



Triglav Group and Zavarovalnica Triglav d.d. Annual Report 2015

triglav

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**We are
here.**

With you.

**Now and in
the future.**



We are
here.

With you.

Now and in
the future.

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→ Chapter link

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Audited annual report for the year ended
31 December 2015

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We are here.

An international insurance
company with 115 years of
tradition and the leading
insurer in the Adria region.



With you.

Accompanying
the clients everywhere
their personal and
business life takes them.
By providing a
comprehensive range
of insurance products,
assistance and
advisory services.





**Now and in
the future.**

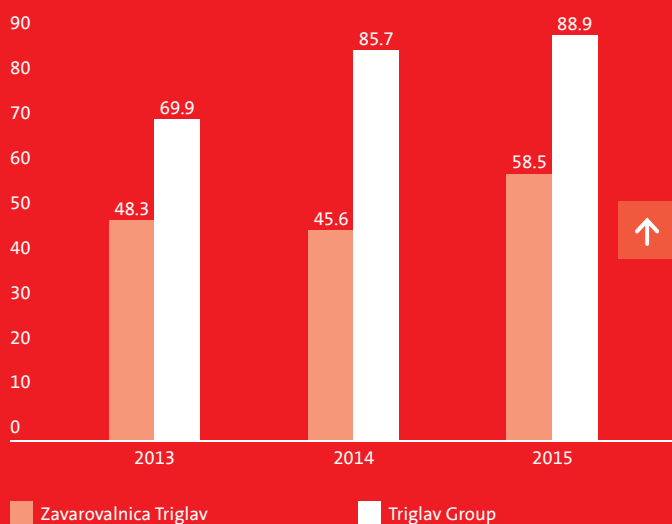
Safety and stability.
Prudent risk management.
Development of
client-tailored solutions
and services for
a better future.

The Triglav Group and Zavarovalnica Triglav in 2015

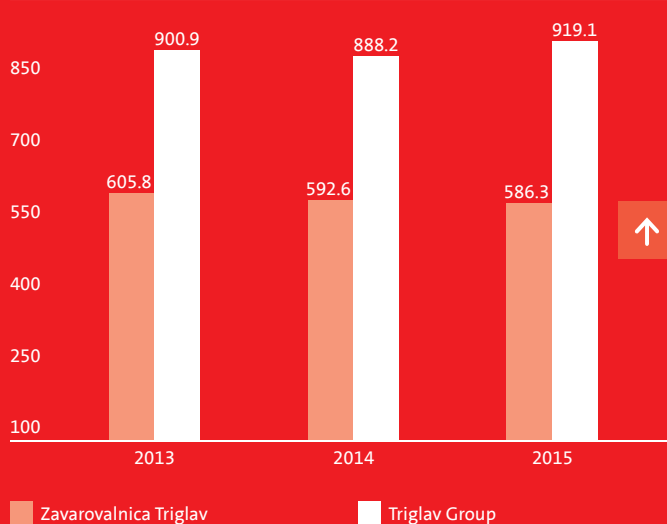
↑ **+4%**
Net profit of the Triglav Group

↑ **+3%**
Gross written premium from insurance and
co-insurance contracts of the Triglav Group

Net profit in EUR million



Gross written premium from insurance and co-insurance contracts
in EUR million



↑ **82.8%**
Ratio of written premiums
charged in the Slovene insurance market.

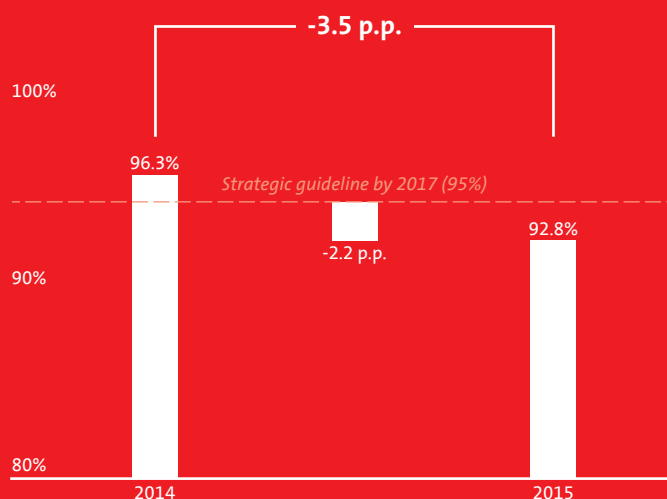
**2nd most
traded share**
on the Ljubljana Stock Exchange in terms of liquidity
and market capitalisation.

ZVTG share market value – closing price

2015

EUR 23.50

The combined ratio in non-life insurance of the Triglav Group



1

The Triglav Group and Zavarovalnica Triglav in 2015

- The Triglav Group and Zavarovalnica Triglav d.d. (hereinafter: Zavarovalnica Triglav) maintained a high level of financial stability and recorded growth of several key indicators.
- The Triglav Group is the leading group in Slovenia and the Adria region and ranked sixth in Central Europe.
- Strengthened position on the Slovene pension insurance market, continued subsidiary ownership consolidation within the Group and disinvestment of shareholdings in the companies whose business is incompatible with the Group's strategic guidelines

Financial highlights of the Triglav Group¹

	in EUR million				
	2015	2014	2013	Index	
				2015/2014	2014/2013
Gross written premium from insurance and co-insurance contracts	919.1	888.2	900.9	103	99
Net premium income	839.2	819.9	837.6	102	98
Gross claims paid	594.8	615.7	627.5	97	98
Net claims incurred	570.3	594.7	571.7	96	104
Gross operating expenses	297.6	295.9	302.4	101	98
Profit before tax	102.5	100.4	83.6	102	120
Net profit	88.9	85.7	69.9	104	123
Net profit attributable to the controlling company	88.8	85.4	69.5	104	123
Insurance technical provisions as at 31 December	2,600.4	2,333.7	2,261.4	111	103
Equity as at 31 December	704.0	688.1	590.5	102	117
Equity attributable to the controlling company as at 31 December	692.9	681.4	584.3	102	117
Return on equity	12.77%	13.40%	11.99%	95	112
Return on equity attributable to the controlling company	12.93%	13.49%	12.07%	96	112
Number of employees as at 31 December	5,379	5,406	5,351	100	101
Net earnings per share (in EUR)	3.91	3.77	3.07	104	123

Financial highlights of Zavarovalnica Triglav²

	in EUR million				
	2015	2014	2013	Index	
				2015/2014	2014/2013
Gross written premium from insurance and co-insurance contracts	586.3	592.6	605.8	99	98
Net premium income	517.0	529.7	548.6	98	97
Gross claims paid	390.6	421.1	419.4	93	100
Net claims incurred	349.6	392.0	370.7	89	106
Gross operating expenses	161.0	162.7	161.3	99	101
Profit before tax	68.4	57.5	59.6	119	96
Net profit	58.5	45.6	48.3	128	94
Insurance technical provisions as at 31 December	2,053.9	2,060.0	1,959.3	100	105
Equity as at 31 December	530.6	544.0	499.8	98	109
Number of employees as at 31 December	2,341	2,365	2,373	99	100
Return on equity	10.89%	8.74%	9.59%	125	91
Book value per share (in EUR)	23.34	23.93	21.98	98	109
Net earnings per share (in EUR)	2.57	2.01	2.12	128	94

1 GRI G4-9

2 GRI G4-9

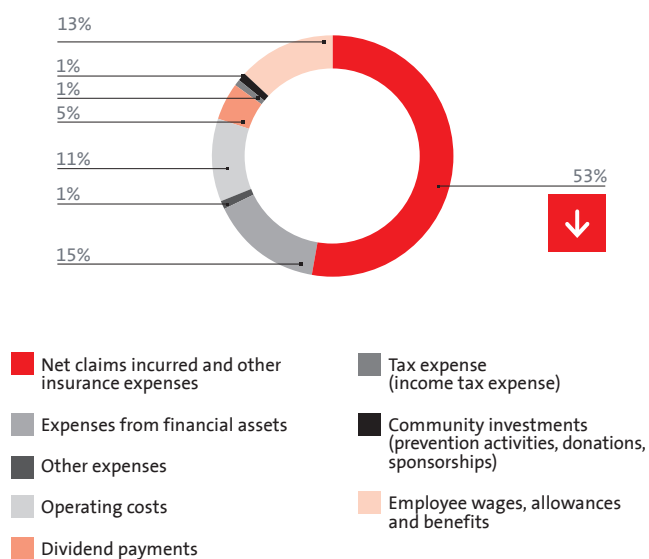
Other economic, social and environmental impact of the Triglav Group's operations

	2015	2014	2013	Index	
				2015/2014	2014/2013
1. Other economic impacts (in million EUR)					
Economic value generated*	1,224.8	1,149.2	1,106.9	107	104
Economic value distributed	1,176.8	1,084.0	1,061.3	109	102
- Net claims incurred and other insurance expenses	627.8	678.8	592.2	92	115
- Expenses from financial assets	176.8	56.2	111.0	315	51
- Other expenses	16.9	15.4	14.9	110	103
- Operating costs**	129.8	127.2	129.5	102	98
- Dividend payments	56.8	38.6	45.4	147	85
- Tax expense (income tax expense)	13.6	14.7	13.8	92	107
- Community investments (prevention activities, donations, sponsorships)	6.7	6.0	6.7	112	89
- Employee wages, allowances and benefits	148.4	147.2	147.8	101	100
Economic value retained	48.0	65.2	45.5	74	143
2. Social impact (Zavarovalnica Triglav)					
Average training hours per employee	26	22	27	118	81
Number of insurance policies (products, services) sold online	13	12	12	108	100
Number of insurance products encouraging preventive actions	62	69	67	90	103
Personal data protection (number of fines received - target is zero)	0	0	0	0	0
Fair business practices (share of investigated fraud cases in %)	92	93	89	99	104
3. Impact on the environment					
Electricity consumption in MWh (Zavarovalnica Triglav)	5,092	5,347	5,621	95	95
Carbon footprint:					
- Zavarovalnica Triglav (tons of CO ₂ equivalent)	4,944	5,107	5,419	97	94
- Triglav Osiguranje, Sarajevo (tons of CO ₂ equivalent)	174	169	-	103	
- Triglav Osiguranje, Belgrade (tons of CO ₂ equivalent)	471	421	-	112	
- Lovćen Osiguranje, Podgorica (tons of CO ₂ equivalent)	195	165	-	118	
- Triglav Osiguruvanje, Skopje (tons of CO ₂ equivalent)	372	159	-	234	
- Zavarovalnica Triglav (tons of CO ₂ equivalent per employee)	2.1	2.2	2.3	95	96
Waste sorting (share of employees participating in Zavarovalnica Triglav in %)	91	91	74	100	123

* Economic value generated = net premium earned and other insurance income + income from financial assets + other income.

** Operating costs include payments to suppliers, acquisition expenses etc.

Economic value distributed



↑ +8%

Number of insurance policies, sold online

↓ -5%

Electricity consumption

For additional information please contact:³

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Major business events and achievements in 2015

	Solvency II The development activities for implementing the Solvency II requirements were completed (for more details on Solvency II see the Section on [→Risk Management]).
 High Credit Ratings	High Credit Ratings In 2015, the Triglav Group remained financially stable, as confirmed by the »A-« credit ratings from Standard & Poor's (hereinafter: S&P) and A.M. Best with a positive medium-term outlook [→see Section 6.7 Credit rating of the Triglav Group and Zavarovalnica Triglav for more details] .
 Good Performance	Good Performance The Triglav Group and the parent company again operated at a profit and surpassed the budgeted business results.
 Dividend Payments	Dividend Payments Dividend payments accounted for 67% of the net profit of the Triglav Group for 2014 [→see Section 6.5 Dividend policy for more details] .
The Slovene Pension Insurance Market	The Slovene Pension Insurance Market With the acquisition of Skupna pokojninska družba, Zavarovalnica Triglav strengthened its presence on the pension insurance market as one of the strategic objectives of the Triglav Group [→see Section Changes to the Triglav Group composition in 2015 and 2.7 of the Accounting Report for more details] .
Withdrawal from the Czech Market	Withdrawal from the Czech Market The sale of the Czech insurance subsidiary Triglav Pojišťovna was completed [→see Section 2.7 of the Accounting Report for more details] .
 Consolidation of the Group	Inside the Triglav Group: Subsidiary ownership consolidation within the Group continued and asset management was further optimised (the subsidiary Triglav Naložbe was merged to the parent company, while Slovenijales d.d. was merged to another subsidiary). The strategic focus remains on the insurance activities and consequently the sale of shareholdings in the companies whose activity is incompatible with the Group's strategic guidelines (the sale procedure of a land plot on the BTC site in Ljubljana to IKEA was initiated, shareholdings in AvriGo, the Elan Group and Goriške opekarne were sold).
New members of the Supervisory Board	Change to the Supervisory Board On 8 April 2015, the Works Council of Zavarovalnica Triglav appointed new employee representatives serving as members of the Supervisory Board [→see Section 5.3.3 Supervisory Board for more details] .



Financial calendar 2016

March	April	May	August	November
Thursday, 3 March 2016 Assessment of the performance of Zavarovalnica Triglav d.d. and the Triglav Group in 2015 from Thursday, 18 February 2016	Wednesday, 6 April 2016 Audited Annual Report of Zavarovalnica Triglav d.d. and the Triglav Group for 2015. Proposed dividend amount. Statement of compliance with the Corporate Governance Code. from Wednesday, 23 March 2016	Friday, 20 May 2016 Interim Report for the period from 31 January to 31 March 2016 from Friday, 6 May 2016	Friday, 19 August 2016 Semi-annual Report of Zavarovalnica Triglav d.d. and the Triglav Group from Friday, 5 August 2016	Friday, 18 November 2016 Interim Report for the period from 31 January to 30 September 2016 from Friday, 4 November 2016
	Friday, 22 April 2016 Notice convening the General Meeting of Shareholders of Zavarovalnica Triglav d.d. which will decide on the distribution of accumulated profit	Tuesday, 31 May 2016 Resolutions of the General Meeting of Shareholders of Zavarovalnica Triglav d.d. deciding on the distribution of accumulated profit. Information about the ex-dividend date and date of payment.		

● Planned date of announcement* ■ Silent period**

* Announcement dates as planned. The actual dates may differ from the above stated planned dates.

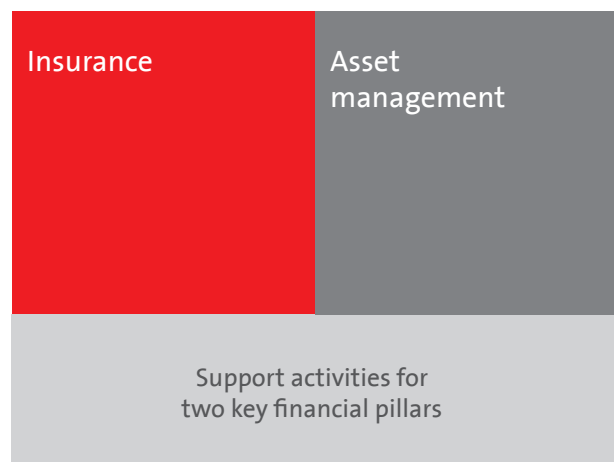
** The silent period denotes a period preceding the announcement of the Group report, during which Zavarovalnica Triglav does not disclose information on current operations to the public.

The financial calendar, as well as any amendments to the provisional dates of publication will be published on the Ljubljana Stock Exchange's website via the SEOnet system at (<http://seonet.ljse.si>) and on the Company's website at (www.triglav.eu).

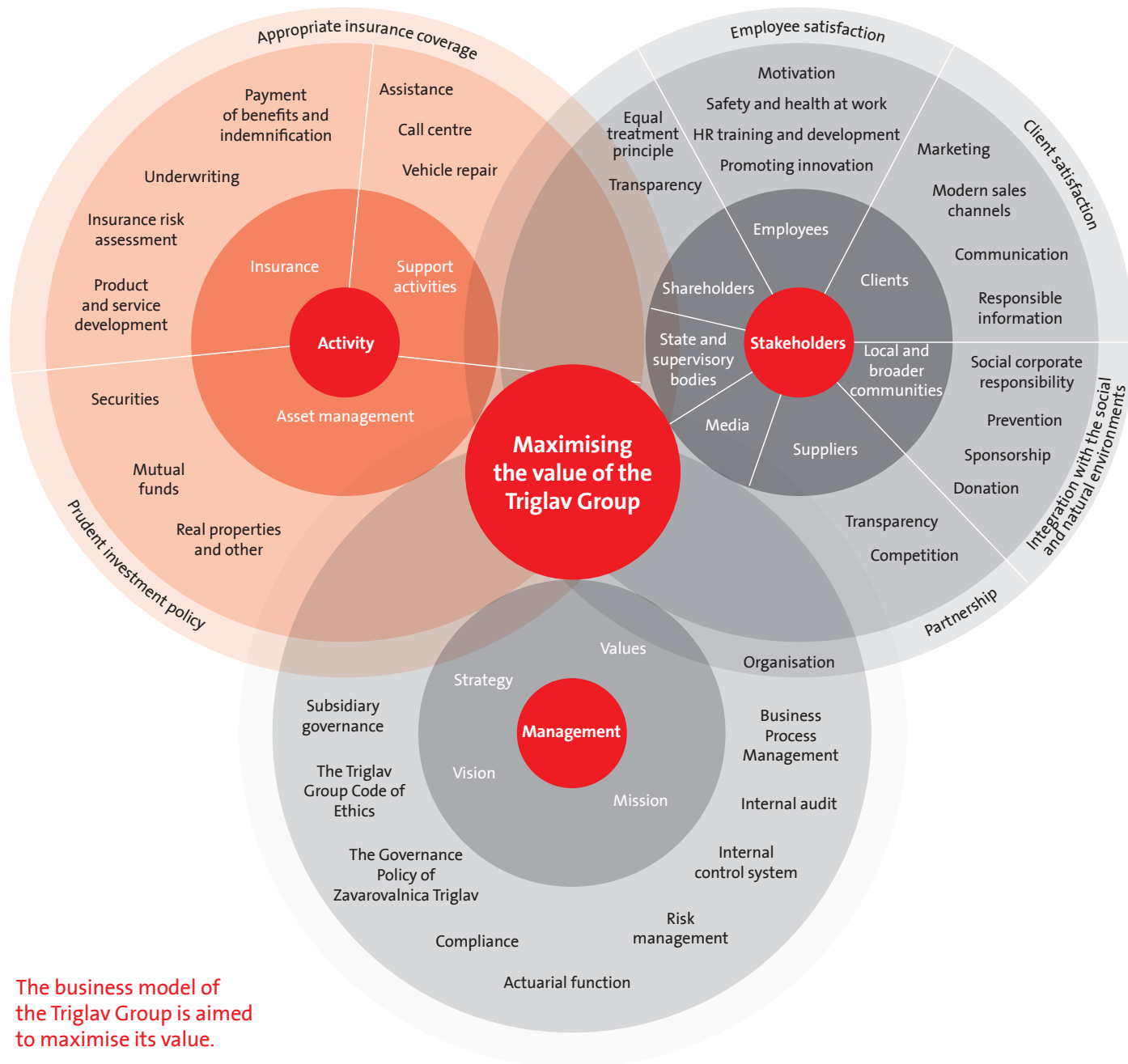
Activities, markets and position of the Triglav Group⁴

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 operates on seven markets in six countries.

The key business pillars:



The business model of the Triglav Group



The business model of the Triglav Group is aimed to maximise its value.



External impacts

Economic

- Uncertain economic and financial impacts
- Household purchasing power
- Company solvency
- Price competition
- Situation on capital markets
- Increased regulatory requirements for insurance companies
- Legal environment

Social

- Changing consumer behaviour
- Local communities
- Technological changes

Environmental

- Climatic conditions
- Extraordinary loss events

Insurance

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

The insurance-oriented part of the Group encompasses:

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

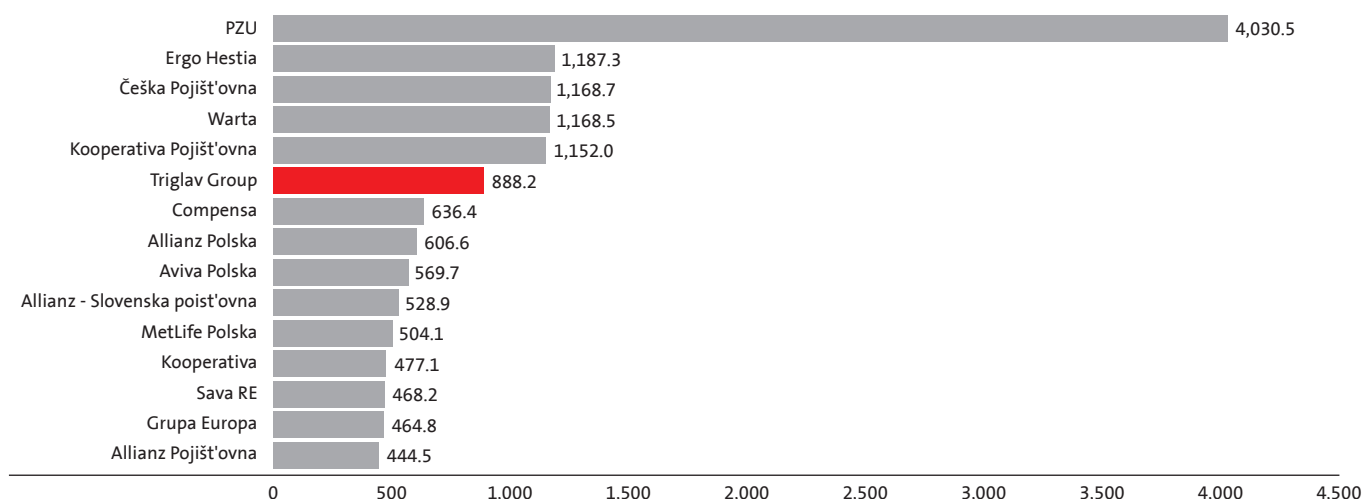
Position in the regional insurance market

In 2014, on the list of the largest insurance groups in Central Europe, the Triglav Group maintained sixth rank in terms of gross written premium. It remained the market leader in the Adria region which includes Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, and Macedonia.

With EUR 4,030.5 million, the Polish PZU continues to remain the largest insurance company in Central Europe in terms of written premium. In total, 16 of the first 50 insurance companies in the region are Polish-owned, followed by 11 Czech-owned insurers.

Among the 50 largest insurance companies in Central Europe are 8 insurers from the Adria region. First amongst them ranked 6th is the Triglav Group, followed by the Slovene Pozavarovalnica Sava Re ranked 13th, the Croatian Croatia Osiguranje ranked 19th and the Slovene Adriatic Slovenica ranked 28th.

Largest insurance companies in Central Europe by written premium in 2014 (in million EUR)



Source: Deloitte, September 2015

Asset management

The second pillar of the Group's operations represents asset management, which involves investments in securities, real property and other. Asset management is the activity of Triglav Skladi d.o.o., Triglav, Upravljanje nepremičnin and Pista d.o.o.

