
- other operating costs	15,816,476	4,958,463	20,774,939	15,111,085	4,754,189	19,865,274
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	764	0	764	3,759	0	3,759
- loss on investments accounted for using the equity method	0	0	0	0	0	0
- other expenses from financial assets and liabilities	764	0	764	3,759	0	3,759
EXPENSES FROM INVESTMENTS	5,194,854	11,632,273	16,827,127	5,178,360	6,061,550	11,239,910
- loss on impairment of investments	772,166	192,319	964,485	0	0	0
- loss on disposal of investments	2,603,017	3,160,662	5,763,679	2,432,107	2,736,598	5,168,705
- other expenses from investments	1,819,671	8,279,292	10,098,963	2,746,253	3,324,952	6,071,205
OTHER INSURANCE EXPENSES	5,186,478	162,850	5,349,328	3,345,227	118,917	3,464,144
OTHER EXPENSES	1,927,890	330,147	2,258,037	5,177,382	1,040,707	6,218,089
- expenses from financing	320,310	295,064	615,374	556,424	302,387	858,811
- other expenses	1,607,580	35,083	1,642,663	4,620,958	738,320	5,359,278
PROFIT BEFORE TAX	26,707,612	5,380,801	32,088,413	26,943,643	13,449,048	40,392,691
Income tax expense	2,578,495	2,333,445	4,911,940	3,543,993	1,732,661	5,276,654
NET PROFIT FOR THE PERIOD	24,129,117	3,047,356	27,176,473	23,399,650	11,716,387	35,116,037

2.6 Significant items of the statement of financial position

Intangible assets

In the reporting period, the carrying amount of intangible assets of the Triglav Group increased by EUR 13.3 million, mainly as the result of the increase in the long-term deferred acquisition costs amounting to EUR 13.6 million. In the reporting period, new purchases of intangible assets equalled EUR 3.1 million. In the first half year of 2018, amortisation reached EUR 3.4 million.

In the reporting period, the carrying amount of intangible assets of Zavarovalnica Triglav increased by EUR 9.5 million. In the separate financial statements, the change as well mainly refers to the increase in long-term deferred acquisition costs. New purchases of other intangible assets in the amount of EUR 1.5 million primarily relate to the purchase of licences and software. In the first half year of 2018 amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 2.5 million.

Property, plant and equipment

In the first half year of 2018, the carrying amount of property, plant and equipment of the Triglav Group increased by EUR 2.4 million. In the first half year of 2018, Triglav Group acquired new property, plant and equipment worth EUR 6.4 million and sold it in the amount of EUR 111 thousand. In the reporting period, depreciation of property, plant and equipment amounted to EUR 3.7 million.

In the reporting period, the carrying amount of property, plant and equipment of Zavarovalnica Triglav increased by EUR 2.1 million. In the first half year of 2018, Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 4.7 million. In the reporting period, depreciation of property, plant and equipment amounted to EUR 2.3 million.

Investment property

The book value of investment property of the Group decreased by EUR 291 thousand. In the reporting period, the Group purchased investment property in the amount of EUR 721 thousand and sold it in the amount of EUR 600 thousand. In the first half year of 2018, amortisation of investment property of the Group amounted to EUR 687 thousand.

In the first half year of 2018, the book value of investment property of Zavarovalnica Triglav decreased by EUR 107 thousand. Decrease relates mainly to the sales of investment assets. New purchases of investment properties amounted to EUR 585 thousand, whilst depreciation of investment properties equalled EUR 426 thousand.

Financial assets

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

Values as at 30 June 2018	Triglav Group		Zavarovalnica Triglav	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits	156,746,744	157,984,889	109,006,475	108,768,785
Held to maturity	201,217,467	245,289,336	158,370,526	197,856,280
Available for sale	1,756,589,970	1,756,589,970	1,351,084,827	1,351,084,827
Investments recognised at fair value	437,864,942	437,864,942	199,307,922	199,307,922
Unit-linked insurance assets	438,697,875	439,144,082	402,011,503	402,011,503
TOTAL	2,991,116,998	3,036,873,219	2,219,781,253	2,259,029,317