← 1st rank
In the Adria region

← 6th rank
In Central Europe

Triglav Group's insurance markets



Subsidiaries of the Triglav Group

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

Insurance

Asset management

Other

Slovenia

Zavarovalnica Triglav d.d.

Pozavarovalnica Triglav Re d.d.

Triglav, Zdravstvena zavarovalnica d.d.

Skupna pokojninska družba d.d.

Triglav Skladi d.o.o.

Triglav, Upravljanje nepremičnin d.d.

Triglav INT d.d.

Triglav Svetovanje d.o.o.

Triglav Avtoservis d.o.o.

TriglavKo d.o.o.

Croatia

Triglav Osiguranje d.d., Zagreb

TRI-LIFE d.o.o.

Bosnia and Herzegovina

Triglav Osiguranje d.d., Sarajevo

PROF-IN d.o.o.

TRI-PRO BH d.o.o.

Herzegovina

Triglav Osiguranje a.d., Banja Luka

Triglav Auto d.o.o.

Autocentar BH d.o.o.

Unis automobili i dijelovi d.o.o.

Serbia

Triglav Osiguranje a.d.o., Belgrade

Pista d.o.o.

Triglav Savetovanje d.o.o.

Montenegro

Lovćen Osiguranje a.d., Podgorica

Lovćen Auto a.d.

Lovćen životna osiguranja a.d., Podgorica

Macedonia

Triglav Osiguruvanje a.d., Skopje



The Triglav Group as at 31 December 2015:



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 d.d., Sarajevo
 - Autocentar BH d.o.o.
 - Unis automobili i dijelovi d.o.o.
 - Sarajevostan d.d.
 - Lovćen Osiguranje a.d., Podgorica
 - Lovćen životna osiguranja a.d.
 - Lovćen Auto a.d.
 - Triglav Osiguranje a.d.o., Belgrade
 - Pista d.o.o.
 - Triglav Osiguranje a.d., Banja Luka
 - Triglav Auto d.o.o.
 - Triglav Osiguruvanje a.d., Skopje
- Triglav Skladi, družba za upravljanje d.o.o.
 - PROF-IN d.o.o.
- Avrigo, družba za avtobusni promet in turizem
 - Integral Notranjska d.o.o.
 - Alptours d.o.o.
 - Integral Zagorje d.o.o.
 - Integral Stojna Kočevje d.o.o.
- Salnal d.o.o.
- Triglav Svetovanje, zavarovalno zastopanje d.o.o.
 - TRI-PRO BH d.o.o.
 - TRI-LIFE d.o.o.
 - Triglav Svetovanje d.o.o.
- Triglav Avtoservis, družba za storitve in trgovino d.o.o.
- Triglav, Upravljanje nepremičnin d.d.
 - Golf Arboretum d.o.o.
 - Slovenijales trgovina d.o.o.
 - Slovenijales trgovina nepremičnine d.o.o.
- Hotel Grad Podvin d.d.
- Vse bo v redu, Zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti



Associated companies of the Triglav Group:

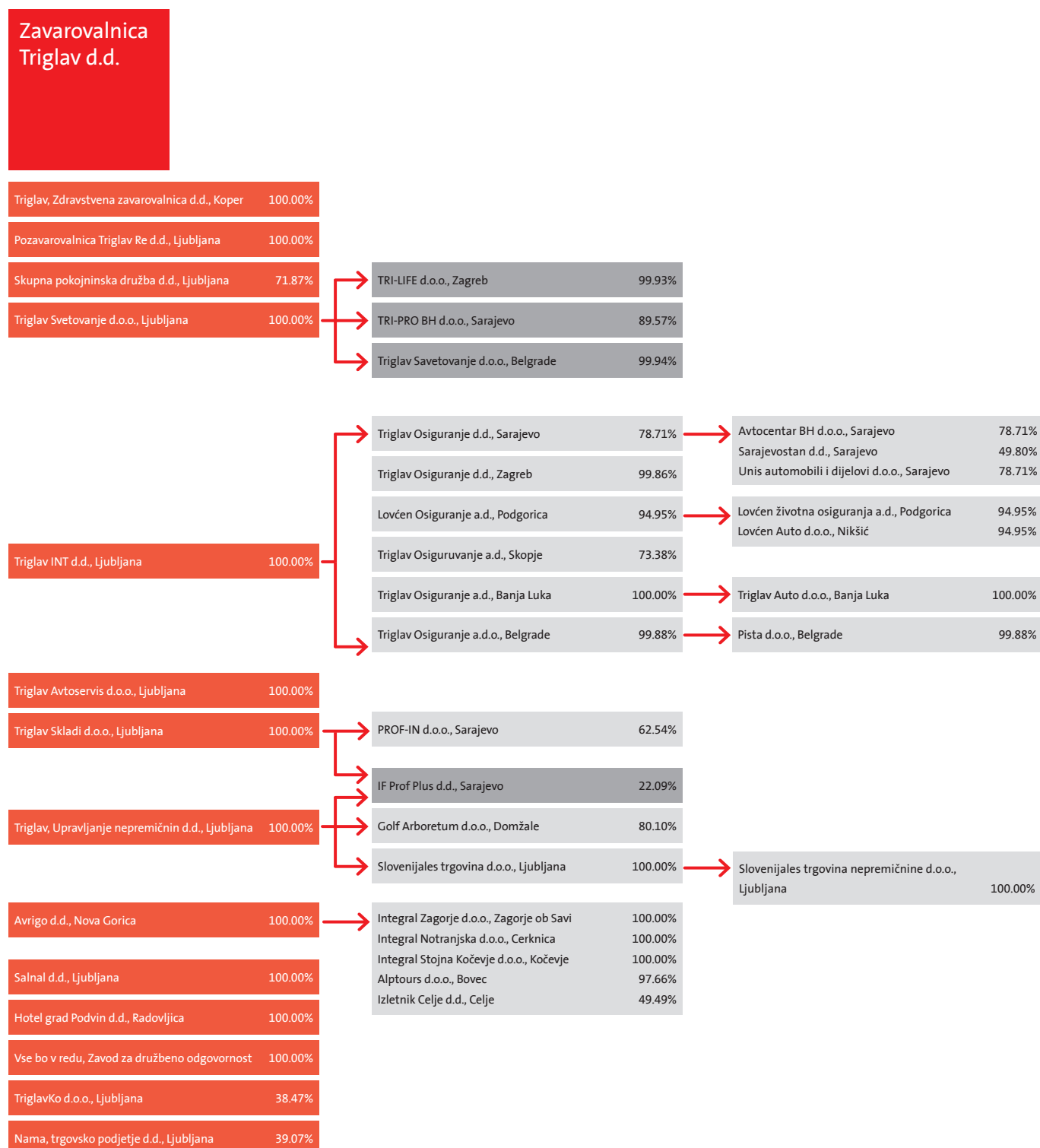
- TriglavKo, zavarovalno zastopniška družba d.o.o.
- Nama trgovsko podjetje d.d.
- Izletnik Celje d.d.
- IF Prof Plus

Changes to the Triglav Group composition in 2015⁵

- With the acquisition of a 36.51% equity stake in Skupna pokojninska družba d.d., Zavarovalnica Triglav holds a majority shareholding in the said company. After the acquisition date, i.e. 9 January 2015, Zavarovalnica Triglav also acquired a 5.2% equity stake from non-controlling interest holders. As at the 2015 year-end, Zavarovalnica Triglav held a 71.87% stake of the said company. Gradual acquisition is discussed in greater detail in [→ *Section 2.7 of the Accounting Report*].
- Zavarovalnica Triglav provided three tranches of additional capital to Triglav INT d.d. The first capital increase was made by an in-cash contribution of EUR 1,000,000. The second capital increase was financed through a debt to equity swap transaction of EUR 19,733,017 by the parent company and an equity stake in Pista d.o.o., Belgrade as an in-kind contribution, amounting to EUR 3,266,983. The third tranche of capital raise was made by in-cash contribution of EUR 22,900,000. For this capital raise, Triglav INT issued 46,900,000 new shares with a nominal value of EUR 1 each, increasing its share capital by EUR 46.9 million. Zavarovalnica Triglav remains a 100% owner of Triglav INT.
- In the first quarter of 2015, Zavarovalnica Triglav raised additional capital in Triglav, Upravljanje nepremičnin d.d. by paying EUR 6,195,010 for 95,602 issued shares. As a result of this capital increase, the share capital of the company rose by EUR 398,938, whilst share premium grew by EUR 5,796,072. As at the end of the first quarter 2015, the equity stake of the parent company increased by 14.32 percentage points and reached 71.27%, whilst the Group's stake went up by 4.77 percentage points to 90.43%. In the second quarter of 2015, Zavarovalnica Triglav also acquired a 9.57% equity stake from non-controlling interest holders of Triglav, Upravljanje nepremičnin, thereby becoming an 80.84% owner of the company. Following this acquisition, the Triglav Group became the 100% owner of the said company. The purchase price equalled EUR 1,835,507.
- By paying in CZK 22,000,000 or EUR 797,015, Triglav INT increased the share capital of Triglav Pojišť'ovna, Brno. The capital was increased through the issue of 220 shares with a nominal value of CZK 100,000, whereby Triglav INT remained the 100% shareholder.
- Triglav INT completed the sale of the Czech subsidiary Triglav Pojišť'ovna a.s., Brno on 4 June 2015. After meeting the regulatory and other terms and conditions set in the agreement on the sale of shares concluded on 19 December 2014 with the buyer VIGO Finance a.s., Prague, part of the VIGO Investments Group, the sale of the Czech insurance subsidiary was completed. The sale of the company is discussed in greater detail in [→ *Section 2.7 of the Accounting Report*].
- In February 2015, Avrigo purchased shares of Izletnik Celje d.d. and thus became a 49.49% owner of the company.
- Triglav Osiguranje d.d., Sarajevo acquired a 4.82% equity stake in Unis automobili i dijelovi d.o.o., Sarajevo from non-controlling interest holders, thereby becoming the 100% owner of the company. The acquisition price was BAM 117,980.
- On 30 July 2015, Triglav Naložbe d.d. concluded an agreement to sell and transfer its 25.0527% stake in ELAN, proizvodnja športnih izdelkov d.o.o. with the buyers Merrill Lynch International and Wiltan Enterprises Limited.

- In the third quarter of 2015, Triglav Naložbe provided additional capital to Triglav, Upravljanje nepremičnine d.d., amounting to EUR 3,130,782. As a result of this capital increase, the share capital of the company rose by EUR 195,576, whilst share premium grew by EUR 2,935,206. The Triglav Group remained a 100% owner of the company.
- On 13 May 2015, Zavarovalnica Triglav and Triglav Naložbe d.d. entered into a Merger Agreement. The Supervisory Boards of both companies approved the merger. On 27 August 2015, the merger of Triglav Naložbe d.d. to the parent company was entered into the Companies Register of the Ljubljana District Court and Triglav Naložbe d.d. was stricken off from the Companies Register.
- On 11 September 2015, the Merger Agreement between Slovenijales d.d. and Triglav, Upravljanje nepremičnin d.d. was concluded. The General Meeting of Shareholders of both companies approved the merger on 23 September 2015. On 5 October 2015, the merger of Slovenijales to Triglav, Upravljanje nepremičnin was entered into the Companies Register of the Ljubljana District Court and Slovenijales was stricken off from the Companies Register.
- On 23 November 2015, Zavarovalnica Triglav signed an agreement with Adventura prevozi d.o.o. to sell its 97.31% stake in Avrigo, družba za avtobusni promet in turizem d.o.o., Nova Gorica. The sale will be completed after obtaining the approval of the Slovenian Competition Protection Agency. In addition to other rights and obligations of the parties, the Sales Agreement stipulates the purchase price of EUR 14.2 million. The transaction is planned to be completed in the first half of 2016.
- In Q4 2015, Triglav INT provided additional capital to Triglav Osiguranje a.d., Belgrade twice. The first capital increase was made through the in-cash contribution of EUR 908,680, whilst the second was financed through the in-kind contribution of EUR 3,200,524 by transferring the equity stake in Pista d.o.o., Belgrade. Following these capital increases, the share capital of Triglav Osiguranje, Belgrade grew by RSD 496,450,500, whilst the Triglav INT's equity stake in this company rose from 99.81% to 99.88%.
- In Q4 2015, Triglav INT increased the share capital of Triglav Osiguranje d.o.o., Zagreb in the amount of EUR 11,361,094. As a result, the share capital of Triglav Osiguranje, Zagreb rose by HRK 86,639,700, whereas Triglav INT increased its stake in the said company from 99.76% to 99.86%.
- Lovćen Osiguranje a.d., Podgorica increased its equity stake in the subsidiary Lovćen Auto d.o.o., Podgorica in Q4 2015. The capital increase was raised by the in-cash contribution of EUR 2.2 million. The share capital of Lovćen Auto was increased by the same amount.
- In Q4 2015, Zavarovalnica Triglav sold its 46.74% equity stake in Goriške opekarne d.d. In consolidated financial statements, the profit from sale of EUR 39,551 was recognised in the income statement.
- As at the reporting date, Triglav Savetovanje d.o.o. was established with the initial capital of EUR 150,000. It is owned by Triglav Svetovanje d.o.o. (a 51% stake) and Triglav Osiguranje, Belgrade (a 49% stake). The company is consolidated under the full consolidation method.

Subsidiaries and associated companies of the Triglav Group as at 31 December 2015 and their corresponding share of voting rights



Equity owned by

- Zavarovalnica Triglav d.d.
- Subsidiary
- Two or more subsidiaries



■ Andrej Slapar, President

The management of Zavarovalnica Triglav

In 2015, there were no changes to the Management Board of Zavarovalnica Triglav. As at the end of 2015, the Management Board of the Company was composed of the following members:

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



■ Benjamin Jošar, Member



■ Uroš Ivanc, Member



■ Tadej Čoroli, Member



■ Marica Makoter, Member and Employee representative

“By implementing the priorities, we managed to achieve results that were above the 2014 level and plans.”

President of the Management Board of
Zavarovalnica Triglav
Andrej Slapar



2

Address by the President of the Management Board⁶

Solid performance in line with strategic goals

In a conversation, Mr Andrej Slapar, the President of the Management Board of Zavarovalnica Triglav, commented on the results achieved in the 115th year of business and the future plans of the Triglav Group.

How would you assess the achieved results with regard to the set objectives and the results of the previous year?

Primarily I believe that we successfully implemented the set strategy geared towards the profitability and safety of our operations, which is reflected in the Group's financial stability. By implementing the priorities, we managed to achieve results that were above the 2014 level and plans.

Insurance companies within the Group, particularly those outside Slovenia, booked a higher total written premium from insurance and reinsurance. Progress was made in the health and pension insurance segment, of key importance for development.

This included the acquisition of Skupna pokojninska družba, the second largest provider of voluntary pension insurance in Slovenia. The absence of mass loss events improved the results, but on the other hand, they were marked by the relatively unfavourable conditions on the capital markets.

We are satisfied with the profitability level achieved. The Group's profit before tax of EUR 102.5 million exceeded the plans by 20% and was 2% higher than the profit earned in 2014. The Group's net profit of EUR 88.9 million surpassed the planned level by 24% and was 4% higher than in 2014. The Group's equity increased by 2% and the return on equity was 12.8%.



The year 2015 was definitely notable for the solid business results achieved by the Group, its reaffirmed high credit ratings and the good dividend yield for 2014.

How did your core business do?

It should be noted that the Triglav Group's focus on insurance operations once again yielded the desired outcome. The written premium from insurance and co-insurance contracts amounting to EUR 919.1 million exceeded the planned level by 4% and was 3% higher than in 2014. The Group's combined ratio in the non-life segment reached 92.8%, which was 3.5 percentage points better than we planned for 2014, and was just over 2 percentage points below the strategic level. Gross claims paid in 2015 were 7% lower than planned and 3% lower than in 2014.

The Company's business results are also affected by various financial investments that account for most total assets. Due to uncertainty on the capital markets, combined with extremely low interest rates, average return on financial instruments in our portfolio declined further and is expected to keep falling over the coming years. In 2015, return on financial investments – excluding yields from unit-linked life insurance – decreased by 16% compared to 2014, primarily as a result of fair value changes of financial investments and lower net interest income. I should also mention permanent impairments of only EUR 3.8 million, which is 40% less than in 2014.

Which activities were in the focus of attention of the Triglav Group?

Regarding projects, I need to highlight the successful completion of development activities for implementing Solvency II requirements. I reiterate that the acquisition of Skupna pokojninska družba was an important strategic goal, allowing us to consolidate our position on the pension insurance market in Slovenia. With the sale of the Czech subsidiary now completed, the Group withdrew from the Czech market. We continued with the consolidation processes, including divestments from companies no longer compatible with the Group's strategy, the optimisation of asset management and the consolidation of subsidiary ownership within the Group. As at the end of 2015, the Group comprised the parent company and 40 subsidiaries and associates, which is 4 less than in 2014.

EUR 102.5 million

Profit of the Triglav Group before tax (in EUR million)

2015	102.5
2014	100.4
2013	83.6
2012	89.7
2011	58.0

Triglav is an insurance company boasting 115 years' worth of tradition, expertise and experience. Development, digitisation and quality products and services are among your priorities.

How did you improve your services in 2015?

Satisfied policyholders are our main concern and at the heart of all our activities. Bearing them in mind we developed new insurance products and upgraded and simplified the existing ones. We paid great attention to adjusting our products to specific markets and market conditions. Most new products were launched in life, health and pension insurance. As in previous years, professional and simple claim handling processes were again of particular relevance to us.

Developing our sales channels is important to us. The sales network, giving us a competitive edge in Slovenia, is also being strengthened in markets outside Slovenia. The volume of online business is also on the rise, making our sales channels and support services more accessible and diverse. A number of new solutions were launched, including an online tutorial on personal insurance, a web application for employers wishing to take out group voluntary pension insurance and the advisory web portal Everything Will Be Alright (Vse bo v redu).

I should specifically highlight telematics, where Zavarovalnica Triglav is the forerunner among insurance companies in Slovenia and the Adria region. We developed a mobile application called DRAJV to make driving safer and it became quite popular with drivers. The application is available to all drivers, and Triglav policyholders who use it are rewarded for their safe driving with a lower car insurance premium. In general, we embrace smart and connected services, which are changing our relations to clients and business. In 2015 preparations were concluded for two new applications to be launched in 2016. Together with the Slovenian Environment Agency, we developed the mobile application Triglav Weather (Triglav Vreme) that gives weather warnings to the general public. Our policyholders will benefit from an upgraded mobile application for filing car and home insurance claims that will refer them to the ever broader range of assistance services and speed up settlement.



How much premium do insurance classes account in the Group total and have you noticed any changes in their shares?

The structure of the premium changed somewhat, primarily in favour of life insurance. With 65.1% non-life insurance continues to represent the bulk of total premium and car insurance is the most significant insurance class. Compared to 2014, the share of non-life insurance premium fell by 2 percentage points, primarily due to the sale of the Czech subsidiary. The share of life insurance, on the other hand, increased from 21% to 23%, mostly due to the acquisition of Skupna pokojninska družba. Health insurance represents the third and smallest premium segment, accounting for 12% of total premium. We believe that this segment has a growth potential, particularly in the light of possible structural changes.

Premium growth was recorded in all three segments, resulting in a 3% increase of total premium. The volume of non-life premium and health premium increased by 1%, while life insurance premium grew by as much as 14%, mainly thanks to the acquisition of Skupna pokojninska družba.

What premium trends did you detect in insurance markets outside Slovenia?

The Group earned the bulk of consolidated premium in the Slovene insurance market, which accounted for around 83%, including the 5.2% of premium charged by Pozavarovalnica Triglav Re mainly in the European and Asian markets. The written premium charged by the parent company in the Slovene market went down by 1%, whereas Triglav, Zdravstvena zavarovalnica recorded a 1% increase. The new subsidiary Skupna pokojninska družba generated 3.2% of the non-consolidated premium.

Triglav launched an overhauled corporate and business governance model for insurance companies outside Slovenia, now fully owned by the holding company Triglav INT. The upgraded approach better accounts for differences between individual markets and initial results are good. We recorded positive trends and premium growth in most of our markets. In Croatia, the largest market outside Slovenia accounting for 5.1% of total non-consolidated premium, there was an 8% premium growth. In Serbia premium increased by 24%, while an increase of 13% was recorded in Macedonia, where the Group sells only non-life insurance. Premium growth rates in Montenegro and Bosnia and Herzegovina were 10% and 9% respectively.

The strategic goal of the Triglav Group is to remain the market leader in Slovenia and consolidate its position in other markets in the region. How well did you perform in that area?

With a 36% market share, the Triglav Group remains clearly in the lead in the Slovene insurance market served by the parent company, Triglav, Zdravstvena zavarovalnica and the new subsidiary Skupna pokojninska družba. In Slovenia, the Group holds a market share of 44% in non-life insurance, 35% in life insurance and 23% in health insurance.

In markets outside Slovenia, we strive to capitalize on the comparative advantage of the Group and Triglav brand. Our aim is to ensure long-term return on assets as well as to exploit synergies and economies of scale. Thanks to premium growth, the Group consolidated its position outside Slovenia and the market shares of subsidiaries grew in all markets except for the Republic of Srpska. We are the market leader in Montenegro and Macedonia, we strengthened our position in Croatia and Bosnia and Herzegovina and maintained the market share in Serbia.

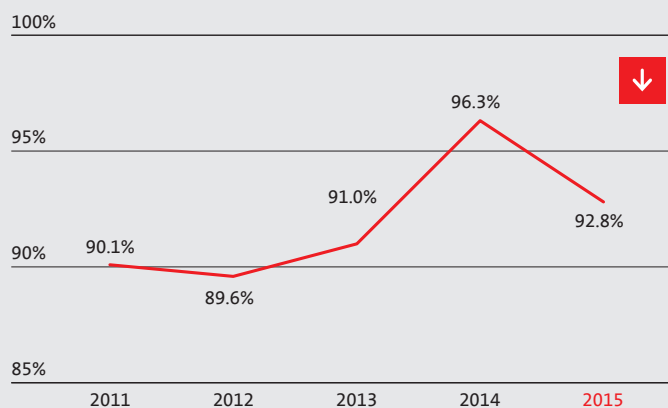


In 2015, you received excellent credit ratings from renowned rating agencies. What are these ratings based on and what is the medium-term outlook for the Triglav Group?

Achieving a high credit rating is one of the most important strategic goals of the Triglav Group. We are pleased to have attained this goal once again. Both S&P and A.M. Best confirmed the Group's »A-« rating, citing the Group's financial strength and solid performance as justification.

Both credit agencies assigned the Triglav Group a positive medium-term outlook, with S&P upgrading its assessment from stable to positive. The positive outlook is based on the Group's leading market position in Slovenia and the Adria region, the strong brand, an extensive sales network, a good business outlook, the quality of the existing portfolio and robust risk management.

The combined ratio in non-life insurance in the Triglav Group



The Solvency II Regulation will bring significant changes to the insurance markets of the 28 EU Member States. How well is the Triglav Group prepared for these changes?

The harmonisation of insurance legislation in the European Union will be of benefit to all stakeholders, particularly policyholders, who will enjoy a higher level of protection. Policyholder protection and financial stability are precisely the purpose of upgraded risk management systems and the required impact assessment of business decisions on the risk profile, capital and financial standing of an insurance company.

Zavarovalnica Triglav introduced a risk management system adapted to these requirements. Our product portfolio was adequately balanced by taking account of the modified ratio between the risk and profitability of individual products, so as to ensure the long-term financial stability and profitability of operations.

To ensure effective risk management of all risk types, an insurance company's capital must correspond to its specific risk profile. The Own Risk and Solvency Assessment made by Zavarovalnica Triglav shows that the Triglav Group has sufficient capital to comply with the capital requirements under the new legislation at any given time.

On the basis of the new corporate governance model for insurance companies introduced by Solvency II, we built a solid and reliable governance system that is founded on a transparent organisational structure, clear allocation of responsibilities and improved decision-making processes in key integrated areas. These include the risk management function, the compliance function, the internal audit function and the actuarial function.

We also laid foundations for enhanced reporting to supervisory bodies. In this respect, I should mention the creation of a data warehouse and standardised reporting to decision-making bodies, which allowed us to ensure a more up-to-date and centralised access to risk-related information.

What are the plans of the Triglav Group for 2016?

Our efforts will centre around the implementation of the set strategic guidelines. Priorities will include maintaining financial stability, safety of operations and credit rating at high levels, remaining the market leader in Slovenia and strengthening and consolidating our market positions outside Slovenia.

We are prepared to operate in a highly competitive and demanding environment where the specificities of individual insurance markets will play an important role. We expect the frequency and extent of individual loss events to remain at approximately the same level as in previous years. Our client-focused approach and the efforts to improve the efficiency of our sales network will continue. We intend to improve the accessibility of simple, advanced and responsible insurance services and be active in the field of prevention. In accordance with the business strategy, the key segments in terms of development will be pension and health insurance in Slovenia as well as in the markets of South-East Europe.

No significant changes are expected on capital markets, particularly on bond markets. The existing, relatively conservative, investment structure focusing on fixed-return investments will be slightly increased. We will continue to invest in the financial markets that provide highest liquidity, appropriate diversification and expected returns. The Triglav Group's investment policy will be based on adequate levels of investment security and liquidity, followed by the criterion of profitability.

The Group's business plan for 2016 takes into account the challenging and highly competitive conditions on the insurance markets we cover, the expected loss result and the returns on financial investments that will be lower than in 2015. The macroeconomic conditions in the countries where the Group operates are improving, but the recovery of the insurance markets will come with a time lag and gradually. In the light of all of the above, the Group's profit before tax is planned between EUR 80 to 90 million, the consolidated gross premium at around EUR 900 million and the combined ratio at approximately 95%.

3

Report of The Supervisory Board

- Report of the Supervisory Board of Zavarovalnica Triglav d.d. on the Verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2015 and
- Opinion of the Supervisory Board of Zavarovalnica Triglav d.d. on the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2015

In 2015, the Supervisory Board actively monitored and supervised the operations of Zavarovalnica Triglav d.d. and the Triglav Group. It regularly examined reports on various aspects of the Company's and the Group's business, adopted appropriate resolutions and followed their implementation. Special attention was paid to the transition of operations of Zavarovalnica Triglav d.d. and the Triglav Group to the new Solvency II governance system, which came into effect in 2016. Individual issues were first discussed within the framework of the Supervisory Board's committees and on the basis of their findings and careful assessment the Supervisory Board passed appropriate resolutions.

The Supervisory Board performed its work within the scope of its powers and competences set out by law, the Articles of Association and its own Rules of Procedure.

3.1 Introduction

Pursuant to Article 282 of the Companies Act and the fourth paragraph of Article 165 of the Insurance Act, the Supervisory Board hereby presents its Report on the Verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2015 (hereinafter: the Report) and its Opinion on the Annual Internal Audit Report for 2015.

The findings are based on the supervision of operations of Zavarovalnica Triglav d.d. (hereinafter: the Company or the parent company) in 2015 and on the verification of the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2015, which includes the reports and opinions of chartered actuaries for non-life and life insurance categories for 2015.

The Opinion of the Supervisory Board on the work of the Internal Audit Department in 2015 is also an integral part of the Report.

3.2 General Information

Supervisory Board in 2015

In 2015, the Supervisory Board was made up of the following members:

- the shareholder representatives:
 - Matej Runjak (Chairman), Gregor Kastelic (Vice Chairman), Mario Gobbo, Dubravko Štimac, Rajko Stanković and Matija Blažič;
- the employee representatives:
 - between 1 January 2015 and 30 May 2015: Branko Gorjan, Peter Celar and Miran Krštinc;
 - since 31 May 2015: Boštjan Molan, Peter Celar and Ivan Sotošek.

In 2015, the Supervisory Board held nine sessions and had three committees: the Audit Committee, the Appointments and Remuneration Committee and the Strategy Committee.

The Audit Committee

The members of the Audit Committee were as follows in 2015: Dr Mario Gobbo (Chairman), Rajko Stanković, Branko Gorjan (until 30 May 2015), Ivan Sotošek (since 20 August 2015) and Barbara Nose (independent expert). The committee held seven meetings.

The duties and competences of the Audit Committee are set out in the Companies Act, the Rules of Procedure of the Supervisory Board, the Rules of Procedure of the Audit Committee and the Supervisory Board's resolutions. Among others, the Audit Committee:

- monitored and discussed financial reporting procedures, the functioning of internal controls, the Internal Audit Department's reports, recommendations, internal quality assessment and annual work programme, risk management systems and external audits of annual non-consolidated and consolidated financial statements;
- proposed to the Supervisory Board the appointment of an auditor of the Company's Annual Report for 2015, proposed to appoint certified auditors in the group of the proposed auditor as auditors of the subsidiaries of Zavarovalnica Triglav d.d. and discussed the audit agreement with the certified auditor for 2015;
- assessed the compilation of the non-consolidated and consolidated annual report for 2014;
- discussed the annual report of the Fraud Prevention, Detection and Investigation Department for 2014;
- discussed the annual report of the Compliance Office for 2014 and its annual plan for 2015;
- monitored the type and scope of non-auditing services provided by audit firms and the independence of the certified auditor;
- discussed strategic risk indicators of Zavarovalnica Triglav d.d.;
- discussed reports on real properties, investments, marketing, marketing communications and IT development; and
- regularly reported on its work to the Supervisory Board at its sessions.

The Audit Committee conducted a performance self-assessment with the aim of ensuring continued improvement and quality of its work.

Appointments and Remuneration Committee

In 2015, the members of the Appointments and Remuneration Committee were as follows: Matej Runjak (Chairman), Dr Dubravko Štimac, Miran Krštinc (until 30 May 2015) and Boštjan Molan (since 20 August 2015). The Committee held five meetings in 2015.

In accordance with its duties and competences set out in the Rules of Procedure of the Supervisory Board and in the Supervisory Board's resolutions, the Appointments and Remuneration Committee:

- discussed the draft Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of

- Zavarovalnica Triglav d.d., the draft amendment to that policy and the Remuneration Policy of Zavarovalnica Triglav d.d.;
- discussed the information on the staff structure and the Report on the Development of Key Promising Staff in Zavarovalnica Triglav d.d.;
 - discussed the proposal to issue the Supervisory Board's approval to authorisations of key function holders of Zavarovalnica Triglav d.d.;
 - discussed the employment agreements of Management Board members and the calculation of the Triglav Group's performance factor for 2014, on which the performance-related remuneration of the Management Board depends; and
 - regularly reported on its work to the Supervisory Board at its sessions.

Strategy Committee

In 2015, the members of the Strategy Committee were as follows: Gregor Kastelic (Chairman), Mario Gobbo and Peter Celar. The Committee held one meeting in 2015.

The duties and competences of the Strategy Committee are set out in the Rules of Procedure of the Supervisory Board and the Supervisory Board's resolutions. Its tasks primarily include monitoring the implementation of the Triglav Group Strategy, its formulation and any related opinions, drafting of resolutions for the Supervisory Board and ensuring their implementation. Among others, the Strategy Committee:

- discussed the report on the implementation of the Triglav Group Strategy in 2014,
- discussed the report on the operations and organisation of Triglav INT d.d., and
- reported on its work to the Supervisory Board at its sessions.

3.3 Operations of the Supervisory Board and the Scope of Supervision over the Company's Governance in 2015

The description of the Supervisory Board's operations and the scope of monitoring and supervision over the governance of the Company and the Triglav Group in 2015 are based on the supervision of the Company's and the Group's operations performed by the Supervisory Board in 2015, acting within its powers.

The Supervisory Board's duty is to supervise how the Company conducts its business and to perform other tasks in accordance with the Companies Act, the Insurance Act, the Articles of Association, the Rules of Procedure of the Supervisory Board and the Corporate Governance Code. The methods and organisation of its work are set out by the Rules of Procedure of the Supervisory Board, which are published on the Company's website.

a) With regard to its core competences, in 2015 the Supervisory Board:

- adopted the business policy and the business plan of the Triglav Group for 2016;
- adopted the Audited Annual Report of Zavarovalnica Triglav d.d. for 2014 and the Audited Annual Report of the Triglav Group for 2014, the Report by the Supervisory Board of Zavarovalnica Triglav d.d. on the Verification of the Annual Report of Zavarovalnica Triglav d.d. and the Triglav Group for 2014 and the Opinion of the Supervisory Board of Zavarovalnica Triglav d.d. on the Annual Internal Audit Report for 2014 by the Internal Audit Department of Zavarovalnica Triglav d.d.;
- agreed with the Internal Audit Department's work plan for 2016 and the guidelines of the Internal Audit Department for the 2017–2018 period;

- discussed the Annual Internal Audit Report of the Internal Audit Department for 2014;
- proposed to the General Meeting of Shareholders of Zavarovalnica Triglav d.d. the auditor for the 2015 financial year and agreed with the proposal to the General Meeting of Shareholders on the distribution of accumulated profits as at 31 December 2014;
- adopted the amendments to the Management Board Rules and
- approved the amendments to the governance system and policy of Zavarovalnica Triglav d.d. as well as to the internal documents of the Company related to internal auditing, the actuarial function, the Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of Zavarovalnica Triglav d.d., the internal control system, outsourcing and remuneration.

b) With regard to the supervision of the Company's conduct of business in 2015, the Supervisory Board:

- was briefed on and approved reports on the performance of Zavarovalnica Triglav d.d., the Triglav Group and the subsidiaries of Zavarovalnica Triglav d.d.;
- was briefed on the implementation of the Strategy of the Triglav Group in 2014 and in 2015;
- was briefed on the assessed performance indicators of the Company in each period;
- was briefed on reports on capital adequacy, the matching of assets and liabilities in the guarantee fund and in assets backing liabilities and assessments of the sensitivity of assets in individual funds;
- was briefed on the review of changes to the operations of Zavarovalnica Triglav d.d. due to the introduction of Solvency II and the capital adequacy calculation based on the Solvency II methodology;
- was briefed on internal audit reports by the Internal Audit Department and reports of the Compliance Office;
- was briefed on the Letter to the Management following the 2014 audit of Zavarovalnica Triglav d.d. and the Triglav Group;
- was briefed on the findings and requirements of the Insurance Supervision Agency, tax inspection and other supervisory bodies in the supervision procedures and procedures related to these findings or requirements;
- was briefed on the report on the operations and organisation of Triglav INT d.d.;
- was briefed on the Remuneration Policy for the Members of Supervisory Bodies of the Triglav Group Subsidiaries;
- was briefed on insurance products;
- was briefed on the reports on the operations of the Marketing Department and the reports on key activities and projects of the Corporate Communication Department;
- was briefed on the Report on the Development of Key Promising Staff in Zavarovalnica Triglav d.d.;
- was briefed on the self-assessment of Zavarovalnica Triglav d.d. under the EFQM model and on the periodic report on implementation;
- discussed the reports of the Audit Committee, the Appointments and Remuneration Committee and the Strategy Committee, and
- was briefed on other information regarding Zavarovalnica Triglav d.d., the Triglav Group and its subsidiaries.

- #### c) With regard to the Supervisory Board's power to approve the Management Board decisions on the basis of the Rules of Procedure of the Supervisory Board, in 2015 the Supervisory Board approved the sale of the Company's stake in Avrigo d.o.o., Nova Gorica, the Company's acquisition of a subsidiary's real property, the share capital increase of the subsidiary Triglav

INT d.d. in collaboration with Zavarovalnica Triglav d.d. and the merger of Triglav Naložbe d.d. with Zavarovalnica Triglav d.d.

d) Other major actions, requirements, recommendations and warnings of the Supervisory Board in 2015:

- adopted amendments to the Rules of Procedure of the Supervisory Board of Zavarovalnica Triglav d.d.;
- discussed and approved the proposals of the Appointments and Remuneration Committee with regard to employment agreements of Management Board members;
- approved the authorisations granted to key function holders under the Insurance Act (ZZavar-1) in Zavarovalnica Triglav d.d.;
- adopted the Report of the Supervisory Board of Zavarovalnica Triglav d.d. on the review of the merger by acquisition of the subsidiary Triglav Naložbe d.d., and
- made other requirements or performed other activities related to the supervision or work of the Supervisory Board or its committees.

The costs of the functioning of the Supervisory Board other than the remuneration paid to the members of the Supervisory Board and its committees, which are disclosed in the section Management and supervisory bodies and their remuneration in the Annual Report for 2015, primarily included the costs of translation of material for sessions of the Supervisory Board and its committees, costs of interpreting at sessions and the rental costs of technical equipment for interpreting. Moreover, these costs were also connected to providing support for the implementation of performance self-assessment of the Supervisory Board and the drafting of the action plan for improving its performance. In 2015, these costs amounted to EUR 101 thousand.

3.4 Performance Self-Assessment

The Supervisory Board had three committees in 2015: the Audit Committee, the Appointments and Remuneration Committee and the Strategy Committee. The committee chairmen regularly reported on their work at sessions of the Supervisory Board, which discussed the adopted decisions, submitted recommendations and opinions and passed appropriate resolutions after due consideration.

All members were involved in the Supervisory Board's work. With their attendance at sessions and active participation in discussions and decision-making, they contributed to the effective discharge of the Supervisory Board's duties. The Rules of Procedure of the Supervisory Board include the rules regulating potential conflicts of interest. The Supervisory Board amended these rules by incorporating the relevant provisions of the Rules of Zavarovalnica Triglav d.d. on managing conflict of interest pertaining to the Supervisory Board and its members. The members of the Supervisory Board signed and submitted statements of independence and loyalty in accordance with the Corporate Governance Code, which the Company published on its website. To avoid conflicts of interest, already in 2009 the Supervisory Board adopted the recommendation that its members not sit on the supervisory and management boards of other companies in the Triglav Group.

The Supervisory Board is of the opinion that its cooperation with the Management Board was adequate, in accordance with the applicable legislation and good practice. To its best knowledge, the Supervisory Board was informed of all events of material significance to the assessment of the situation and its consequences, and to the supervision of the Company's operations. The Supervisory Board regularly followed the implementation of its resolutions. The Governance System and Policy of Zavarovalnica

Triglav d.d. sets out the main corporate governance guidelines, taking into account the set long-term objectives and the defined role and functioning of the Supervisory Board and its committees.

The Supervisory Board implemented the action plan adopted in 2014 for the improvement of its performance based on the self-assessment of its work, as well as performed a self-assessment for 2015 with the help of an external contractor. Based on the findings of the self-assessment, it adopted an action plan containing a series of proposals and measures aimed at improving its performance in 2015 and 2016. The implementation of the action plan is monitored regularly.

The Supervisory Board is of the opinion that its composition in 2015 was proportionate to the Company's size, business activities and set objectives and that an appropriate level of independence or dependence of its members in the sense of the Corporate Governance Code is ensured, which allowed the Supervisory Board to make quality decisions.

In view of the above, the Supervisory Board is of the opinion that its work and the work of its committees in 2015 were successful.

3.5 Opinion of the Annual Internal Audit Report for 2015

In accordance with the third paragraph of Article 165 of the Insurance Act, the Annual Internal Audit Report of the Internal Audit Department of Zavarovalnica Triglav d.d. for 2015 was submitted to the Supervisory Board, containing a report on the implementation of the Internal Audit Department's Annual Plan (Programme) and a summary of material audit findings, including an assessment of the adequacy and effectiveness of internal control and risk management systems in audited areas, an assessment of the adequacy of the Internal Audit Department's funding and the statement of independence and impartiality of the Internal Audit Department and its employees.

Based on monitoring the work of the Internal Audit Department and the submitted Annual Internal Audit Report of the Internal Audit Department for 2015, adopted at its session on 5 April 2015, the Supervisory Board finds that the Internal Audit Department performed its duties in accordance with the Annual Work Programme for 2015, adopted by the Management Board and approved by the Supervisory Board in accordance with its expectations. In 2015, the Internal Audit Department performed planned internal audits in the Company and other companies of the Triglav Group and other internal audit activities (informal consultations; follow-up of the implementation of recommendations given by internal and external auditors; reporting to the Management Board, the Supervisory Board and the Audit Committee; quality assurance and improvements in the Internal Audit Department; performance of internal audit services in two subsidiaries to compensate for short staffing in internal audit departments of these subsidiaries, etc.). The Internal Audit Department presented its internal audit findings to the relevant persons in charge and made recommendations for improving the internal control and risk management systems. The Internal Audit Department reported on the implementation of its work programme, material audit findings and the implementation of recommendations on a quarterly basis to the Audit Committee and on a semi-annual basis to the Supervisory Board.

In 2015, the Internal Audit Department continued with quality assurance and improvement activities related to its own functioning and that of the internal audit departments of the Triglav Group's subsidiaries. Within this framework, the Internal Audit Department prepared a new basic document or internal

audit policy, which was adopted by the Management Board with the approval of the Supervisory Board, provided professional training for its own employees, performed an internal quality assessment of its performance and provided assistance to internal audit departments of other Triglav Group companies in the performance of internal quality assessment of their performance, implementation of internal audits and other internal audit activities. The Supervisory Board expects the Internal Audit Department to continue with such activities in the future, with the aim of continually improving the quality of its work in both the Company and the Triglav Group.

In view of the above, the Supervisory Board is of the opinion that the Internal Audit Department operated in line with its Annual Work Programme for 2015 and that its work made an important contribution to the better functioning of the internal control system and improved risk management at both the Company and the Group level.

3.6 Findings of the Supervisory Board Regarding the Operations of Zavarovalnica Triglav d.d. in 2015

On the basis of its monitoring and supervision of the Company's performance in 2015 and its examination and verification of the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2015, the Supervisory Board hereby establishes that the Company performed well and firmly adhered to its strategic objectives.

The Triglav Group generated a net profit of EUR 88.9 million, having increased by 4% on the previous year, and recorded a high return on equity of 12.8%. The parent company's net profit amounted to EUR 58.5 million. The main factor in good performance was the absence of mass loss events and the good results in the core insurance business, as indicated by the favourable combined ratios of 92.8% for the Triglav Group and 86.2% for the parent company.

Insurance subsidiaries of the Triglav Group generated insurance and co-insurance premiums of EUR 919.1 million in 2015 (index 103), of which EUR 586.3 million was earned by the parent company. Insurance companies, particularly those outside of the Republic of Slovenia, generated a higher volume of written insurance and co-insurance premiums than in 2014. Premium growth was also affected by the takeover of Skupna pokojninska družba d.d., the second largest voluntary pension insurance provider in the Republic of Slovenia.

The Triglav Group recorded gross claims paid of EUR 594.8 million in 2015, which was 3% less than in 2014. Gross claims paid by the parent company reached EUR 390.6 million (index 93). The reduction in gross claims paid predominantly resulted from the absence of major mass loss events.

Total consolidated gross operating expenses of the Triglav Group totalled EUR 297.6 million, which was 1% more over the preceding year, while those of the parent company fell by 1% to EUR 161.0 million.

The Triglav Group further strengthened its capital position in 2015. The Group's total equity capital amounted to EUR 704.0 million as at the 2015 year-end and was 2% higher than the year before.

The financial strength of the Triglav Group and its successful performance were reaffirmed by the credit rating agencies S&P and A.M. Best, which both confirmed the "A-" credit rating with a positive medium-term outlook, as S&P upgraded its outlook compared to 2014.

The findings of the Supervisory Board are also based on the following:

- a positive opinion from a chartered actuary for the non-life insurance category for 2015;
- a positive opinion from a chartered actuary for the life insurance category for 2015;
- the Annual Internal Audit Report of the Internal Audit Department for 2015.

The Supervisory Board has no objection to the aforementioned reports.

3.7 Annual Report

On 17 March 2016, the Management Board submitted the audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2015 to the Supervisory Board.

The Supervisory Board hereby ascertains that the Annual Report was compiled within the legally prescribed period and submitted to the appointed auditor. The Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2015 was audited by the audit firm Ernst & Young Revizija, poslovno svetovanje d.o.o., Ljubljana, which on 11 March 2015 issued a positive opinion on the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2015 and an opinion that the business report and the Appendix to the Report are in compliance with the audited financial statements.

The certified auditor who signed the Annual Report attended the session of the Supervisory Board and the Audit Committee during the items when the Annual Report was discussed and provided the required additional explanations to the Audit Committee and the Supervisory Board. The Audit Committee discussed the Annual Report after the preliminary audit and the following the audit the Letter to the Management, which was discussed by the Supervisory Board as well.

On the basis of a detailed verification, the Supervisory Board established that the Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for 2015, which was prepared by the Management Board and verified by a certified auditor, was compiled in a clear and transparent manner and that it was a true and fair view of the assets, liabilities, financial position and profit or loss of the Triglav Group and Zavarovalnica Triglav d.d.

In accordance with the aforementioned findings, the Supervisory Board expresses no objection to the positive opinion of the certified audit firm Ernst & Young Revizija, poslovno svetovanje d.o.o., Ljubljana, which found that in all material respects, the consolidated and stand-alone financial statements presented a true and fair view of the financial position of the Triglav Group and Zavarovalnica Triglav d.d. as at 31 December 2015, their profit or loss, comprehensive income and cash flows for the year then ended, in accordance with the International Financial Reporting Standards as approved by the EU.

In view of the above, the Supervisory Board hereby approves the Audited Annual Report of the Triglav Group and Zavarovalnica Triglav d.d. for the Year Ended 31 December 2015.



3.8 Proposal for the Distribution of Accumulated Profits

The Supervisory Board examined the Management Board's proposal for the distribution of accumulated profits as at 31 December 2015, subject to a final decision by the General Meeting of Shareholders of Zavarovalnica Triglav d.d., and approved the following draft resolution on the distribution of accumulated profits proposed by the Management Board to the General Meeting of Shareholders:

"The accumulated profits, which amounted to EUR 65,028,271.76 as at 31 December 2015, shall be distributed as follows:

- a part of the accumulated profits in the amount EUR 56,837,870.00 shall be allocated for dividend payments. The gross dividend per share of EUR 2.50 shall be paid to the shareholders entered in the Shareholders' Register no later than two days after the day of the General Meeting of Shareholders. The dividends shall be paid within the period of 25 to 30 days of the date this resolution is passed;
- the distribution of the remaining accumulated profits of EUR 8,190,401.76 shall be decided on in subsequent years."