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

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

Triglav Group

Values as at 30 June 2018	in EUR				
	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	166,312,694	63,254,177	229,566,871
Debt instruments	18,433,970	201,217,467	1,590,277,276	373,123,409	2,183,052,122
Derivative financial instruments	0	0	0	1,487,356	1,487,356
Unit-linked financial assets	4,304,147	0	0	434,393,728	438,697,875
Loans	138,312,775	0	0	0	138,312,775
Total	161,050,891	201,217,467	1,756,589,970	872,258,670	2,991,116,998

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

Zavarovalnica Triglav

	in EUR				
Value as at 30 June 2018	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	118,187,929	12,582,997	130,770,926
Debt instruments	6,889,518	158,370,526	1,232,896,898	185,237,569	1,583,394,511
Derivative financial instruments	0	0	0	1,487,356	1,487,356
Unit-linked financial assets	4,113,936	0	0	397,897,567	402,011,503
Loans	102,116,957	0	0	0	102,116,957
Total	113,120,411	158,370,526	1,351,084,827	597,205,489	2,219,781,253

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

Legend:

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

Overview of financial assets according to valuation levels

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

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

Triglav Group

in EUR				
As at 30 June 2018	Level 1	Level 2	Level 3	Total
Equity securities	203,860,433	0	25,706,438	229,566,871
Debt securities	473,103,612	1,490,297,073	0	1,963,400,685
Derivative financial instruments	0	1,487,356	0	1,487,356
Unit-linked financial assets	380,126,119	54,267,609	0	434,393,728
Total	1,057,090,164	1,546,052,038	25,706,438	2,628,848,640

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

Zavarovalnica Triglav

in EUR				
As at 30 June 2018	Level 1	Level 2	Level 3	Total
Equity securities	109,390,600	0	21,380,326	130,770,926
Debt securities	383,620,002	1,034,514,465	0	1,418,134,467
Derivative financial instruments	0	1,487,356	0	1,487,356
Unit-linked financial assets	348,553,896	49,343,671	0	397,897,567
Investments in associates	0	0	14,588,855	14,588,855
Total	841,564,498	1,085,345,492	35,969,181	1,962,879,171

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

Value assessment techniques and inputs used for measurement purposes

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value
EXTERNAL APPRAISERS (market operator)				
Debt securities - composite	stochastic model, HW1f and HW2f network models	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, correlation matrix, volatility indices		level 2
Debt securities – composite with exposure to stock markets	stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, index volatility		level 2
Derivatives	Black-Scholes model	index volatility		level 2
BLOOMBERG BVAL				
Debt securities issued by companies and financial institutions and government securities	cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings, past transactions, binding listings		level 2
INTERNAL APPRAISERS				
Debt securities - government	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	Republic of Slovenia issuer yield curve (Bloomberg ID: I259 Curncy); credit spread between 0% and 1.1%	level 2
Debt securities - companies and financial institutions	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	Republic of Slovenia issuer yield curve (Bloomberg ID: I259 Curncy); credit spread between 0.81% and 2.34%	level 2
Equity securities	cash flow discounting	g (growth rate during constant growth period)	2.0%	level 3
		EBIT margin (constant growth period)	36.0%	
		discount rate	12.6%	
		lack of marketability discount	0%	
Investments in associates	net asset value method	change in real estate prices		level 3
	cash flow discounting	g (growth rate during constant growth period)	2.0%	
		net margin (constant growth period)	3.2%	
		discount rate	11.8%	
		lack of marketability discount	30.0%	

Changes of Level 3 financial assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Opening balance as at 1 January	37,121,010	26,569,975	42,819,001	18,726,748
Purchases	2,959,706	5,017,599	7,546,514	5,516,599
Disposals	-14,676,792	-24,581	-14,674,743	-24,581
Revaluations through income statement	-7,601	-22,915	0	-4,766
Revaluations through equity	278,394	237,352	278,409	-17,020
Transfers from Level 1 and Level 2	28,472	-10,049	0	0
Exchange rate difference	3,249	9,164	0	0
Closing balance as at 30 June	25,706,438	31,776,545	35,969,181	24,196,980

In the first six months of 2018, financial assets classified into Level 3 decreased by EUR 11.4 million EUR due to the disposal of assets, both in the Group and the Company. In the reporting

period, the stakes in Geoplin d.o.o. and Plinhold d.o.o. were sold in the total amount of EUR 14.5 million. The sale had no effect on the income statement. The Group's acquisitions of EUR 3 million related to the shares of private equity funds linked to venture capital funds, real property funds and infrastructure funds. The Company made acquisitions in the amount of EUR 7.5 million, which includes the capital increase of Triglav in the amount of EUR 4.6 million.