The Supervisory Board hereby proposes to the General Meeting of Shareholders to grant a discharge to the Management Board for its work in 2015.

Matej Runjak,
Chairman of the Supervisory Board

Ljubljana, 5 April 2016

4

Strategy and Plans of the Triglav Group

- In 2015, the Triglav Group and Zavarovalnica Triglav surpassed their planned profit level.
- The Triglav Group continued to implement its strategy, placing focus on the core insurance business, profitability and safety of operations.
- The Group's profit before tax for 2016 is planned between EUR 80 and 90 million.

Zavarovalnica Triglav and the Triglav Group consistently implement the Triglav Group Strategy for the 2013–2017 period, which the Company's Management Board adopted in November 2013.

4.1 Mission, values and vision of the Triglav Group

The values, which are realised through personal relations and relations with the environment on a daily basis, both connect and distinguish the Triglav Group from others. They guide the Group in the performance of its activities and the realisation of its vision and strategic guidelines. Moreover, they help identify opportunities, reward client relationships and business partnerships, and implement prudent risk management.

Mission

We are building a safer future.

Values

- **Professionalism.** Business objectives are pursued through state-of-the-art insurance/financial services provided by highly professional employees. The Triglav Group is the key promoter of professional development of insurance/financial services in the environment.
- **Security.** Safe operations are guaranteed by efficient risk management. The Group's high-quality products and services improve the financial security of clients.
- **Simplicity.** Everything we do must bring benefit and generate value. Jointly and rapidly, unnecessary complexity and red-tapism are eliminated. Products and processes are being simplified without reducing the high level of professional competence.
- **Corporate social responsibility.** The sustainable development of the Triglav Group (balancing of people, environmental awareness and profitability) is based on corporate social responsibility, implemented as economic, legal, ethical and philanthropic responsibility.

Vision of the Triglav Group

The Triglav Group's business operations are profitable and secure. Measured by written premium, the Group is the largest insurance company in South-East Europe. The combined ratio is around 95%. Return on equity (ROE) is planned to be above 10% during the period until 2017.

The long-term profitable growth of the Triglav Group originates from very competitive, high-quality services, effective risk management and financial stability of the Group, which will help maintain the standalone »A« rating assigned by an established credit rating agency. Members of the Group achieve higher levels of reputation than their competitors. They are distinguished by

comprehensive insurance/financial services offered through modern sales channels. Clients perceive the Group's products as simple and desirable. The Group reaches at least a 10% market share on all of its foreign markets and ranks among the top three insurance companies in all key markets in terms of premium. The Group has a well-regulated and efficient governance system and follows the principles of modern organisation in all areas of business. Its processes are lean and streamlined. Dedicated and highly-qualified employees are the basis of the Group's sustainable development.

4.2 The Triglav Group Strategy for the 2013–2017 period

The Group is focused on its core insurance business, placing emphasis on profitability and safety of operations.

Strategic guidelines by 2017

- Profitable operations and greater value of the Triglav Group;
- client-focused approach;
- simplification and cost-efficiency of business processes and adequate staffing structures;
- achieving adequate growth and profitability rates on key markets and efficient corporate governance of the Triglav Group's companies.

Business and financial risks are thoroughly defined so as to avoid careless risk exposure.

Strategic objectives

Key strategic objectives by 2017: Throughout the entire period, return on equity will exceed 10%, while a stable combined ratio will be around 95%.

Prudent expansion of the Triglav Group: The Triglav Group plans future growth and development in target markets of South-East Europe. On the Slovene market, it will focus on profitability and maintaining the largest market share. So as to further expand and develop on the domestic market, special attention will be paid to health and pension insurance products.

Dividend policy: The dividend policy of Zavarovalnica Triglav is based on the Triglav Group's target capital adequacy, which is the foundation of safety of its operations. The policy takes into account not only the planned volume of business and the related foreseen capital needs in the Slovene and strategic markets but also the guidelines and good practices of the insurance sector. See Section [→ 6.5 Dividend policy] for more details.

For measuring the implementation of strategic objectives, a balanced scorecard with projections until 2017 has been developed and linked to concrete strategic activities.



1. Employees, competences and learning level

- Focus on client and employee satisfaction
- Stimulation of creativity
- Stimulation of learning and in-house transfer of knowledge
- Establishment of intergenerational cooperation
- Increased mobility and internationalisation of staff
- Introduction of the system of successions; development and retention of key promising staff
- Renewed organisational culture in accordance with the Group's values
- Increased share of the variable part of remuneration for successful individuals

2. Process and organisation level

- Implemented data warehouse with a CRM system
- Simplicity of business processes and cost efficiency
- Developed sales activities via own sales network in subsidiaries
- Efficient target management at all levels of the Group
- Innovative and speedy development of products and alternative sales channels
- Efficient system of corporate management and key internal controls for the Group
- Compliance with Solvency II requirements

3. Client level

- A comprehensive overview of policyholder and an upgraded, modern credit scoring system
- Developed and efficient client loyalty programmes
- Growing number of actively insured persons
- A range of integrated insurance/financial services provided through modern sales channels
- The Triglav Group as the largest insurance company in South-East Europe measured by written premium – holding at least a 10% share of an individual insurance market

4. Finance level

- Profitability
- Optimised assets and liabilities structure according to the requirements of Solvency II and the »A« rating from Standard & Poor's
- Positive insurance technical result for the Group
- Efficient claim management system

4.3 Objectives achieved by the Triglav Group in 2015⁷

Planned objectives achieved in 2015

	in EUR million		
	2015 plan	2015 realisation	Index
			2015 real./plan
Gross written premium from insurance and co-insurance contracts	879.9	919.1	104
Gross claims paid	639.3	594.8	93
Profit/loss before tax	85.7	102.5	120
Net profit/loss	71.7	88.9	124
Equity as at 31 December	713.3	704.0	99
Combined ratio in non-life insurance	96.3%	92.8%	96

The Triglav Group implemented its strategy, placing focus on the core insurance business, profitability and safety of operations. Despite demanding conditions on the insurance markets, the Group and the Company once again performed well as confirmed by the results achieved. The Triglav Group generated a **net profit of EUR 88.9 million** and surpassed the budgeted net profit by as much as 24%, whilst the Group's **profit before tax** was 20% higher than planned, reaching **EUR 102.5 million**.

The Triglav Group **maintained its financial strength and stability** as reflected by the reaffirmed high credit rating and key financial categories for 2015. The credit rating agencies S&P and A.M. Best reassigned the **»A-« credit rating** with a **positive medium-term outlook** as Standard & Poor's upgraded it from stable to positive. The credit ratings continue to reflect solid capital adequacy, high profitability and strong competitive position of the Triglav Group on both the Slovene market and the Adria region [→see Section 6.7 *Credit rating of the Triglav Group and Zavarovalnica Triglav for more details*].

The **total equity capital** of the Triglav Group as at 31 December 2015 was **1% lower than planned** or **EUR 704.0 million** nominally, predominantly as a result of higher dividend payments and reduced fair value reserve [→see Section 9. *Financial standing for more details*].

The **combined ratio in non-life insurance** of the Triglav Group reached **92.8%**, **exceeding** the budgeted level by 3.5 percentage points (the combined ratio is a measure of profitability in core insurance operations excluding investment return). The combined ratio of the Group and most of its insurance companies improved primarily due to non-occurrence of major mass loss events such as those in 2014 [→see Section 8. *Financial result for more details*].

Despite the challenging market conditions, the Triglav Group performed well in core insurance operations. Compared to 2014, **total written premium** of the Group was **4% higher than planned** as a result of the acquisition of Skupna pokojninska družba and an increase in premium of insurance subsidiaries on all markets outside Slovenia. In the Slovene insurance market, 1% less in written premium was charged by the parent company, whereas Triglav, Zdravstvena zavarovalnica recorded 1% higher written premium than in 2014. Insurance premium is discussed in greater detail in [→Section 7.5].

Gross claims paid were **7% below the budgeted level**. The main reason was lower gross claims from non-life insurance as 2014 was marked by mass loss events. Gross claims paid from life insurance increased predominantly as a result of the acquisition of Skupna pokojninska družba [→see Section 7.6. *Gross claims paid for more details*].



4.4 Plans for the Triglav Group for 2016

In 2016, the Triglav Group will consistently pursue its strategic objectives, again placing emphasis on financial stability reflected in the high credit rating, safety and profitability of operations. The Group will continue with the activities to strengthen and consolidate its position in the region, taking into consideration the specificities of and opportunities in the respective markets.

The following assumptions and circumstances were taken into account in drawing up the Group's plan:

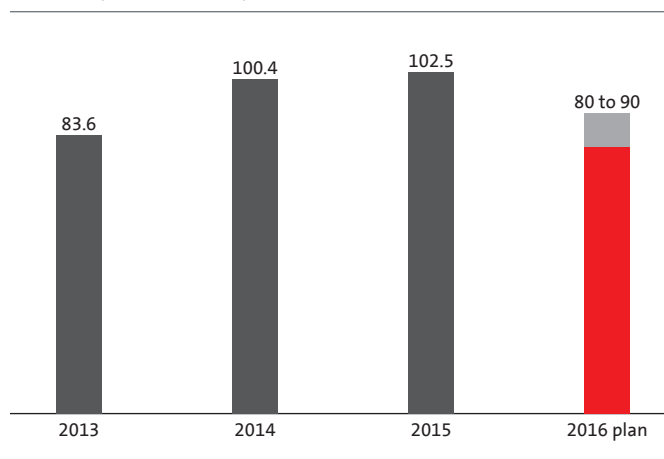
- **Macroeconomic environment in the Adria region:** In the coming year, the macroeconomic environment will be somewhat more favourable for the business of the Triglav Group. According to projections, Slovenia will record the economic growth of 2.3% in 2016, which is slightly higher than the overall euro area; however, its growth will largely depend on the stability of the recovery of its export partners and the effectiveness of fiscal consolidation. In the regions in which the Triglav Group subsidiaries operate, the economies will slightly recover, particularly as a result of higher external demand and growth in investment consumption in some countries. Apart from the already present macroeconomic imbalances, the economic environment could be significantly affected by political changes.
- **Insurance markets of the Triglav Group:** The forecast improved macroeconomic situation in the region will be reflected in the insurance markets with a certain delay and gradually. In 2016, the Group's insurance companies will operate in highly competitive environment and will be exposed to the risks of lower demand for insurance products, policyholders defaulting on the payment of premiums and the risks related to the selection of underwritten risks.
- **The life insurance segment** will be affected by a high number of maturities due to the aging of the life insurance portfolio and surrenders. The **non-life insurance segment** will be impacted by measures to retain high-value and loyal clients with client loyalty programmes, repricing to match competition and measures to improve insurance technical results in individual non-life insurance classes.
- **Loss events** (floods, hail, storms, etc.): Approximately the same development, number and extent of individual loss events (floods, hail, storms) as in past years is foreseen. The year 2015 was extremely favourable in terms of frequency and magnitude of loss events.
- **Situation on capital markets:** Given the current unchanged global economic growth outlook, credit spreads on corporate bonds are not expected to change significantly in 2016. The growth outlook for stock indexes of developed economies is moderately optimistic, especially the European, as the strengthening of the economy will be backed up by ample support from the ECB's liquidity. The main source of uncertainty could be an uncontrolled slowdown in growth in emerging markets and their global impact on stock markets.

Business guidelines and plan for 2016:

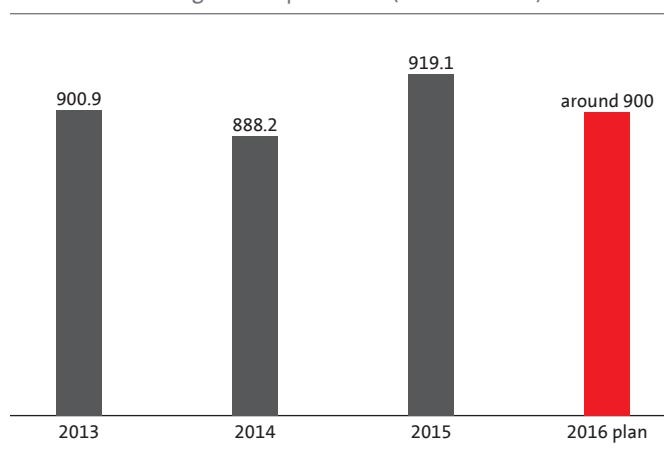
Financial stability. Maintaining a high financial stability and safety of operations of the Triglav Group. Maintaining the credit rating remains one of the most important strategic goals of the Triglav Group, because a high credit rating promotes even more competitive sale of insurance and reinsurance products in all target markets, gives access to a wider circle of investors in financial

markets, enables relatively low costs of funding, increases goodwill and brings higher credibility. Therefore, in 2016 the objective is to keep stable credit ratings by the credit rating agencies S&P and A.M. Best.

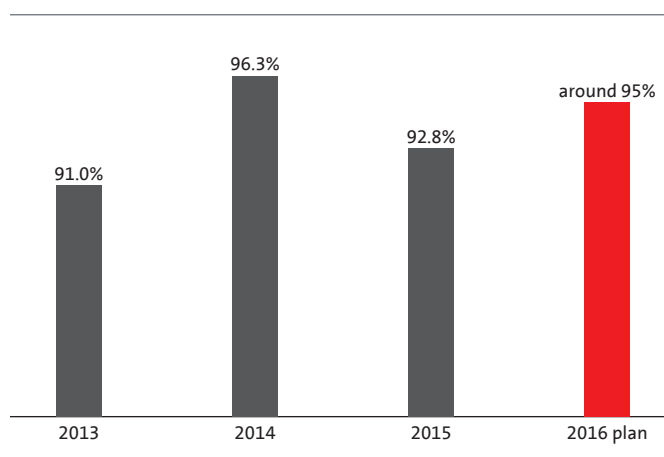
Budgeted net profit/loss before tax of the Triglav Group for 2016 (in EUR million)



Budgeted gross written premium for insurance and co-insurance contracts of the Triglav Group for 2016 (in EUR million)



Budgeted combined ratio in non-life insurance of the Triglav Group for 2016



Strengthening and consolidation of the position on the existing markets. Strengthening and consolidating the position in the existing markets will remain a priority for the Triglav Group, taking into account their specificities and opportunities. The Triglav Group insurance companies will aim to expand the scope of their operations and increase the profit from the core insurance business. To this end, the business model of Triglav INT was introduced in 2015, based on which this holding company took over the entire corporate governance and supervision of the Group's insurance subsidiaries outside Slovenia

Insurance business. Sales activities will be even more focused on clients and on developing and increasing the efficiency and development of internal and external sales networks. In the marketing approach, emphasis will be placed on the quality, simplicity, transparency and a high standard of services, supplemented with a penetrating market strategy. The Triglav Group will particularly focus on pension and health insurance segments.

Loss events. In 2016, the Triglav Group insurance companies will aim to improve the claim settlement process so as to satisfy client needs.

Financial investments. The Triglav Group's investment policy will be based on adequate levels of investment security and liquidity, followed by the criterion of profitability. The financial risk calculations, arising from the investment structure on the one hand

and from asset backing liabilities and guarantee funds on the other, will be the basis for formulating optimal investment guidelines, taking into account both the current and expected guidelines and models, such as S&P and Solvency II. A relatively conservative investment structure will be maintained or even strengthened, placing emphasis on fixed-return investments and on continuing to invest in the financial markets that provide better liquidity, appropriate diversification and the expected return.

Solvency II. In 2015, Zavarovalnica Triglav completed the development activities for implementing the Solvency II requirements. The Company's risk profile is adequately balanced and represents a guarantee for long-term, financially stable and profitable operations. With regard to assets and liabilities, adjustments were made to account for the amended calculation of capital requirements in the Company. It is estimated that the capital adequacy of the Triglav Group, also measured in accordance with the Solvency II methodology, will remain sufficiently high. In 2016, regular activities will begin involving the preparation of reports, change and trend analyses, and the transfer of knowledge to the Group's insurance subsidiaries.

The Group's business plan for 2016 takes into account still challenging and highly competitive conditions on the insurance markets of the Group, the expected loss result and lower returns on financial investments compared to 2015.

Financial highlights of the Triglav Group business plan for 2016

	in EUR million			
	2013	2014	2015	2016 plan
Profit/loss before tax	83.6	100.4	102.5	80-90
Gross written premium from insurance and co-insurance contracts	900.9	888.2	919.1	around 900
Combined ratio in non-life insurance	91.0%	96.3%	92.8%	around 95%



5

Corporate Governance Statement

- The Management and the Supervisory Boards passed the Governance System and Policy of Zavarovalnica Triglav.
- Changes made to the Supervisory Board and its committees.
- The subsidiary governance model is adapted to the specificities of the markets and the development of the Company's market position.

5.1 Governance policy

The Governance System and Policy of Zavarovalnica Triglav, adopted by the Management and Supervisory Boards, define the main guidelines for the governance of the Company, taking into account the set long-term strategic objectives and values. They are the foundation for setting up and implementing a robust and reliable governance system, which is based on an efficient risk management system and enables the implementation of the business strategy of the Company. The document was published on SEOnet, the Ljubljana Stock Exchange information system, and on the official website of Zavarovalnica Triglav d.d. www.triglav.eu.

5.2 Statement of Compliance with the Corporate Governance Code⁸

In its operations, Zavarovalnica Triglav abides by the Corporate Governance Code, which was adopted on 8 December 2009 and is published in Slovene and English on the Ljubljana Stock Exchange website <http://www.ljse.si>. Zavarovalnica Triglav adheres to all the provisions of the Code.

The Statement of Compliance with the Corporate Governance Code for the period from 1 January 2015 to the day of publication in 2016 is available on SEOnet, the information system of the Ljubljana Stock Exchange, and on the official website of Zavarovalnica Triglav at www.triglav.eu.

In its operations and actions, the Company also observes the principles of the Insurance Code, available on the website of the Slovenian Insurance Association at <http://www.zav-zdruzenje.si>.

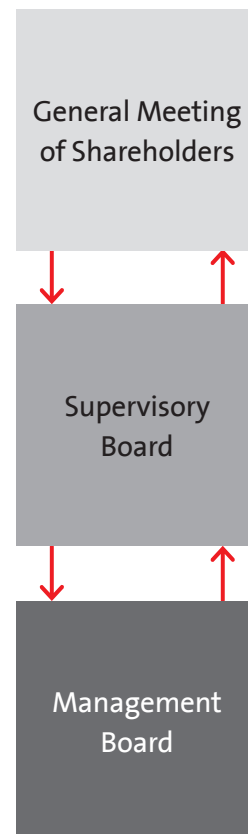
Moreover, Zavarovalnica Triglav has its own code, available at the Company's official website (www.triglav.eu). This code presents Zavarovalnica Triglav's fundamental values and principles of operation in order to achieve its business goals, strategic guidelines and competitive advantages in compliance with the law and ethics, while also adhering to the principles and standards of fair and transparent business practices.

Zavarovalnica Triglav took a position on the Corporate Governance Code for Companies with State Capital Investments and the Recommendations and Expectations of Slovenski državni holding d.d. (both documents are available on the website of Slovenski državni holding d.d., <http://www.sdh.si>), which is published on the official website of Zavarovalnica Triglav (www.triglav.eu).

5.3 Management bodies of Zavarovalnica Triglav⁹

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

Two tier governance of Zavarovalnica Triglav



5.3.1 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.

A share of Zavarovalnica Triglav gives each of its holders 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 from the remaining bankruptcy or liquidation estate in the case of bankruptcy or liquidation. All shareholders who are entered in the share register managed by the Central Securities Clearing Corporation (KDD) no later than by the end of the fourth day before the date of the General Meeting of Shareholders have the right to attend the General Meeting and exercise their voting rights if they apply to be present no later than by the end of the fourth day prior to the date of the General Meeting of Shareholders.

The rights and obligations attached to the shares, and notes on reaching a qualifying holding and the restriction on transfer of shares are described in detail in [→ Sections 6.1 and 6.2]. See the Insurance Act for details.

In accordance with the Financial Instruments Market Act, the following three shareholders own a qualifying holding in Zavarovalnica Triglav:

- Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Institute of Pension and Invalidity Insurance of Slovenia; hereinafter: ZPIZ) is the direct holder of 7,836,628 shares or 34.47% of the share capital of Zavarovalnica Triglav. Its share in 2015 remained unchanged. On behalf of and for the account of ZPIZ, the shareholder's rights attached to the shares were managed by Slovenski državni holding d.d. (hereinafter: SDH).
- As at 31 December 2015, SDH was the direct holder of 6,386,644 shares or 28.09% of the share capital of Zavarovalnica Triglav. Its share in 2015 remained unchanged.
- Hypo Alpe-Adria Bank d.d., Zagreb (fiduciary account) held 1,435,521 shares or 6.31% of the share capital of Zavarovalnica Triglav, representing an increase of 61,863 shares over the 2014 year-end.

As at the reporting date, Zavarovalnica Triglav had no other shareholders whose holdings exceeded 5.00% of the share capital, nor any issued securities that would grant their holders special control rights.

General Meeting of Shareholders in 2015

The shareholders of Zavarovalnica Triglav had one general meeting in 2015. The 40th General Meeting of Shareholders was held on 9 June 2015. The total number of shares and voting rights represented at the General Meeting of Shareholders was 3,724,899 or 44.37% of all shares to which voting rights are attached.

- The shareholders took note of the Annual Reports of Zavarovalnica Triglav and the Triglav Group for 2014, including the opinions given by the audit firms, and the Annual Internal Audit Report for 2014.
- Furthermore, they took note of the Supervisory Board's report on the verification of both Annual Reports for 2014 and its

opinion on the Annual Internal Audit Report by the Internal Audit Department for 2014.

- The shareholders adopted a resolution on the following distribution of the accumulated profit of EUR 61,687,036.62 as at 31 December 2014:
 - a part of accumulated profit in the amount of EUR 56,837,870.00 shall be allocated for dividend payments amounting to EUR 2.50 gross per share payable to the shareholders appearing in the Share Register two days following the date of the General Meeting of Shareholders. The dividends shall be paid within 30 days of the date this resolution is passed.
 - The distribution of the remaining accumulated profit of EUR 4,849,166.62 shall be decided in the next few years.
- The Shareholders granted a discharge for the business year 2014 to both the Management Board and the Supervisory Board of Zavarovalnica Triglav.
- Moreover, the audit firm ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. was appointed as the auditors of Zavarovalnica Triglav for the 2015 business year.
- The General Meeting of Shareholders was informed about the new appointments of employee representatives to the Supervisory Board.

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

On 5 March 2013, Zavarovalnica Triglav received the Securities Market Agency Decision (ATVP), issued on 4 March 2013, in which the said Agency orders Zavarovalnica Triglav to ban, as at the day the decision takes effect, the following persons from exercising their voting rights:

- Slovenska odškodninska družba d.d., Mala ulica 5, Ljubljana (SDH – the current legal successor), for the rights attached to the shares with the ZVTG ticker symbol held by Zavarovalnica Triglav and the rights attached to the shares held by Zavod za pokojninsko in invalidsko zavarovanje, Kolodvorska 15, Ljubljana, which are exercised on behalf of and for the account of the latter by SDH;
- HIT Hoteli, igralnice, turizem d.d., Delpinova ulica 7a, Nova Gorica;
- Elektro-Slovenija d.o.o., Hajdrihova ulica 2, Ljubljana;
- D.S.U., družba za svetovanje in upravljanje d.o.o., Dunajska cesta 160, Ljubljana;
- Nova KBM d.d., Ulica Vita Kraigherja 4, Maribor;
- Telekom Slovenije d.d., Cigaletova ulica 15, Ljubljana.

On 9 February 2016, Zavarovalnica Triglav received the Securities Market Agency Decision, establishing that with the issue of the Securities Market Agency Decision of 2 December 2015 the prohibition to exercise its voting rights based on the Securities Market Agency Decision dated 4 March 2013 expired. On this basis, Zavarovalnica Triglav re-establishes the voting rights to: Zavod za pokojninsko in invalidsko zavarovanje d.d., Slovenski državni holding d.d., Telekom Slovenije d.d., Eles d.o.o., PS za avto d.o.o., Savske elektrarne Ljubljana d.o.o., Pošta Slovenije d.o.o., Elektro Celje d.d., ECE d.o.o., Elektro Ljubljana d.d., Elektro Primorska d.d. and the Republic of Slovenia.

5.3.2 Management Board

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. Thus, the Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of Zavarovalnica Triglav d.d., which applies from 1 January 2016, clearly defines the professional competence and adequacy criteria to be met by the members of the Management Board as individuals. Moreover, it precisely defines the professional competence and adequacy assessment 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.

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.

Composition and appointment of the Management Board

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 Management Board is appointed by the Supervisory Board. 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 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. The Supervisory Board may recall a member of the Management Board or its President if it establishes that they have been in serious breach of their obligations stipulated by primary or secondary legislation and in other circumstances set out by law.

5.3.2.1 Management Board competence to increase the share capital

In accordance with the Company's Articles of Association, the Management Board is authorised to increase the share capital of Zavarovalnica Triglav by up to EUR 11,055,208.77 through new shares issued for cash contributions within five years of 28 June 2011. The issue of new shares, the amount of capital increase, the rights attached to new shares and the conditions for issuing new shares are decided upon by the Company's Management Board with the consent of the Supervisory Board. Upon a share capital increase, the Supervisory Board is authorised to make amendments to the Company's Articles of Association.

5.3.2.2 Presentation of the Management Board, its functioning and powers

The composition and powers of the Management Board of Zavarovalnica as at the end of 2015 is presented below.

Andrej Slapar, President of the Management Board

- Born in 1972. Bachelor of Laws.
- Andrej Slapar was first employed in Zavarovalnica Triglav in 1997 as a lawyer in the Department of International Claims and Insurance Law. From 1999 to 2009 he continued his professional career in Pozavarovalnica Triglav Re as Head of the Car, Transport, Liability and Personal Insurance Division, Assistant to the President of the Management Board for reinsurance and a Management Board member. On 10 November 2009, he became a member of the Management Board of Zavarovalnica Triglav with a five-year term of office.
- He was first appointed as President of the Management Board on 22 May 2013 and began a five-year term of office on 11 November 2014.
- As the President of the Management, he manages and directs the work of the Management Board and the headquarters departments (the Management Board Office, the Legal Office, the Internal Audit Department, the Corporate Communication Department, the Compliance Office) as well as the Life Insurance Development and Actuarial Department and the Non-Life Insurance Development and Actuarial Department. He is in charge of the Life Insurance Division, the Corporate Accounts Division, senior management staffing, Arbitration, Nuclear Pool, Commercial Association of Slovenian Insurance Companies and Supplemental Health Insurance Division.

Benjamin Jošar, member of the Management Board

- Born in 1973. Master of Science in Business Administration.
- He took a position as the Authorised Officer of the Management Board in 2012 thanks to his work experience in banking and finance, which he gained in managerial and executive positions. From 2008 to 2009, he was President of the Management Board of KD borznoposredniška družba. After the transformation into KD Banka, he was positioned first as its Executive Director and later as an Executive Member of the Board of Directors. In the period from 2008 to 2011, he participated in management and supervisory bodies in KD Group subsidiaries. Until July 2012, he served as a substitute member on the Supervisory Board of the Bank Association of Slovenia. In November 2012, he became a member of the Management Board of Zavarovalnica Triglav.
- His five-year term of office commenced on 2 November 2012.
- He is at the helm of the Risk Management Department, the Strategic Planning and Controlling Department and the Subsidiary Management Department. He is in charge of Triglav INT d.d.

Uroš Ivanc, member of the Management Board

- Born in 1975. Master of Science in Business Administration. Chartered Financial Analyst (CFA).
- He has been employed in Zavarovalnica Triglav since 2001 as a stock market analyst. He held managerial and executive positions up to 2004, when he became Head of Corporate Finance Department. In December 2005, he was appointed Executive Director of the Finance Division. Between March and August 2008 he was also General Manager of Slovenijales d.d., and from September 2007 to December 2012 he worked as Portfolio Manager in DUPF Triglav penzija a.d., Belgrade, Serbia. Since 2005 he has served as a member on several supervisory bodies of companies within and outside the Triglav Group.
- His five-year term of office commenced on 14 July 2014.
- He is in charge of the Real Property Management Department, the Accounting Division and the Finance Division.

**Tadej Čoroli, member of the Management Board**

- Born in 1975. Bachelor of Laws.
- Tadej Čoroli was first employed in Zavarovalnica Triglav in 2001 as Insurance Law Specialist. He gained managerial experience in insurance as the Executive Director of Life Insurance Division and Executive Director of Non-Life Insurance Division. Since 2005, he participated in management and supervisory bodies in the Triglav Group subsidiaries. In addition, he was a Supervisory Body member of Skupna pokojninska družba d.d., Ljubljana. In July 2014, he was appointed a member of the Management Board of Zavarovalnica Triglav.
- His five-year term of office commenced on 29 July 2014.
- He is responsible for the Client Contact Unit, the Marketing Department, the Non-Life Insurance Division, the Non-Life Insurance Claims Division, the Non-Life Insurance Sales Division and the Non-Life Insurance Marketing and Distribution Division.

Marica Makoter, member of the Management Board and employee representative

- Born in 1972. Bachelor of Laws.
- From 1996 to 2000, Makoter was employed at the Kočevje Administrative Unit. After an internship with the Ljubljana Higher Court and after passing the State Legal Exam, she took employment with Zavarovalnica Triglav in the Novo Mesto Regional Unit in 2001. She was Head of the Subrogation Department in Novo Mesto from 2003 to 2006, and until 2011 Head of the Legal Claims Department and Deputy Head of the Regional Claim Centre in the Novo Mesto Regional Unit.
- Marica Makoter took her five-year term of office on 21 December 2011.
- As an employee representative, she represents workers' interests in compliance with the Worker Participation in Management Act. She is in charge of the Organisation Development and Business Process Management Department, the Fraud Prevention, Detection and Investigation Department and the Change and Project Portfolio Management Department. Moreover, she is responsible for the IT Division, the Back Office Division and the Human Resource Management Division, excluding senior management staffing.

Data on the earnings of the Management Board members are disclosed in [→ *Section 5.5 of the accounting part of the Annual Report*]. The basis for the remuneration of the Management Board is the Remuneration Policy of Zavarovalnica Triglav d.d., which is based on the Solvency II Directive 2009/138/EC, as amended by Directive 2012/23/EU, and Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC. It is designed so as to ensure the maintenance of appropriate capital strength of the Company, to encourage reliable and effective risk management, not to promote the assumption of risks exceeding the allowed risk limits of the Company and to provide for the acquisition and retention of competent, responsible and committed employees with appropriate professional competences. The Policy serves as a foundation for implementing a robust and reliable governance system and provides integrity and transparency of operations.

Membership of the Management Board members of Zavarovalnica Triglav in the Supervisory Boards or Management Boards of other companies as at 31 December 2015:

Name and surname	Membership in the supervisory (Management) Boards of other companies
Andrej Slapar President of the Management Board	■ Pozavarovalnica Triglav Re d.d. ■ Abanka Vipa d.d. ■ Krka d.d.
Benjamin Jošar Member of the Management Board	■ Triglav Skladi d.o.o. ■ Triglav INT d.d.
Uroš Ivanc Member of the Management Board	■ NLB d.d. ■ Adriatic Fund B.V., in liquidation ■ Triglav INT d.d.
Tadej Čoroli Member of the Management Board	■ Triglav, Zdravstvena zavarovalnica d.d. ■ Triglav INT d.d. ■ Skupna pokojninska družba d.d.
Marica Makoter Member of the Management Board, Employee Representative	■ Triglav INT d.d.

5.3.3 Supervisory Board

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

The former are elected by the General Meeting of Shareholders and the latter by the Works Council. Their appointment and recall are made in accordance with the law and the applicable documents of the Company. The Chairman and Vice Chairman of the Supervisory Board are elected from among its members representing shareholders. 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.

The General Meeting of Shareholders may recall a Supervisory Board member before the end of their term of office. To substitute for the member deprived of their office, the General Meeting of Shareholders elects a new member with a term of office lasting until the end of the term of office of the Supervisory Board.

5.3.3.1 Competences of the Supervisory Board

The competences and decision-making rules of the Supervisory board, its method and organisation of work and other issues relevant for its functioning are set out by law, the Articles of Association of Zavarovalnica Triglav and the Rules of Procedure of the Supervisory Board (available at www.triglav.eu). Besides the competences specified in the Companies Act and the Insurance Act, the Supervisory Board has the competence to give consent to the decisions of the Management Board where the value or an investment exceeds the amount set out in the Rules of Procedure of the Supervisory Board, i.e., in the event of:

- founding limited companies in Slovenia and abroad;
- the acquisition or sale of Zavarovalnica Triglav's stakes in foreign or domestic companies;
- the issue of debt securities and long-term borrowing from domestic or foreign banks; or
- the acquisition, sale of, or investment in investment property of Zavarovalnica Triglav.



In accordance with the law and the provisions of its Rules of Procedure, the Supervisory Board holds at least one session per quarter, or more if necessary.

5.3.3.2 Supervisory Board in 2015

On 12 June 2013, the new members of the Supervisory Board/ employee representatives started their four-year term of office. On 30 May 2015, the four-year term of office of Branko Gorjan, Peter

Celar and Miran Krštinc as members of the Supervisory Board/ employee representatives ended, and as of 31 May 2015 Boštjan Molan, Peter Celar and Ivan Sotošek started serving their four-year term of office as the new members of the Supervisory Board/ employee representatives.

At its session on 1 July 2013, the Supervisory Body appointed Matej Runjak its Chairman and Gregor Kastelic as its Vice Chairman.

Composition of the Supervisory Board as at 31 December 2015

Name and surname	Education	Employed in	Membership in Supervisory Boards of other companies
Shareholder representatives			
Matej Runjak Chairman	Bachelor of Science in Administrative Organisation MBA	Slovenski državni holding d.d. Head of the Finance and Portfolio Investment Department	Cinkarna Celje d.d.
Gregor Kastelic Deputy Chairman	Bachelor of Science in Administrative Organisation MBA	ING Bank N.V., London Branch, Investment Banking Director	/
Mario Gobbo Member	PhD in Economics	Independent advisor	/
Dubravko Štimac Member	PhD in Economics	PBZ Croatia Osiguranje d.d., President of the Management Board	Podravka d.d. Zagrebska borza d.d
Rajko Stanković Member	Senior administrative worker	Društvo Mali delničarji Slovenije, Chairman	Žito d.d.
Matija Blažič Member	Bachelor of Science in Administrative Organisation	Retired	Petrol d.d.
Employee representatives			
Boštjan Molan Member	Bachelor of Science in Economics	Zavarovalnica Triglav d.d.	/
Peter Celar Member	Bachelor of Science in Economics	Zavarovalnica Triglav d.d.	/
Ivan Sotošek Member	Bachelor of Science in Administrative Sciences	Zavarovalnica Triglav d.d.	/

By signing the Statement of Independence and Loyalty (www.triglav.eu), the members of the Supervisory Board undertook to adhere to the principles of independence laid down in item C3 of the Annex to the Corporate Governance Code.

Data on earnings of the Supervisory Board members are disclosed in [→ *Section 5.5 of the accounting part of the Annual Report*]. Remuneration of the Supervisory Board members is in line with the resolution passed by the 35th General Meeting of Shareholders held on 21 June 2011.

5.3.3.3 Composition of Supervisory Board committees and their activities in 2015

Supervisory Board committees prepare draft resolutions for the Supervisory Board, assure their implementation and carry out other professional tasks.

In 2015, the Supervisory Board committees were the following: the Audit Committee, the Appointments and Compensation Committee and the Strategy Committee, whilst the Nominations Committee as an ad-hoc committee was not established.

Supervisory Board committees



Audit Committee

The most important duties and competences of the Audit Committee are set out in the Companies Act, the Rules of Procedure of the Supervisory Board and the Supervisory Board resolutions and include:

- monitoring the accounting reporting process, creating reports and drafting proposals for ensuring its comprehensiveness;
- monitoring the efficiency and effectiveness of internal controls, internal audit and risk management systems;
- monitoring the mandatory audit of annual and consolidated accounting statements and reporting on the audit findings to the Supervisory Board;
- being in charge of the auditor selection procedure and proposing a candidate to the Supervisory Board to audit the Company's annual report and participating in the drafting of an agreement between the auditor and the Company;
- supervising the integrity of financial information provided by the Company; evaluating the drafting of the annual report, including a draft proposal for the Supervisory Board;
- cooperation with the Internal Audit Department, monitoring their interim reports, examination of the internal documents of the Internal Audit Department, the Rules of Operation of the Internal Audit Department and the annual plan of the Internal Audit Department;
- examination of decisions on the appointment, dismissal and remuneration of the Head of the Internal Audit Department.

The Audit Committee was composed of: Mario Gobbo as its Chairman, Rajko Stanković, Branko Gorjan (until 30 May 2015), Ivan Sotošek (since 20 August 2015) as its members and Barbara Nose as the outsourced independent expert.

Appointments and Compensation Committee

The main duties and competences of the Appointments and Compensation Committee, set out in the Rules of Procedure of the Supervisory Board and the Supervisory Board resolutions, include:

- drafting proposals regarding the criteria for membership in the Management Board;
- drafting proposals regarding the policy of remuneration, compensation and other benefits for the Management Board members;
- preliminary consideration of proposals made by the President of the Management Board related to the management of the Company, pursuant to the third paragraph of Article 13 of the Articles of Association;
- performance of the professional competence and adequacy assessment for the Management and Supervisory Board members in line with the Policy on Professional Competence and Adequacy of Management and Supervisory Board Members of Zavarovalnica Triglav d.d.;
- support and making proposals on matters that concern the Supervisory Board (e.g. conflicts of interest, design and implementation of a remuneration system for Supervisory Board members, assessment of the Supervisory Board's work against the Code of Corporate Governance).

The Appointments and Compensation Committee had the following composition: Matej Runjak as Chairman, Dubravko Štimac, Miran Krštinc (until 30 May 2015) and Boštjan Molan (since 20 August 2015) as members.

Strategy Committee

The duties and competences of the Strategy Committee are set out in the Rules of Procedure of the Supervisory Board and the Supervisory Board's resolutions. The main areas of its operation

include discussing and preparing proposals for the Supervisory Board related to strategic development and planning of the Triglav Group and the realisation of its strategic plans.

The Strategy Committee was composed of Gregor Kastelic as its Chairman and Mario Gobbo and Peter Celar as its members.

Nominations Committee

The Nominations Committee is an ad-hoc committee of the Supervisory Board, established to carry out a nomination procedure for members of the Supervisory Board – shareholder representatives. The Committee sets the selection criteria unless the Supervisory Board decides otherwise. It also makes a list of the candidates for Supervisory Board members and asks the Appointments and Compensation Committee to draw up an assessment of their professional competence and adequacy. The Nominations Committee then submits to the Supervisory Board a nomination proposal for one or several candidates for members of the Supervisory Board, shareholder representatives, including a draft assessment of candidates for Supervisory Board members, shareholder representatives.

5.4 Governance and management of subsidiaries¹⁰

In 2015, following the reorganisation at the end of 2014, the Subsidiary Management Department took over the corporate governance and supervision of subsidiaries in Slovenia, while the insurance holding Triglav INT d.d., (hereinafter: TINT) assumed the governance and supervision of insurance subsidiaries abroad. Before that Zavarovalnica Triglav transferred the equity stakes in insurance subsidiaries outside Slovenia to the TINT insurance holding.

In the first half of the reporting year, the Management Board of Zavarovalnica Triglav adopted the Governance Policy of Zavarovalnica Triglav's Subsidiaries, which sets out the fundamental strategy-based principles of their governance.

In addition to coordination and supervision of Slovene subsidiaries, the activities of the Subsidiary Management Department focus on standardising and harmonising the operations of subsidiaries as well as on implementing the common business practice rules. TINT is managed in accordance with the Governance Policy of Zavarovalnica Triglav's Subsidiaries, while its subsidiaries are managed in line with the Governance Policy of Triglav INT's Subsidiaries.

In 2015, TINT took over the entire corporate governance and supervision of insurance subsidiaries abroad. The new governance method was based on the fact that other markets of the Triglav Group significantly differ from the Slovene market. Based on a new business model, new employees were recruited in TINT and the subsidiary governance structure was improved.

The key goals of TINT and the new business model for the governance of insurance subsidiaries abroad are primarily:

- more efficient management of insurance subsidiaries so as to improve their business results;
- a clearer governance structure and centralised management, strategic and business planning;
- a faster and more efficient flow of information and decision-making;
- more efficient operational risk management and introduction of new business processes;
- optional specialisation of functions as an added value, tailored to the specificities of markets, and improved access to these functions centralised in one organisational unit;
- more effective identification of staff potential in insurance subsidiaries and improved job rotation among insurance subsidiaries.

The completion of the corporate governance system within the Triglav Group will be of key importance in 2016 for the governance and management of the Group's subsidiaries. The Subsidiary Management Department, in coordination with TINT, is in charge of the transfer of good practices from the parent company to

subsidiaries. Moreover, the role of TINT regional managers was enhanced, as they are responsible for every subsidiary and provide for direct connection between a subsidiary, its supervisory bodies and TINT.

The composition of governance and management bodies as at 31 December 2015

Subsidiary	Management	Supervisory function
Slovenia		
Pozavarovalnica Triglav Re d.d., Ljubljana	Gregor Stražar – President Tomaž Rotar Stanislav Vrtunski	Supervisory Board: Andrej Slapar – President Tomaž Žust, Sebastijan Debevc
Triglav, Zdravstvena zavarovalnica d.d., Koper	Meta Berk Skok – President Simon Vidmar	Supervisory Board: Tadej Čoroli – President Blaž Jakič, Tomaž Krevatin
Skupna pokojninska družba d.d., Ljubljana	Aljoša Uršič – President, Peter Krassnig	Supervisory Board: Tadej Čoroli – President Miha Grilec Aleš Vahčič, Primož Plantarič, Jaka Kirn, Miran Kalčič, Vesna Lednik, Lotti Natalija Zupančič, Vesna Vodopivec, Branko Miklavčič, Nataša Novak Priveršek – resigned
Triglav Skladi, družba za upravljanje d.o.o., Ljubljana	Igor Kušar – President Andrej Petek	Supervisory Board: Benjamin Jošar – President Simona Kozjek, Meta Berk Skok
Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale	Edvard Kranjčič – Director Tedo Djekanović – Authorised Officer	
Triglav INT, holdinška družba d.d., Ljubljana	David Benedek – CEO Tedo Djekanović – CEO	Board of Directors: Benjamin Jošar – Chairman Marica Makoter, Uroš Ivanc, Tadej Čoroli, David Benedek, Tedo Djekanović
Triglav Avtoservis d.o.o., Ljubljana	Edvard Zabukovnik – Director Boris Kuhelj – Director	Supervisory Board: Matej Ferlan – Chairman Nataša Novak Priveršek, Aleš Klement
Triglav, Upravljanje nepremičnin d.d., Ljubljana	Krešo Šavrič – Director Aleš Vahčič – Authorised Officer Mitja Selan – Authorised Officer	Supervisory Board: Rok Pivk – Chairman Ksenja Zajc, Ana Stradar Igljč
Croatia		
Triglav Osiguranje d.d., Zagreb	Marin Matijaca – President Bernhard Melischnig Mišo Čeplak – Authorised Officer	Supervisory Board: David Benedek – Chairman Tomaž Žust, Gorazd Jenko, Darko Popovski, Željko Duralija
Montenegro		
Lovćen Osiguranje a.d., Podgorica	Radenko Purić – CEO	Board of Directors: David Benedek – Chairman Tomaž Žust, Darko Popovski
Bosnia and Herzegovina		
Triglav Osiguranje d.d., Sarajevo	Edib Galijatović – President Edin Muftić	Supervisory Board: Tedo Djekanović – Chairman Gorazd Jenko, Bakir Pilav
Triglav Osiguranje a.d., Banja Luka	Matej Žlajpah – Director	Board of Directors: David Benedek – Chairman Blaž Jakič, Iztok Šekoranja, Draško Milinović
Serbia		
Triglav Osiguranje a.d.o., Belgrade	Dragan Marković – General Manager Bojan Mijailović – Member of the Board of Directors Matjaž Božič – Member of the Board of Directors	Supervisory Board: Tedo Djekanović – Chairman Blaž Jakič, Radenko Purić
Macedonia		
Triglav Osiguruvanje a.d., Skopje	Gjorge Vojnović – Chief Executive Officer Sanja Tančevska – Executive Director	Board of Directors: Tedo Djekanović – Chairman Blaž Kmetec, Igor Žibrik, Darko Popovski, Maja Gazvoda, Matej Ferlan

5.5 Internal and external audit

On 9 June 2015, the General Meeting of Shareholders of Zavarovalnica Triglav appointed the audit firm ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as the auditors for 2015.

The report on the work of the Internal Audit Department is included in [[→Section 2.1 of Risk Management](#)].

5.6 Main characteristics of the internal control and risk management system¹¹

The Triglav Group has an efficiently designed and integrated internal control and risk management system, which is promptly adapted to the development of the Group and organisational changes. The system exceeds the basic statutory requirements for insurance companies set out in the Companies Act and the Insurance Act, as well as special implementing regulations of the Insurance Supervision Agency on the establishment and maintenance of a suitable internal control and risk management system.

The internal control and risk management system was upgraded and adapted to the **Solvency II** quality, quantity and reporting requirements. The internal control system was set up in all organisational levels, units and processes of the Triglav Group and includes:

- a clear organisational structure with a precisely defined and transparent system of authorities and competences;
- efficient procedures for an ongoing control, error prevention, and identification, evaluation, management and monitoring of risks the Company is or may be exposed to in the course of its operations;
- an adequate internal control system that includes appropriate administrative and accounting procedures (reporting, work procedures, risk exposure limits and physical controls);
- compliance with legislation and regulatory requirements.