Impairments

In the first half year of 2018, losses resulting from permanent impairment of financial assets were recognised in the amount of EUR 964 thousand in Zavarovalnica Triglav. The impairment of financial assets at the Group level totalled EUR 976 thousand. No impairment losses were recognised among other fixed assets.

Subordinated debt instruments

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

Contingent liabilities

In the first half year of 2018, no potential liability for guarantees given were recognised in Zavarovalnica Triglav. In off-balance-sheet assets, Zavarovalnica Triglav decreased assets for alternative investments by EUR 3 million and assets under option contracts by EUR 15.6 million. In the reporting period, no member of the Triglav Group accepted potential liability for guarantees given.

Distribution of accumulated profits

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

2.7 Changes in equity stakes in subsidiaries and business combinations

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

Triglav INT d.d. acquired a 0.21% equity stake from the non-controlling interest holders of Triglav Osiguruvanje a.d., Skopje, thereby becoming its 80.15% owner. The acquisition price of the equity stake amounted to BAM 1,887,777 or EUR 30,647. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as a decrease in share premium of EUR 4,877.

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

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

Capital increase of Triglav d.o.o.

By paying in EUR 4,586,808, Zavarovalnica Triglav increased the share capital of its associate Triglav d.o.o. and thus maintained its 49.9% equity stake in the said company.

Capital increase of Triglav INT, d.d.

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

Capital increase of Lovćen životna osiguranja, a.d.

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

Triglav INT signed an agreement to purchase a stake of Raiffeisen Mirovinsko osiguravajuće društvo

On 24 April 2018, the subsidiary Triglav INT d.d., which manages the insurance subsidiaries of the Group outside Slovenia, signed an agreement with Raiffeisen Bank Austria d.d., Zagreb to purchase a 74.99% stake in the Croatian pension company Raiffeisen Mirovinsko osiguravajuće društvo. The agreement was signed under suspensive conditions, under which the approval of the regulators is required.

2.8 Related party transactions

Revenues of the Management and Supervisory Board

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

in EUR							
Surname and name	Fixed salaries (gross)	Other additional payments*	Bonuses	Net pay received	Insurance premiums**	Other benefits***	Reimbursements
Slapar Andrej	85,435	2,054	42,887	47,924	26,992	840	1,218
Ivanc Uroš	81,163	1,972	40,743	45,004	18,351	426	701
Čoroli Tadej	81,163	1,972	40,743	41,943	18,324	5,628	392
Smolnikar Barbara	81,484	1,972	3,857	30,225	14,017	5,227	625
Makoter Marica	80,842	1,972	40,743	43,735	18,299	2,346	404
Jošar Benjamin	0	0	69,775	33,938	0	0	0
TOTAL	410,087	9,942	238,748	242,769	95,983	14,467	3,340

* Other additional payments include holiday allowances.

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

*** Other benefits include company cars.

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

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

in EUR		
Surname and name	Receivables as at 30 June 2018	Liabilities as at 30 June 2018
Slapar Andrej	0	66,619
Ivanc Uroš	6	63,068
Čoroli Tadej	29	63,117
Smolnikar Barbara	14	17,580
Makoter Marica	16	63,111
Jošar Benjamin	0	12,622
TOTAL	65	286,117

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

in EUR					
Surname and name	Compensation	Attendance fee	Reimbursements	Total gross pay	Total net pay
Stebernak Igor	11,719	1,760	0	13,479	9,803
Andoljšek Andrej	8,438	1,045	0	9,483	6,897
Tomažević Milan	8,594	1,320	0	9,914	7,210
Škerjanec Žiga	9,375	1,980	0	11,355	8,259
Damjanovič Nataša	9,375	2,640	0	12,015	8,739
Gobbo Mario	8,594	1,980	13,863	24,437	16,098
Celar Peter	7,813	1,320	0	9,133	6,642
Molan Boštjan	7,813	1,760	78	9,651	7,019
Sotošek Ivan	7,813	1,980	761	10,554	7,676
Kolenc Simon*	3,125	1,100	0	4,225	3,073
Total	82,659	16,885	14,702	114,246	81,416

* External committee member.