The Internal Audit Department is an independent organisational unit, set up in compliance with the law regularly runs efficiency checks of the internal control and risk management system and offers upgrade proposals as well as reports to the Management Board, the Audit Committee and the Supervisory Board. The characteristics and operation of the risk management system is discussed in detail in [[→Section 1 of Risk Management](#)].

5.7 Notes on the takeover legislation

The provisions of the Takeover Act also apply to Zavarovalnica Triglav.

The share capital structure of Zavarovalnica Triglav, the rights and obligations attached to the shares, the restriction on transfer of shares and the absence of shares that would grant their holders special control rights are described in detail in [[→Section 6. The share and shareholders of Zavarovalnica Triglav](#)].

5.8 Disclosure of possible agreements or authorisations regarding shares or voting rights

Zavarovalnica Triglav is not aware of any shareholder agreements that could cause a restriction on the transfer of shares or voting rights.

The Management Board of Zavarovalnica Triglav is not authorised by the general Meeting of Shareholders to buy its own shares. The Management Board's competence to increase the share capital is described under [[→Section 5.3.2.1](#)]. The issue of new shares, the amount of capital increase, the rights attached to new shares and the conditions for issuing new shares are decided upon by the Company's Management Board with the consent of the Supervisory Board.

Zavarovalnica Triglav has no employee share scheme.

The Company is not aware of any agreements that would become effective, change or expire on the basis of a changed control of the Company as a consequence of a takeover bid as defined by the Takeover Act.

Zavarovalnica Triglav has not entered into any agreements with members of its management or supervisory bodies or employees that would provide for remuneration if a takeover bid in line with the Takeover Act caused them to resign, be dismissed without justified grounds, or caused their employment to be terminated.

6

The Share and Shareholders of Zavarovalnica Triglav

- In terms of liquidity and market capitalisation, the ZVTG share was the second most traded share on the Ljubljana Stock Exchange.
- The ZVTG year-on-year share price remained stable.
- Changes were seen among top shareholders.
- Zavarovalnica Triglav and the Triglav Group was assigned a positive medium-term outlook.

6.1 Equity

As at 31 December 2015, the share capital remained at the same level as at the 2014 year-end, totalling EUR 73,701,391.79. It was divided into 22,735,148 ordinary registered no-par value shares bearing the ZVTG ticker symbol and the ISIN code SI0021111651. All the shares of Zavarovalnica Triglav are 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 share of Zavarovalnica Triglav 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.

6.2 The share of Zavarovalnica Triglav

Since 5 December 2011, the shares of Zavarovalnica Triglav have been listed on the Ljubljana Stock Exchange Prime Market; thereby the Company is committed to the highest standards of business and reporting in both the domestic and international markets.

Key figures for the share of Zavarovalnica Triglav

Items	31 December 2015	31 December 2014	31 December 2013
No. of shares	22,735,148	22,735,148	22,735,148
Book value per share* (in EUR)	23.34	23.93	21.98
Net earnings per share** (in EUR)	2.57	2.01	2.12
Dividend per share (in EUR) – for the previous business year	to be defined	2.50	1.70
Share market value (in EUR) – closing price	23.50	23.60	19.00
Market capitalisation (in EUR) – closing price	534,275,978	536,549,493	431,967,812
Traded on	Ljubljana Stock Exchange - LJSE		
Ticker symbol	ZVTG		
ISIN	SI0021111651		
Credit rating	■ Standard & Poor's; »A-«, positive medium term outlook ■ AM Best; »A-«, positive medium term outlook	■ Standard & Poor's; »A-«, stable medium term outlook ■ AM Best; »A-«, positive medium term outlook	■ Standard & Poor's; »A-«, stable medium term outlook ■ AM Best; »A-«, stable medium term outlook
Bloomberg	ZVTG SV		
Reuters	ZVTG.LJ		

* In calculating the book value per share, the equity of Zavarovalnica Triglav and the number of shares as at the reporting date were taken into account.

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

In acquiring shares, the existing and potential shareholders of Zavarovalnica Triglav are required to observe the provisions of the Insurance Act. Prior authorisation of the Insurance Supervision Agency is a prerequisite for:

- the acquisition of shares of an insurance company by which a person directly or indirectly acquires or exceeds a qualifying holding (the qualifying holding is a direct or indirect holding of shares or other rights that gives the holder a 10% share of voting rights or equity interest, or that gives the holder a share of voting rights or equity interest that is smaller than 10%, but nevertheless allows the holder to significantly influence the management of the company);

- for any further acquisition of shares of the insurance company, by which the person having obtained an authorisation acquires or exceeds the 20%, 33.3% (1/3) or 50% limit of voting rights, or participation in the company's capital, or by which the person becomes a controlling company of the insurance company;
- before any further acquisition of shares by which a qualified holder would surpass the range for which an authorisation for the acquisition of a qualifying holding had been issued;
- for the acquisition of a qualifying holding for the shareholders of the insurance company who jointly own shares by which they reach or exceed a qualifying holding in the insurance company and who intend to enter into a shareholders' agreement.



- Moreover, the Insurance Act sets out the obligations and the requirement to obtain prior authorisations for entities that have agreed to a concerted acquisition of the shares of the insurance company or a concerted exercising of management rights attached to the shares in the case that they do not reach a qualifying holding, as well as in the case that they intend to acquire a holding by which they would jointly reach or exceed a qualifying holding.

Holders of shares that have been acquired or are possessed contrary to the Insurance Act have no voting rights. See the Insurance Act for further details.

6.3 Movements in the share value of Zavarovalnica Triglav in 2015

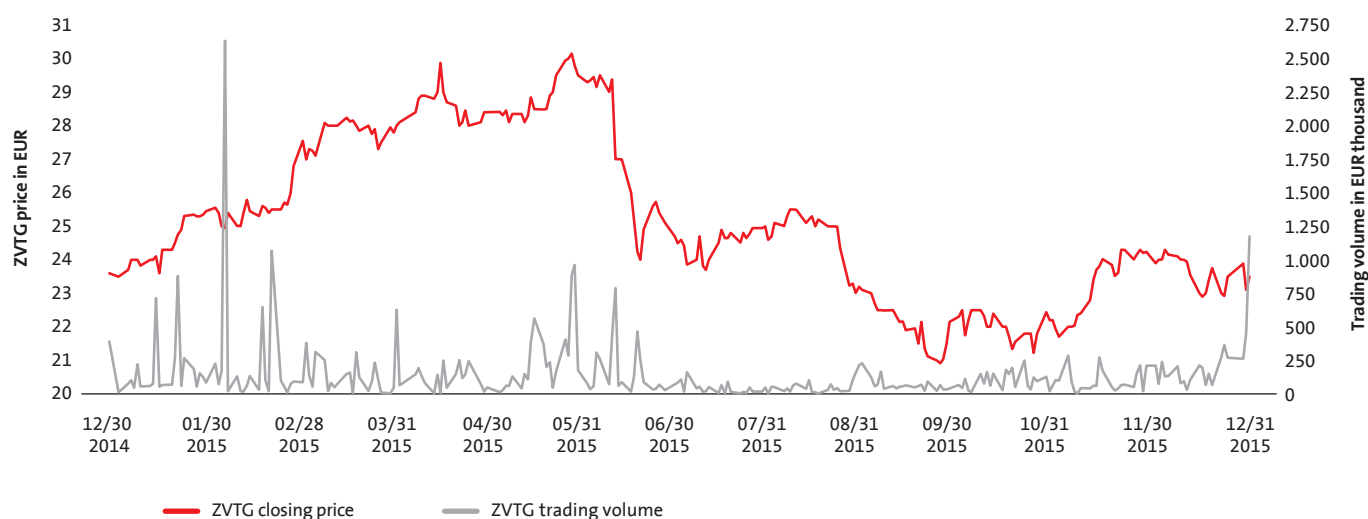
Starting at EUR 23.60 on the first trading day, the share peaked to its highest price of EUR 30.15 on 27 May 2015. On 9 June 2015, the General Meeting of Shareholders adopted a decision regarding the payment of a dividend in the amount of EUR 2.50 with the cut-off date of two days after the General Meeting, i.e. 11 June 2015. The

day after the General Meeting the share price dropped by 8% to EUR 27.00. The share price continued to fall until 22 September 2015, when it reached its lowest annual value of EUR 20.92. Following that date, the share price slightly increased and equalled EUR 23.50 as at the reporting date, which was approximately the same as at the beginning of the year. In the same period, the Slovene Blue-Chip Index SBI TOP recorded an 11% price drop compared to its starting price.

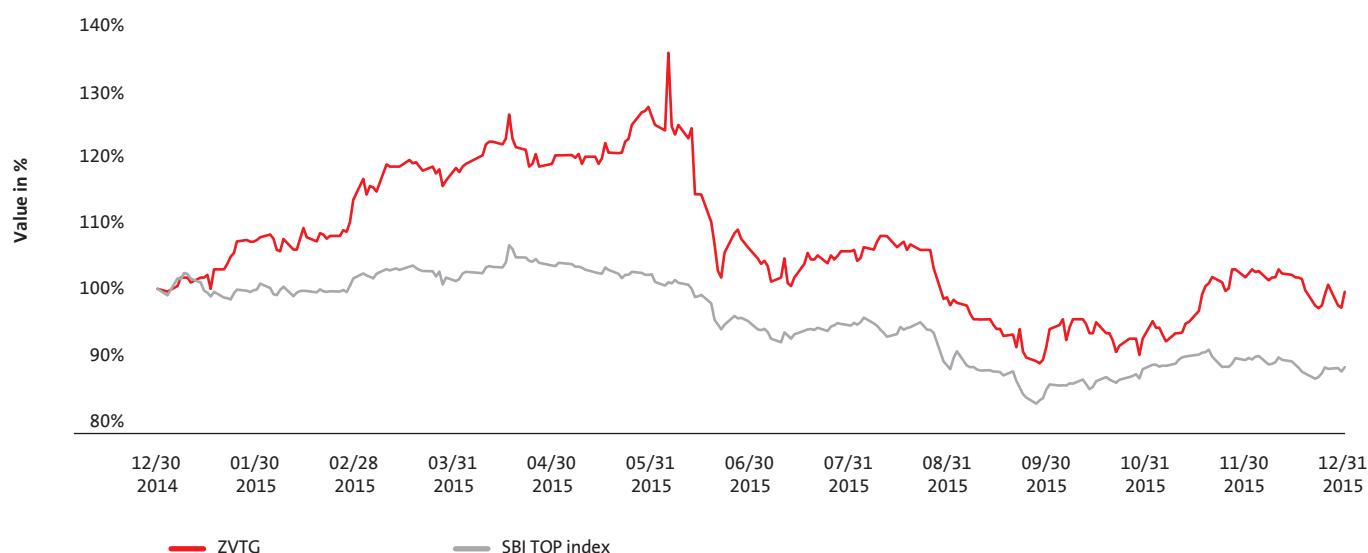
In addition to the price drop, the Ljubljana Stock Exchange experienced reduced liquidity and a lower trading volume in 2015. The situation on the Stock Exchange was reflected in the average daily trading volume of ZVTG shares of EUR 142,878, which was lower than the 2014 average (EUR 168,611).

The ZVTG share was again one of most traded shares on the Ljubljana Stock Exchange, ranking second in terms of liquidity and total market capitalisation. Almost 11% of the annual turnover in shares on the Ljubljana Stock Exchange was accounted for by the ZVTG share (7% in 2014), while its market capitalisation as at the end of the year equalled EUR 534.3 million.

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



Comparison of movements in the average daily price of the ZVTG share and movements in the value of the SBI TOP Index in EUR in 2015 as compared to 31 December 2014





The ZVTG share is included not only in the Slovene SBI TOP index but also in the following ten Vienna Stock Exchange indexes: CECE Mid Cap (CECE MID EUR in CECE MID USD), CECE Extended (CECExt EUR and CECxt USD), South-East Europe Traded Index (SETX EUR

and SETX USD), CEESEG Financials CEESEG FIN, CEE Responsible Investment Universe CEERIUS, SETX Net Total Return SETX NTR and SETX Total Return SETX TR.

ZVTG share trading data by individual month of 2015 (in EUR)

Month	Maximum closing price	Minimum closing price	Maximum daily trading volume	Minimum daily trading volume	Average daily trading volume
January	25.45	23.50	878,927	11,615	172,314
February	26.80	24.95	2,634,126	8,395	283,805
March	28.24	27.00	379,462	3,961	122,982
April	29.88	28.00	626,929	3,880	144,073
May	30.15	28.10	961,012	12,307	263,227
June	29.50	24.00	788,628	16,730	163,859
July	25.10	23.70	160,515	2,670	39,436
August	25.50	23.00	227,766	2,109	68,063
September	22.70	20.92	165,272	21,306	59,284
October	22.50	21.22	248,242	14,052	100,149
November	24.30	22.00	283,786	1,228	102,084
December	24.30	22.90	1,173,775	30,464	228,717

6.4 Shareholder structure¹²

As at 31 December 2015, Zavarovalnica Triglav had 28,032 shareholders, i.e. 494 fewer compared to the 2014 year-end.

With 98.3%, the shareholder structure of Zavarovalnica Triglav was dominated by domestic shareholders, whose number fell by 0.03 percentage point, whereas the number of international shareholders remained unchanged. Thus, the upward trend in the number of international shareholders characteristic of previous

years came to a halt. Their share even decreased by 0.5 percentage point, accounting for 17.1% as at the 2015 year-end.

The shareholder structure of Zavarovalnica Triglav was dominated by natural persons. As at the 2015 year-end, natural persons accounted for 27,405 shareholders or almost 98% of all shareholders, holding 9.6% of all shares of Zavarovalnica Triglav, which was 0.7 percentage point more than the year before.

Shareholder structure of Zavarovalnica Triglav as at 31 December 2015

	Total	Domestic	Foreign	Legal entities	Natural persons
Number of shares	22,735,148	18,852,281	3,882,867	20,549,250	2,185,898
Number of shareholders	28,032	27,548	484	627	27,405
Number of shares - percentage	100.00%	82.92%	17.08%	90.39%	9.61%
Number of shareholders - percentage	100.00%	98.27%	1.73%	2.24%	97.76%

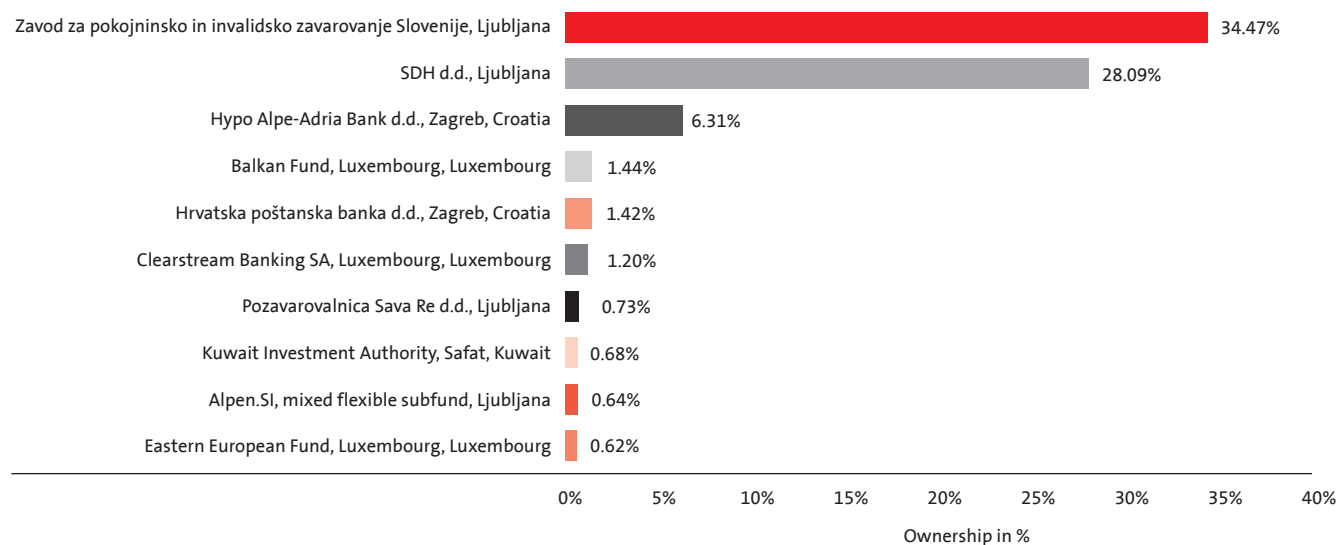
In the reporting period, ownership concentration measured by equity stakes of the top ten shareholders declined by 1.3 percentage points and accounted for 75.6% of total shares.

The top two shareholders maintained their stakes. ZPIZ held 34.47% of all shares, whereas SDH d.d. (the legal successor of Slovenska odškodninska družba d.d.) owned 28.09% of total shares.

Hypo Alpe-Adria Bank d.d., Zagreb (custody account), the third top shareholder, increased its stake by 0.3 percentage point. Balkan Fund, Luxembourg, Clearstream Banking SA, Luxembourg and Kuwait Investment Authority made their way among the top ten shareholders. Among the top ten shareholders, Hrvatska poštanska banka d.d., Zagreb, Alpen.SI, mixed flexible subfund, Ljubljana and Eastern European Fund Luxembourg decreased their stakes.



Top ten shareholders of Zavarovalnica Triglav as at 31 December 2015



Top ten shareholders of Zavarovalnica Triglav as at 31 December 2015 and 31 December 2014

Shareholder	Number of shares		Ownership (in %)	
	2015	2014	2015	2014
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628	7,836,628	34.47	34.47
SDH d.d., Ljubljana	6,386,644	6,386,644	28.09	28.09
Hypo Alpe-Adria Bank d.d., Zagreb, Croatia	1,435,521	1,373,658	6.31	6.04
Balkan Fund, Luxembourg, Luxembourg	326,278	0	1.44	0.00
Hrvatska poštanska banka d.d., Zagreb, Croatia	322,557	347,477	1.42	1.53
Clearstream Banking SA, Luxembourg, Luxembourg	273,152	3,408	1.20	0.01
Pozavarovalnica Sava Re d.d., Ljubljana	166,678	166,678	0.73	0.73
Kuwait Investment Authority, Safat, Kuwait	154,771	0	0.68	0.00
Alpen.SI, mixed flexible subfund, Ljubljana	144,532	152,477	0.64	0.67
Eastern European Fund, Luxembourg, Luxembourg	140,187	333,034	0.62	1.46

Due to the changes in the composition of the Supervisory Board members, the total number of shares held by the Management and Supervisory Board members went down by 1,204 compared to the 2014 year-end.

The number of shares owned by members of the Management and Supervisory Boards as at 31 December 2015

Name and surname	Post	No. of shares	Equity stake
Management Board		80	0.00%
Andrej Slapar	Chairman	-	-
Benjamin Jošar	Member	-	-
Uroš Ivanc	Member	80	0.00%
Tadej Čoroli	Member	-	-
Marica Makoter	Member, Employee representative	-	-
Supervisory Board		400	0.00%
Shareholder representatives		-	-
Matej Runjak	Chairman	-	-
Gregor Kastelic	Deputy Chairman	-	-
Rajko Stanković	Member	-	-
Mario Gobbo	Member	-	-
Dubravko Štimac	Member	-	-
Matija Blažič	Member	-	-
Employee representatives		400	0.00%
Boštjan Molan	Member	-	-
Peter Celar	Member	400	0.00%
Ivan Sotošek	Member	-	-
Management and Supervisory Board combined		480	0.00%

6.5 Dividend policy

The dividend policy of Zavarovalnica Triglav is based on the Triglav Group's target capital adequacy, which is the foundation of safety of its operations. The policy takes into account not only the planned volume of business and the related foreseen capital needs in the Slovene and other strategic markets but also the guidelines and good practices of the insurance sector. The basis for the dividend payment is a sufficient amount of accumulated profit of Zavarovalnica Triglav for the year.

The dividend policy was revised in line with the Solvency II system, which came into effect on 1 January 2016. Moreover, its guidelines were defined in greater detail, as explained under [\[→Section 4.2\]](#). In accordance with the solvency capital requirement (SCR), the target capital adequacy of the Group varies between 250% and 300%. Should the Company achieve the target capital adequacy, the Management Board and the Supervisory Board will, as a rule, propose a dividend payment in the amount of 30–50% of consolidated net profit of the Triglav Group.

Should the capital adequacy of the Triglav Group be less than 250%, the Management Board and the Supervisory Board will, as a rule, propose a payment of a lower proportion of dividend or non-payment of dividends. The capital adequacy of the Group exceeding the target level allows the Management Board and the Supervisory Board to draw up a proposal for a larger share of dividend payment.

The guidelines for the dividend payment in relation to the capital adequacy level are shown in Figure under [\[→Section 2.2 Capital and Capital Adequacy Management of the Risk Management Section\]](#).

Overview of dividend payments for the business years 2012–2015

Items	2015	2014	2013	2012
Total dividends (in EUR)	to be defined	56,837,870	38,649,753	45,470,297
Dividends per share (in EUR)	to be defined	2.50	1.70	2.00
General Meetings of Shareholders	31 May 2016	9 June 2015	10 June 2014	11 June 2013
Earnings per share (in EUR)	2.57	2.01	2.12	2.22

Zavarovalnica Triglav paid dividends for 2014 in the amount of EUR 58,837,870.00, which was 67% of the net profit of the Triglav Group generated in that year. The dividend in the amount of EUR 2.5 gross per share consisted of a dividend which was in line with the dividend policy (EUR 1.25 gross per share) and an additional extraordinary dividend (EUR 1.25 gross per share). The payment of the extraordinary dividend was made possible by the available capital of the Group, excellent business performance and the level of realised key strategic guidelines of the Group in recent years.

6.6 Communication with investors

The main goal of open and up-to-date communication with investors, shareholders and the expert financial public is to achieve a fair value and expected liquidity of the Company's securities. In line with the standards of the Prime Market of the Ljubljana Stock Exchange, Zavarovalnica Triglav offers equal treatment to all existing and new shareholders and therefore also guarantees the best possible basis on which investment decisions are adopted. Published information is available in Slovene and English.

To inform the existing and potential shareholders about the strategy, plans and other relevant information, the following communication channels are most often used: General Meetings of Shareholders, the SEOnet system, investment conferences in Slovenia and abroad, presentation meetings in financial centres around the world, individual meetings with investors and the Company's website www.triglav.eu as well as informing about the publication of internal and controlled information by electronic mail. In 2015, Triglav participated in nine meetings with institutional investors and analysts in Slovenia as well as the financial centres across Europe and the USA.

Special attention is devoted to small shareholders. The Investor Relations subpage at www.triglav.eu contains a special section devoted to small shareholders, providing daily trading information about the ZVTG share and all key information on the Company's business operations and financial standing.

The contacts for further information are listed below.

Information for shareholders:

Zavarovalnica Triglav d.d., Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana
Investor Relations, Helena Ulaga Kitek
Phone: ++386 (1) 47 47 331
E-mail: helena.ulaga-kitek@triglav.si

6.7 Credit rating of the Triglav Group and Zavarovalnica Triglav

With the confirmed »A-« credit rating in 2015, the Triglav Group met one of its key strategic objectives [→ see also Section 4.2] thus consolidating its financial strength, solid performance and efficient strategy implementation.

In July 2015, the credit rating agency S&P affirmed the »A-« (excellent) long-term credit rating and the »A-« (excellent) financial strength rating of Zavarovalnica Triglav together with its subsidiary Pozavarovalnica Triglav Re, and thereby the Triglav Group. Moreover, the Agency revised its medium-term outlook for both companies from »stable« to »positive«.

The latest outstanding S&P credit rating only confirms the leading market position of the Triglav Group in both Slovenia and the Adria region, its highly visible brand and its extensive sales network. Furthermore, the credit rating takes into account the high profitability of the Group's operations, its solid capital adequacy and a high level of liquidity.

According to the S&P rating agency, the insurance market in Slovenia, especially health and pension insurance markets, will benefit from the improved economic conditions in the country. Based on the Group's leading market position, a good business outlook, the quality of the existing portfolio and robust risk management, S&P assigned the Triglav Group a positive medium-term outlook. This outlook also raises a possibility for the Group that S&P will improve its credit rating within the next two years, if additional progress is observed in the Slovene insurance market.

Following its regular revision in 2015, the A.M. Best credit rating agency reaffirmed the financial strength rating of »A-« (excellent) and the issuer credit rating of »A-« (excellent) of Zavarovalnica Triglav. Credit ratings reflect solid risk-adjusted capitalisation, lasting good business results and leading competitive position of the Triglav Group in the Slovene market and the Adria region. The medium-term outlook of Zavarovalnica Triglav is »positive« as the credit rating agency assessed that the Company's performance over the past five years was excellent and its business outlook was promising. Despite challenging conditions in the insurance markets of South-East Europe, the Group, in accordance with its strategic objectives, continues to improve its business results and carry out the planned activities aimed at further growth. The outlook reflects a solid capital adequacy and appropriate risk management of the Company.

Furthermore, the A.M. Best reaffirmed the same credit ratings of Triglav's subsidiary Pozavarovalnica Triglav Re, thereby confirming its key role and important contribution to the implementation of the Triglav Group's strategic objectives.

6.8 Bonds of Zavarovalnica Triglav

Zavarovalnica Triglav issued a series of bonds. The bonds were issued as subordinated, registered, Euro-denominated bonds at a fixed rate of 5.95%. The bond nominal value was EUR 30 million. The last coupon and the principal will fall due on 21 March 2020.

Since 30 June 2010, the bonds bearing the ticker symbol ZT02 and ISIN Code SI0022103038 have been traded on the bond market of the Ljubljana Stock Exchange.



7

Performance of the Triglav Group and Zavarovalnica Triglav

- In 2015, the tight competitive conditions on the insurance markets of the Triglav Group continued.
- The Triglav Group increased its market share on all insurance markets outside Slovenia, excluding the market of the Republic of Srpska. The Triglav Group maintained its leading market position in Slovenia, Montenegro and Macedonia. Furthermore, the Group improved its position in Bosnia and Herzegovina and maintained its market position in Serbia.
- In contrast with the preceding year, 2015 was favourable in terms of mass loss events.
- Lower return on financial investment reflects the changed conditions in capital markets.

7.1 General economic environment in Slovenia

Slovenia's economic recovery was relatively successful for the second consecutive year. In addition to a vigorous export activity, private consumption started to notably strengthen. The situation in the labour market, corporate financing conditions and improved corporate debt indicators confirmed that the economic situation normalised. According to the autumn forecast of the Institute of Macroeconomic Analysis and Development (hereinafter: IMAD), the **growth rate of Slovene GDP in real terms reached 2.7% in 2015**. The average inflation rate of -0.4% was negative for the first time since Slovenia's independence. GDP in current prices increased to EUR 38.5 billion, reaching EUR 18,633 per capita.

International trade remained the main driver of Slovenia's economic growth, although it contributed only 0.5 percentage points to GDP growth, which was slightly less than in the previous year. Export growth was maintained at a relatively high level due to higher foreign demand and improved competitiveness. Furthermore, vigorous growth in domestic demand resulted in increased import. Merchandise exports continued to rely on exports to the trading partners in the EU, while in exports to outside the EU the positive effects of the depreciation of the euro were diminished particularly due to the lower economic activity in Russia.

Domestic consumption strengthened for the second consecutive year. The 2.0% growth of private consumption, which was even higher than in the preceding year, resulted from growth in disposable income, improved labour market conditions and increased consumer confidence indicators. Gross fixed capital formation also recorded a 2% growth which, however, eased. Public investment remained at a high level, which was the result of the absorption of EU funds. In 2015, private investment practically stagnated. Government consumption again witnessed a modest decline due to restrictions on hiring and the rationalisation of expenditure on goods and services.

The favourable trends in the labour market continued. The 1.5% employment growth was primarily the consequence of growth in employment, manufacturing and non-financial market services (distributive trades, transport and accommodation). The registered unemployment rate notably fell to 12.5% of the working age population.

The situation in the banking system improved. Banks reduced their foreign liabilities, while strengthening their capital adequacy as a result of better business results. Moreover, lower provisions and impairments were created, but interest income was shrinking. The latter was the result of the modest lending activity and the declining lending interest rates, which were still higher than in the euro area, on average.

Fiscal consolidation continued relatively successfully. According to the forecasts of the Government, the general government deficit declined to 2.9% of GDP as at the year-end, while the primary income was positive after seven years. Slovenia fulfilled the conditions of the corrective arm of the Stability and Growth Pact. However, due to the persisting high structural deficit, consolidation

↑ +2.7%

Growth rate of GDP in real terms

↓ -0.4%

Inflation rate

↑ +2%

Growth of private consumption

↑ €18,633

GDB per capita



will have to continue in order to comply with the requirements of the preventive arm. General government debt increased by 1 percentage point and reached 83.3% of GDP (draft budget plan), but the increase was also the result of borrowing to settle future obligations. Due to the favourable market conditions and historically low return, the Government borrowed more money on the international market, also by issuing 30-year bonds.

The **outlook for the Slovene economy for 2016** is still favourable, despite a slightly lower GDP growth of 2.3%. The key growth factors will again be export and, to an even greater extent, private consumption. The unemployment rate will somewhat decline to 11.8% of the registered unemployed and the inflation rate will be slightly positive at 0.8%, provided that the fuel prices remain unchanged. Government consumption will continue to shrink as a consequence of streamlining the public sector. Investment consumption will decrease to an even greater extent, as the absorption of EU funds from the financial perspective will end and no significant increase in private sector investment is expected before 2017. According to the September draft budget, Slovenia's budget deficit will be below 3%, whilst the European Commission estimates that it will remain at 2.9% without taking further fiscal measures in 2016. The forecasts remain uncertain. Experiencing a strong downturn in economic activity due to reduction in global trade, emerging markets could slow down the export-oriented Slovene economy. In the domestic environment, primarily the success of negotiations between the Government and other stakeholders in the public finance consolidation process is uncertain.

7.2 Environmental impact on the performance of the Triglav Group and Zavarovalnica Triglav¹³

Despite the economic recovery in Slovenia [→ see Section 7.1] and other countries where the Group operates [→ see Section 7.4], the situation on insurance markets remained challenging. The insurance industry is directly linked to the condition and development stage of a given economy; however, its recovery affects the insurance business with a certain delay. The long-lasting economic and financial crisis affected the consumer behaviour of policyholders and curtailed the economic activity, which was reflected in reduced demand for insurance products and in lower insurance density. The volume of written premium was also affected by fierce competition among insurers [→ see Section 7.5 *Gross written premiums from insurance and co-insurance contracts for more details*]. The Triglav Group and Zavarovalnica Triglav respond to the demanding market conditions by adapting their marketing and sales policies, launching new products and redesigning the existing ones, and taking various measures to improve the insurance technical result in non-life insurance. [→ See Section 11. *Development and sales activities for more details*].

The Group's business results were influenced by the changed situation on capital markets, which no longer resulted in exceptional investment returns as in 2014.

Regulatory changes also significantly impacted the performance of the Triglav Group, such as liberalisation of the motor vehicle liability insurance market in Croatia and the preparations to meet the regulatory requirements of Solvency II [→ see Section *Risk Management for more details*].

With respect to mass loss events, the reporting year was favourable, whereas the preceding year was marked by major loss events affecting the business results of most insurance companies of the Triglav Group. In 2015, three mass loss events in Slovenia were caused by storms with hail and high wind, which resulted in over 4,500 reported claims totalling around EUR 3.7 million. In insurance subsidiaries abroad no major loss events were recorded, except for hail in Macedonia in spring and summer months.

7.3 Insurance market in 2015¹⁴

According to the most recent official data published by Swiss RE (May 2015), the **global insurance market** recorded a 4% growth in 2014, following a stagnation in the previous year. With a 35.5% share of total insurance premium, Europe additionally improved its leading market position, having increased by 0.3 percentage point over 2013. The premium generated by North and South America slightly decreased (by 0.6 percentage points), reaching 33.4% of total insurance premium. Following a decrease in premium in 2014, the Asian share increased by 0.3 percentage points to 27.6%. Africa slightly reduced its share in the global insurance market, which accounted for 1.4% of global insurance premium, whilst Oceania increased its share by 2.1% (2.0% in the previous year).

In 2014, the **Slovene insurance market** accounted for 0.05% of the **global insurance market** (0.06% in 2013) and maintained its 55th rank. Although the Slovene market is 136 times smaller than the British market, which is the largest European insurance market, it is nonetheless well developed, as shown by relative indicators. On the world scale, Slovenia is ranked 29th by premium per capita and 31st by insurance penetration (premium share in GDP), five ranks lower compared to the previous year.

Premium per capita and market penetration in Slovenia and certain European countries in 2014

	Premium per capita		Insurance penetration	
	(in USD)	World rank	(% of GDP)	World rank
Slovenia*	1,249	29	5.2%	31
Austria	2,681	22	5.2%	28
Croatia	352	48	2.6%	51
Czech Republic	721	37	3.5%	41
Great Britain	4,823	7	10.6%	8
Switzerland	7,934	1	9.2%	10
Turkey	153	63	1.4%	70
Greece	478	42	2.2%	55
Serbia	111	66	1.9%	63
Europe	1,902	-	6.8%	-
EU	2,791	-	7.7%	-

Source: Swiss RE, SIGMA 4/2015

* Data on premium for Slovenia obtained from the Slovenian Insurance Association

In 2014, premium accounted for 5.2% (the latest published data by the Slovenian Insurance Association), which is the lowest share in the last nine years. At EUR 940, the average premium per capita decreased to the level recorded between 2007 and 2008.

Development of the Slovene insurance market	
Premium per capita (2014 data)	EUR 940
Premium as a percentage of GDP (2014 data)	5.2%
Insurance market growth index in 2015	101.8

Source: Slovenian Insurance Association

13 GRI G4-EC2

14 GRI-G4-6, G4-8



Following the decline in premium from 2010 onwards (with minimal recovery in 2012), the Slovene insurance market recorded premium growth in 2015. Insurance companies, members of the SIA, booked a total of EUR 1,973.1 million in insurance premium, which is 1.8% more than the year before. Growth was achieved by life and health insurance, whereas non-life insurance (excluding health insurance) again experienced a fall in premium. The largest decline was seen in motor vehicle insurance, which was characterised by the highest level of competitiveness over the past few years. In 2015, lower premium was also seen in comprehensive motor vehicle insurance. The improved economic situation had a favourable impact on life insurance, resulting in higher demand and increased payments in both unit-linked life insurance and supplemental voluntary pension insurance.

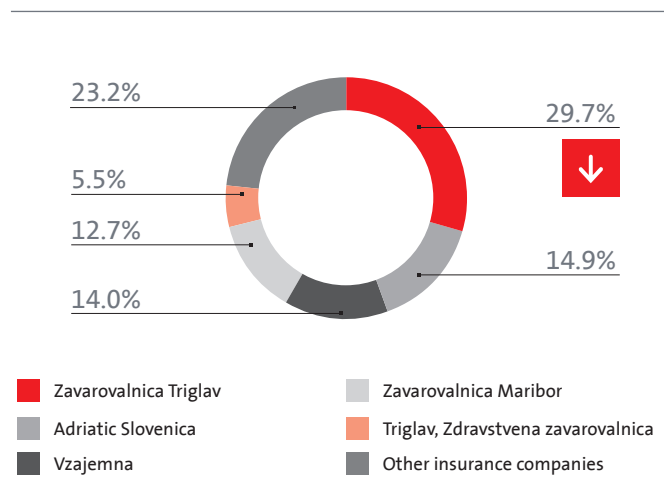
There were 14 insurance companies, 4 foreign branch offices and 2 reinsurance companies active in the Slovene insurance market, all members of the Slovenian Insurance Association. There were 17 traditional insurance companies, of which 10 composite and 7 specialised insurance companies (life, health and non-life insurance). **Traditional insurance companies** booked a total of EUR 1,969.2 million in premium, of which 72% stemmed from non-life insurance and the remainder from life insurance. Following a premium decrease over the last four years, a growth of 5.2% was recorded in **life insurance**. In 2015, **non-life insurance** premium reached a minimum 0.5% growth, predominantly as a result of higher health insurance premium (non-life insurance premium excluding health insurance premium was lower by 0.4 percentage point). The data do not include insurance transactions concluded in Slovenia directly by foreign-owned subsidiaries (FOS). Their share is growing but, according to Triglav's data, it is still negligible. Zavarovalnica Triglav directly operates in all 28 EU Member States.

The Slovene insurance market continues to be characterised by a high degree of concentration. The four major insurers controlled 71.3% of the traditional insurance market (in the previous year: 72.2%). Despite a lower market share of 29.7%, **Zavarovalnica Triglav** remained the market leader (2014: 30.6%). The second largest market share was held by Adriatic Slovenica, a company two times smaller. As at the 2015 year-end, Zavarovalnica Triglav and **Triglav, Zdravstvena zavarovalnica** had a combined market share of 35.2%, having fallen by 0.9 percentage points compared to the preceding year. The ranking of top thirteen insurers (in terms of market share) remained the same. Predominantly foreign-owned insurance companies (Generali, Merkur, Grawe, Wiener Städtische, Ergo branch office, Allianz branch office, Ergo življenjska zavarovalnica and Arag branch office) recorded a total of EUR 220.2 million in premium and increased their market share from 10.9% in 2014 to 11.2% in 2015.

Zavarovalnica Triglav's life insurance market share was 31.2%, which is 1.5 percentage points less compared to the previous year, whilst the non-life insurance market share stood at 29.1% (0.7 percentage points less than in 2014).

A 2.4% premium growth was recorded in **health insurance**, which is a part of the non-life insurance premium. Compared to 2014, **Triglav, Zdravstvena zavarovalnica** decreased its market share to 22.5% (vs. 22.7% in the previous year) and was ranked second among the health insurance providers (a rank higher than the year before), as it got ahead of Adriatic Slovenica.

The 2015 market share of traditional insurance companies in Slovenia



Source: Slovenian Insurance Association

In the reporting period, three insurance companies of the Triglav Group were present on the Slovene market: Zavarovalnica Triglav - the parent company, Triglav, Zdravstvena zavarovalnica and a new subsidiary Skupna pokojninska družba. The latter, which is the second largest provider of supplemental voluntary pension insurance in Slovenia, was not a member of the Slovenian Insurance Association in 2015. According to the data available for all three companies, the Triglav Group held a 36% market share in the Slovene insurance market. The Group's market shares by segment were as follows:

- non-life insurance accounted for 44%;
- life insurance accounted for 35%; and
- health insurance accounted for 23%.

Aggressive price competition due to the difficult economic situation typically recorded in recent years and greater prudence of policyholders was even fiercer. The same applies to the difficult maintaining of the leading market position, which will greatly depend on the speed of response to market changes.



7.4 Triglav Group's operations in other markets¹⁵

7.4.1 South-East Europe

The Triglav Group operates on the insurance markets in Croatia, Bosnia and Herzegovina, Montenegro, Serbia and Macedonia. In most of these countries, life and non-life insurance products are sold, while in Macedonia only non-life insurance products are offered.

In 2015, the countries of South-East Europe witnessed modest economic growth. Their insurance markets remain relatively undeveloped, thus it is estimated that they have major development potential. Positive trends and premium growth were seen on all the insurance markets in which the Group operates.

In total written premium, by far the largest segment remained non-life insurance, the bulk of which was accounted for by motor vehicle insurance. The life insurance market has continued to increase gradually.

Main macroeconomic indicators for 2015 by insurance market of the Triglav Group

Macroeconomic indicators	Slovenia	Croatia	Bosnia and Herzegovina	Montenegro	Serbia	Macedonia
Population (in million)	2.1	4.2	3.9	0.6	7.2	2.1
GDP growth (estimate in %)	2.3	0.8	2.1	3.2	0.5	3.2
2015 GDP (estimate in USD billion)	42.7	48.9	15.6	4.0	36.6	10.1
2015 GDP per capita (estimate in USD)	20,712	11,551	4,030	6,373	5,102	4,867
2015 inflation rate (estimate in %)	-0.4	-0.4	0.5	1.7	1.6	0.1
2015 unemployment rate (estimate in %)	8.7	16.6	27.0	16.5*	20.6	27.3

Source: IMF, World Economic Outlook, October 2015, *Agency for Statistics of Montenegro

The Triglav Group increased its market share on all insurance markets outside Slovenia, excluding the market of the Republic of Srpska. In 2015, the Triglav Group maintained its leading market position not only in Slovenia but also in Montenegro and Macedonia. Furthermore, the Group improved its position in Bosnia and Herzegovina and maintained its market position in Serbia.

In the markets where the Group holds a high market share and a leading position, the **consolidation strategy** was pursued, whilst on the remaining markets, where the Group's presence is still being built, focus was on **strengthening the Group's position**.

The priorities of the Triglav Group on the markets outside Slovenia were as follows:

- exploiting the brand's power and the competitive advantages of the Triglav Group;
- ensuring long-term yields on invested assets;
- servicing of Slovene corporate clients' insurance needs;
- achieving higher productivity through economies of scale and synergistic effects;
- observing the local legislation and reinsuring risks that exceed equalisation schemes of subsidiaries abroad with Pozavarovalnica Triglav Re, a member of the Triglav Group.

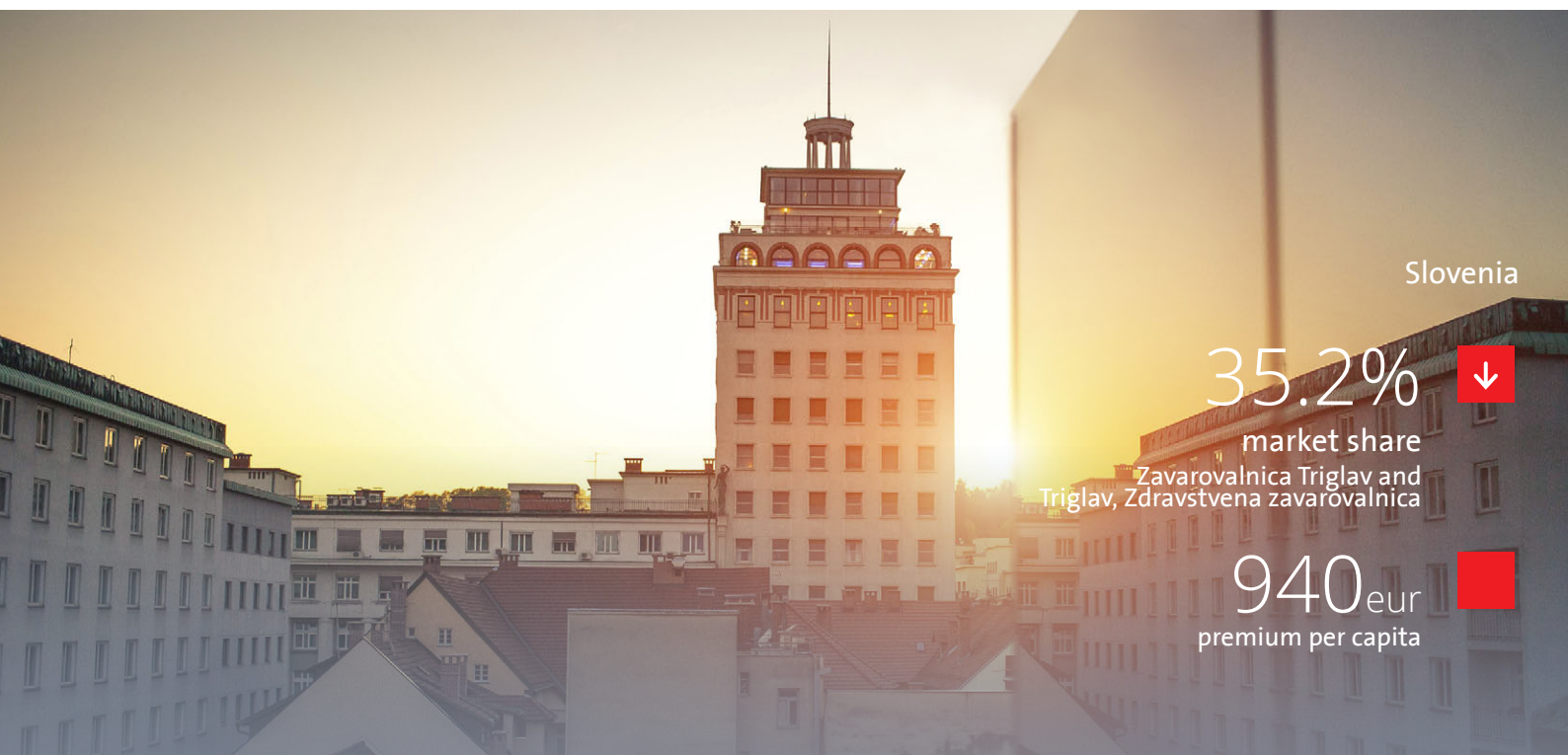
Below are presented the characteristics of individual markets and the market position of the Group's subsidiaries.

Market share trends in the insurance subsidiaries of the Triglav Group in 2015

Market	2015 market share	Market share trends
Croatia	3.9%	↑ +0.2 percentage point
Bosnia and Herzegovina	7.8%	↑ +0.2 percentage point
- Federation of BiH	8.9%	↑ +0.4 percentage point
- Republic of Srpska	4.6%	↓ -0.3 percentage point
Montenegro	39.5%	↑ +1.3 percentage point
Serbia*	4.2%	↑ +0.5 percentage point
Macedonia (non-life insurance)	18.0%	↑ +1.0 percentage point

*Data from January to September 2015.

15 GRI G4-6, G4-8



Slovenia

35.2%
market share

Zavarovalnica Triglav and
Triglav, Zdravstvena zavarovalnica

940 eur
premium per capita



7.4.2 Croatia

Slow increase in domestic demand after six years of recession indicates a positive outlook for macroeconomic indicators in 2016. The growth of GDP and higher domestic consumption stimulated the export of services, mainly due to the record-high tourist season. Higher household consumption was also a result of around 4% growth in net income. A short-term increase in household spending did not significantly affect the deflation rate, which at 0.4% continued for the second year.