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

in EUR		
Surname and name	Receivables as at 30 June 2018	Liabilities as at 30 June 2018
Stebernak Igor	0	2,344
Andoljšek Andrej	0	1,688
Tomažević Milan	0	1,719
Škerjanec Žiga	0	1,875
Damjanovič Nataša	0	1,875
Gobbo Mario	0	1,719
Celar Peter	0	1,563
Molan Boštjan	0	1,563
Sotošek Ivan	0	1,563
Kolenc Simon*	0	625
Štimac Dubravko	449	0
TOTAL	449	16,534

* External committee member.

Transactions with subsidiaries

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

	in EUR	
	30 June 2018	31 December 2017
Shares	127,338,667	118,167,937
Debt securities and loans	18,683,730	24,264,123
Receivables from insurers	57,645	5,568
Premium receivable from co-insurance	11,052	11,052
Premium receivable from re-insurance	3,031,731	1,914,432
Receivables from co-insurers' share in claim	749	0
Receivables from re-insurers' share in claim	4,162,041	5,257,851
Other short-term receivables from insurance operation	12,844	30,261
Short term receivables from financing	1,134,755	1,364,716
Other short-term receivables	825,612	804,607
Deffered short-term expenses	30,679	29,851
Liabilities to agents and brokers	340,046	337,061
Liabilities for co-insurance premiums	22,093	12,526
Liabilities for re-insurance premiums	9,797,909	9,284,238
Liabilities for co-insurers' share in claim	13,712	13,712
Liabilities for re-insurers' share in claims	1,262,789	1,039,881
Other short-term liabilities	264,050	247,793

	in EUR	
	H1 2018	H1 2017
Gross written premium	9,498,970	7,919,432
Outward re-insurance premium	-35,471,589	-39,027,564
Income from insurance commissions	6,339,948	8,354,862
Other income from insurance	2,441,063	2,472,930
Interest income	388,023	421,050
Income from dividends	4,442,997	4,556,549
Income from land and buildings	402,614	271,951
Other insurance income	895,825	950,997
Other income	141,379	118,646
TOTAL INCOME	-10,920,770	-13,961,147
Gross claims settled	4,108,805	465,483
Re-/co-insurers' share	-10,196,190	-8,434,486
Expenses for fees and commission	989,272	627,949
Other expenses	0	10
TOTAL EXPENSES	-5,098,113	-7,341,044

Transactions with associates

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

	Triglav Group		Zavarovalnica Triglav	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Shares	11,392,944	6,449,324	14,588,855	10,002,047
Receivables from insurers	491	1,485	0	994
Liabilities to agents and brokers	12,339	18,443	12,339	18,068
Liabilities from direct insurance operations	0	270,103	0	0
Liabilities for re-insurance premiums	0	42,320	0	0
Other short - term liabilities	332	785	0	0
Accrued expenses	767	331	0	0

	Triglav Group		Zavarovalnica Triglav	
	H1 2018	H1 2017	H1 2018	H1 2017
Gross written premium	28,000	27,139	26,364	25,932
Income from dividends	0	0	0	171,405
TOTAL INCOME	28,000	27,139	26,364	25,933
Gross claims settled	537	2,438	537	2,438
Acquisition costs	4,009	6,028	0	0
TOTAL EXPENSES	4,546	8,466	537	2,438

Transactions with shareholders and shareholder-related companies

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

The shareholder-related companies are those in which SDH and the Republic of Slovenia together directly hold at least a 20% stake. As at 30 June 2018, there were 49 of such companies; the list is published on the SDH website (<http://sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

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

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
ASSETS				
Shares	18,758,514	16,208,433	18,598,181	17,873,045
Debt securities and loans	85,709,308	82,710,654	59,195,779	59,960,327
Receivables from operations	499,203	10,137	10,659	10,137
Other assets	6,944,745	3,917,302	0	0
LIABILITIES				
Liabilities from operations	1,403,836	1,864,579	1,029,982	1,553,988
INCOME	H1 2018	H1 2017	H1 2018	H1 2017
Gross written premium	13,392,008	14,094,338	13,469,405	7,120,701
Financial income	1,160,280	2,839,329	711,671	316,957
Other income	102,285	52,241	102,263	35,055
EXPENSES				
Gross claims settled	3,727,936	3,382,339	3,724,184	1,867,157
Financial expenses	170,084	203,001	54,850	0
Other expenses and costs	6,782,961	5,415,046	5,036,646	1,468,628

2.9 Significant events after the reporting date

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