The unemployment rate remains high. A half of the unemployed persons are long-term unemployed, which confirms the profound structural problems of the labour market. Nevertheless, there are some signs of recovery of the economy after several years of crisis, which are indicated by stagnation in the labour market and other improved macroeconomic indicators. In the first nine months of 2015, the costs of financing the public debt increased by 7.9% compared to the preceding year. Should economic strengthening of the main economic partners and growth in domestic consumption continue, the six-year recession will have ended with the transition to 2016.

Insurance market

Insurance market development in Croatia

Premium per capita (2014 data)	EUR 265
Premium as a percentage of GDP (2014 data)	2.6%
Insurance market growth index in 2015	101.9

Source: Swiss RE, SIGMA 4/2015, Croatian Insurance Bureau

In 2015, as many as 24 insurance companies operated in the Croatian insurance market (9 composite, 9 non-life and 6 life), which was one fewer than in 2014, since Sunce osiguranje was merged to Agram life osiguranje. Together the insurance companies recorded written premium in the total amount of HRK 8.7 billion (EUR 1.1 billion), which was 1.9% more than in 2014. The insurance market grew mainly on account of an 11.2% higher life insurance premium. In contrast, non-life insurance premium went down by 2.2%, primarily caused by the liberalisation of the motor vehicle liability market (the average premium was lower by 15%). In the structure of written premium, non-life insurance accounted for 66% (2014: 69%) and life insurance for the rest.

The Croatian insurance market continues to be highly concentrated, as the first five insurers hold almost two thirds of the market. The largest insurance company, Croatia osiguranje, holds a 26.5% market share and a leading position in non-life insurance, a drop of 0.1 percentage point compared to 2014. With an 18.3% market share, Allianz maintained its leading position in the life insurance segment (2.2 percentage points less than in the preceding year). **Triglav Osiguranje, Zagreb** was again ranked ninth. Its market share increased by 0.2 percentage point to 3.9%.



Croatia

3.9%



market share

Triglav Osiguranje, Zagreb

265 eur

premium per capita



7.4.3 Bosnia and Herzegovina

Adverse economic conditions, which marked the past period, did not substantially change, although the first signs of exiting the recession are visible. The economy of Bosnia and Herzegovina saw minimal positive growth. The balance of payments current account deficit rose noticeably, resulting in a higher budget deficit. The import to export ratio improved, but the external debt increased both in nominal and relative terms. From the macroeconomic point of view, the Government managed to restrain and stabilise the inflation rate in recent years.

Due to the high budget deficit, the political and economic stability in the country is maintained by the loan tranches, approved by the IMF in 2012 in the total amount of EUR 670 million. The support of the IMF is also the key component of the new EU initiative for Bosnia and Herzegovina, which gave the green light to continue to implement the Stabilisation and Association Agreement. The condition for the Agreement is adopted structural and economic reforms with an emphasis on the labour market, healthcare and the pension scheme. It is expected that Bosnia and Herzegovina will apply for EU membership in the first quarter of 2016.

Since the situation normalised and the economy recovered, in 2016 higher growth is anticipated than in 2015. It is less likely that growth will be faster in the medium term, as the unemployment rate is high and external imbalances are present. Apart from that, the country is still facing slow progress in implementing key structural reforms. The unstable political situation paralyses more concrete economic activities, prevents the implementation of the necessary reform processes and hinders the economic progress.

Insurance market

Insurance market development in Bosnia and Herzegovina

Premium per capita (2014 data)	EUR 76
Premium as a percentage of GDP (2014 data)	2.1%
Insurance market growth index in 2015	104.7

Source: Swiss RE, SIGMA 4/2015, FBH Insurance Supervision Agency, RS Insurance Agency

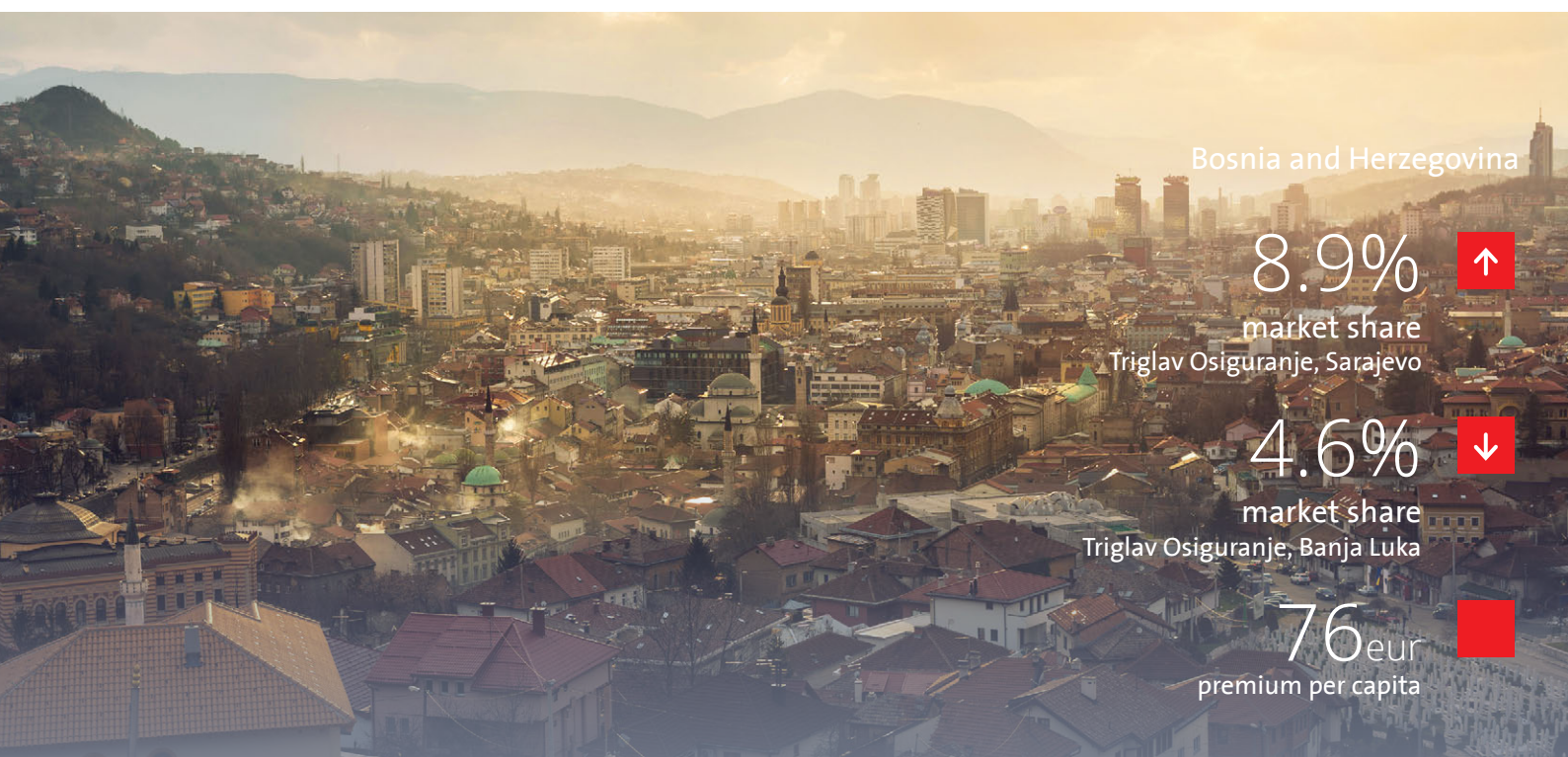
As at the 2015 year-end, 24 insurance companies operated in the Bosnian insurance market, of which half were domiciled in the Federation of Bosnia and Herzegovina and the other half in the Republic of Srpska. Competition in the small insurance market remains very strong. The insurers domiciled in the Federation of Bosnia and Herzegovina and in the Republic of Srpska continue to expand their operations to the entire territory of Bosnia and Herzegovina. Insurance companies operating in the insurance market of the Federation of BiH collected BAM 405.9 million and BAM 211.5 million in the Republic of Srpska. The premium written by insurance companies domiciled in the Federation of Bosnia and Herzegovina increased by 11.8% in the territory of the Republic of Srpska, while the insurance companies domiciled in the Republic of Srpska collected almost 40% more premium in the territory of the Federation of Bosnia and Herzegovina.

Written premium in Bosnia and Herzegovina rose by 4.7%. A high 10.3% increase was recorded in the Republic of Srpska and a 3.8% growth in the Federation of Bosnia and Herzegovina. In total written premium, the largest segment remained non-life insurance with a 79.0% share.

In the Federation of Bosnia and Herzegovina, the Agram Group (Bosna Sunce Osiguranje and Euroherc) is the market leader with a 22.4% market share, followed by Sarajevo osiguranje (13.9%) and Uniqa (10.7%). By increasing its market share by 0.4 percentage point to 8.9%, **Triglav Osiguranje, Sarajevo** ranked fifth in the market (vs. sixth in the previous year).

In 2015, in the Republic of Srpska Wiener osiguranje increased its market share to 15.0% (2014: 14.2%), followed by Drina osiguranje (11.0%) and Dunav osiguranje (8.9%). With a 4.6% market share, **Triglav Osiguranje, Banja Luka** remained ninth (a 4.9% market share in the previous year).

In the insurance market of Bosnia and Herzegovina as a whole, the **two insurance companies of the Triglav Group** taken together improved their market position by one rank. They were ranked fifth and held a 7.8% market share (7.6% in 2014).





7.4.4 Montenegro

Following a slowdown in GDP growth in 2014 (1.8% growth), the Montenegrin economy experienced accelerated growth in 2015. In the first half of the reporting period, GDP rose to 3.4%. This is slightly less than the planned annual growth rate, but it is anticipated that the achieved annual growth rate will significantly exceed the planned rate. This was a result of successful performance in all sectors, particularly construction and tourism (intensive construction of the Bar–Boljare motorway). Favourable tourist indicators are related to the progress made in the service activities, especially retail trade and transportation, as well as to higher tax income.

The increased activity of Montenegro on global financial markets, particularly European, resulted in higher foreign investments. An inflow of foreign direct investment over the first nine months was higher by 102% compared to the year before, mainly due to high Austrian capital investments in companies and banks.

On the basis of macroeconomic projections and estimated effects of tax policy measures, the public debt is expected to account for 7.9% of GDP.

There were 11 insurance companies operating on the Montenegrin insurance market: 5 non-life and 6 life insurers. They booked EUR 76.9 million in written premium or 6.2% more than the year before. Non-life insurance and life insurance premiums both increased compared to 2014 – by 6.9% and 2.9% respectively. In total written premium, by far the largest segment remained non-life insurance with an 83.2% market share (82.7% in 2014).

The insurance companies of the Triglav Group, **Lovćen Osiguranje** and its subsidiary **Lovćen životna osiguranja** together reached the market share of 39.5%. Both consolidated their leading roles on the insurance market, as their market share increased by 1.3 percentage point. Lovćen Osiguranje is followed by Uniqa (a 16.1% market share in non-life and life insurance) and Sava Montenegro (a 14.5% market share).

Insurance market

Insurance market development in Montenegro

Premium per capita (2014 data)	EUR 116
Premium as a percentage of GDP (2014 data)	2.2%
Insurance market growth index in 2015	106.2

Source: Insurance Supervision Agency of Montenegro



Montenegro

39.5%



market share

Lovćen Osiguranje and
Lovćen životna osiguranja

116 eur

premium per capita



7.4.5 Serbia

On account of the return of moderate GDP growth in the fourth quarter of 2014, Serbia overcame the negative consequences of the floods. It is estimated that GDP will grow by 0.5–0.8% in 2015, as a result of accelerated recovery of the mining and energy sectors, private investment and the revived household spending. Investment is the consequence of the favourable monetary environment, which encourages increased consumption and investment through lowering primary interest rates. The structural reforms to facilitate business in Serbia include a new construction legislation, which significantly increased the number of issued building permits.

According to estimates for 2015, the current account deficit is around 4.6% of GDP and is fully covered by foreign direct investment. In December 2015, the Fitch rating agency improved its outlook for Serbia (B+) from stable to positive, whilst S&P improved its outlook (BB–) from negative to stable. The National Bank of Serbia intervened in the monetary market with currency purchases and sales and limited the short-term volatility of the exchange rate.

The unemployment rate continued to fall. The largest decline was seen in the youth unemployment rate, which decreased from 51.2% in the first quarter of 2014 to 38.8% in the third quarter of 2015. Net wages in 2015 decreased by almost 2% as the result of fiscal consolidation of the public sector. However, net wages in the private sector slightly rose in the same period (by 0.2%).

As many as 20 insurance companies (two fewer than in 2014) were active in the Serbian market, of which 6 were composite insurers, 9 non-life insurers and 5 life insurers. Basler merged to Uniqa and Wiener acquired Metlife. The majority of them are predominantly foreign-owned. The largest segment continued to be non-life insurance, although the share of life insurance products has been on the rise in recent years (21.5%).

The top three insurers hold more than 62% of the highly concentrated insurance market. The leading state-owned insurance company, Dunav osiguranje, reached a market share of 27.6%. It is followed by Delta Generali (a 22.8% market share) and DDOR (a 12.0% market share). In the first nine months of 2015, total premium increased by 18%. Both life insurance and non-life insurance products recorded high growth, 21.3% and 17.1% respectively.

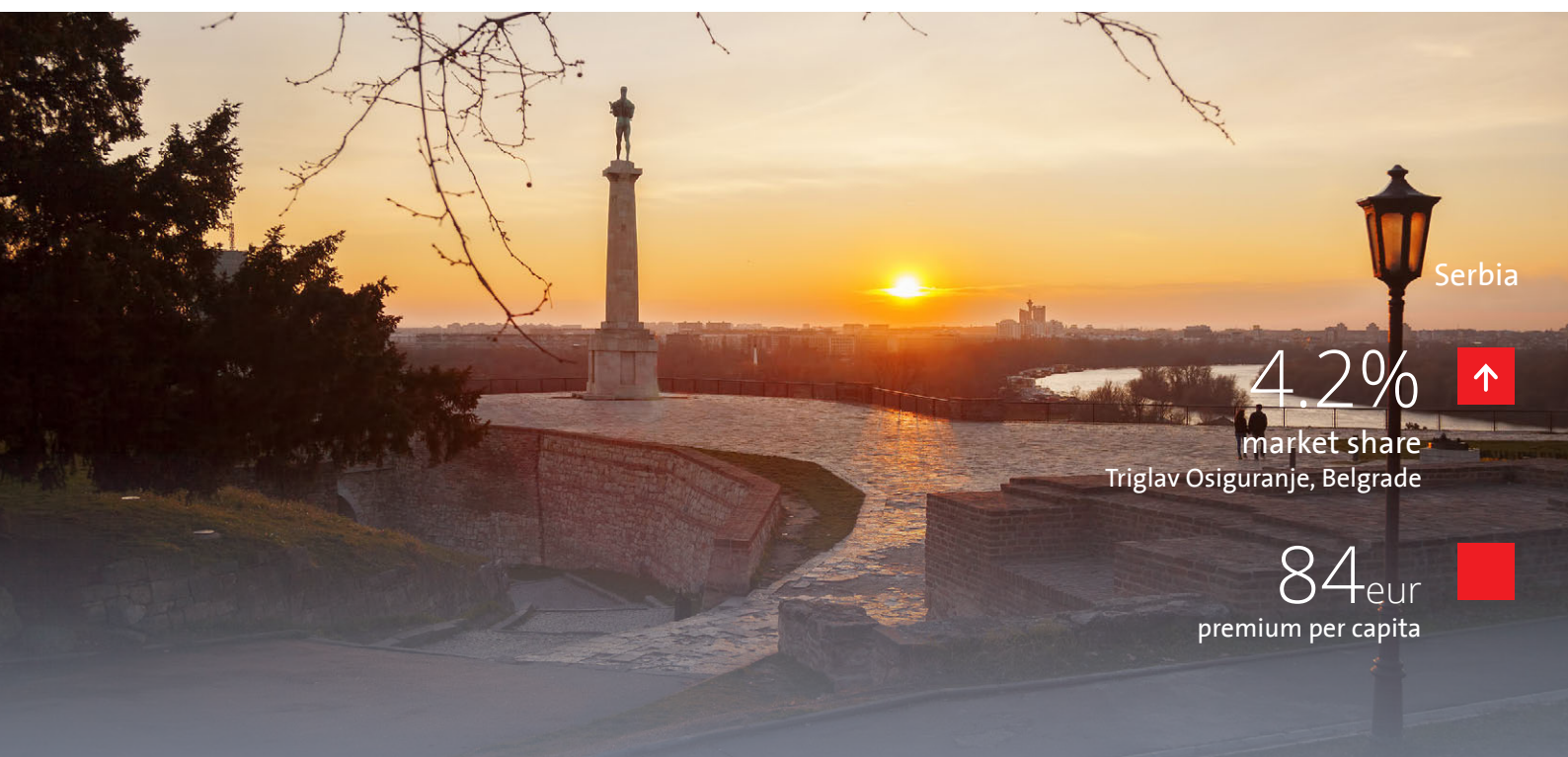
Compared to 2014, **Triglav Osiguranje, Belgrade** registered as much as 35.3% rise in the volume of written premium in the first nine months of 2015, which was 17 percentage points above the growth rate of the Serbian insurance market as a whole. The subsidiary increased its market share to 4.2% (3.7% in 2014) and remained the sixth strongest in the Serbian insurance market.

Insurance market

Insurance market development in Serbia

Premium per capita (2014 data)	EUR 84
Premium as a percentage of GDP (2014 data)	1.9%
Insurance market growth index (Q1-3 2015)	118.2

Source: Swiss RE, SIGMA 3/2014, National Bank of Serbia.



Serbia

4.2%



market share

Triglav Osiguranje, Belgrade

84eur

premium per capita





7.4.6 Macedonia

The growth of GDP from 2014 continued, reaching 3.5% in the third quarter. The data from the last quarter show the same intensive growth. It was primarily the result of successful performance in the construction sector, followed by the service activities. The Government continued to implement the measures to maintain the macroeconomic stability and stimulate economic growth as well as the policy aimed at improving the business environment, particularly through legislative and regulatory changes. Through these actions the Government aims to attract foreign investors and increase capital investment.

For the second consecutive year, Macedonia recorded mild price deflation in goods (0.3%), which was mainly caused by the fall in global oil prices (the energy sector). The unemployment rate continues to slowly decline but remains the highest in the region at 27%. Macedonia's public debt is 45.8% of GDP, which is still relatively low.

Insurance market

Insurance market development in Macedonia

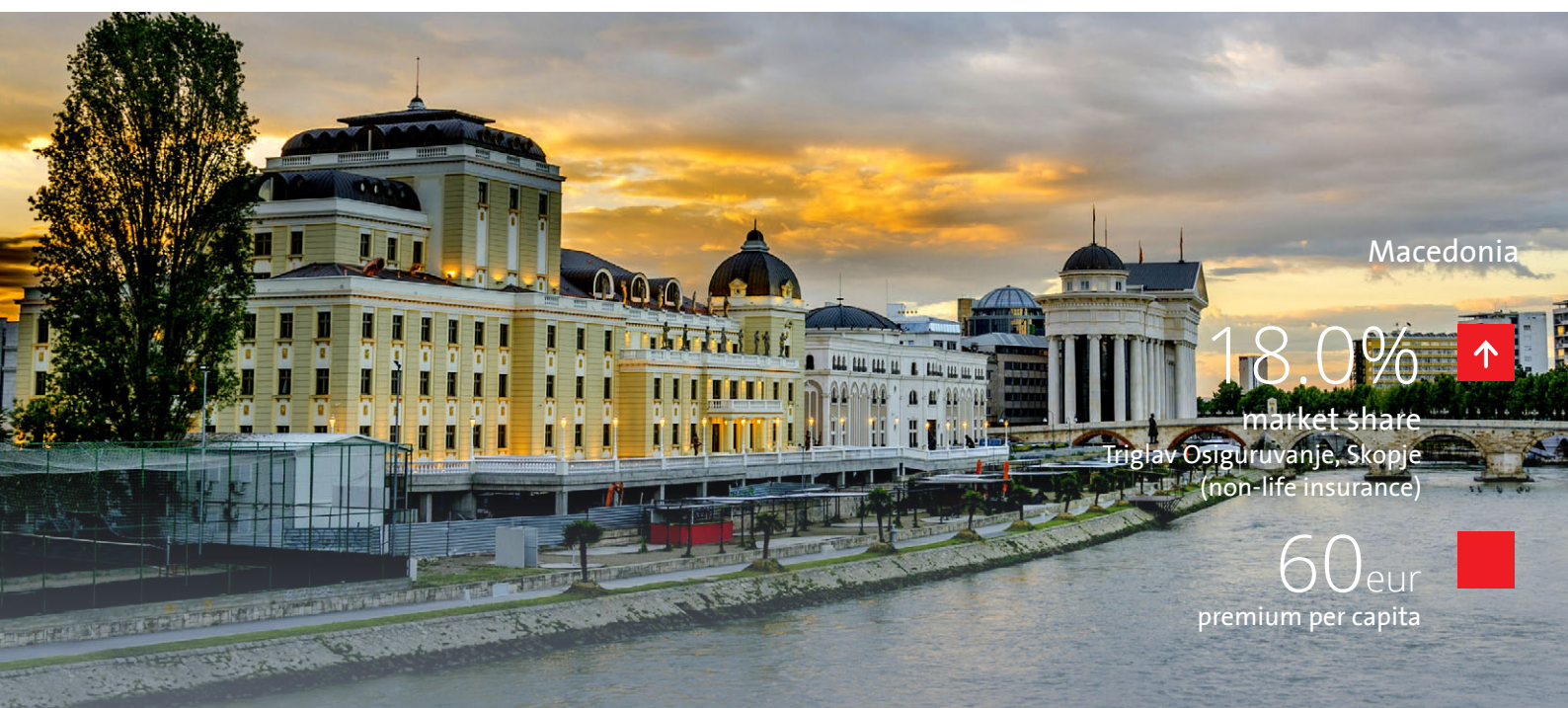
Premium per capita (2014 data)	EUR 60
Premium as a percentage of GDP (2014 data)	1.5%
Insurance market growth index in 2015	108.4

Source: Insurance Supervision Agency of Macedonia

There are 15 insurers in the insurance market of Macedonia (11 in the non-life insurance segment and 4 in the life insurance segment). Makedonija Osiguruvanje also holds a reinsurance licence. The 5 largest insurance companies operating in the highly concentrated insurance market collectively booked 54% of written premium. The market concentration was particularly high in the life insurance segment, with Croatia život and Grawe controlling over 84% of the market.

In the reporting period, the written premium generated by insurers totalled MKD 8.3 billion (EUR 134.5 million) or 8.4% more than in 2014. The non-life insurance premium accounted for as much as 86.8% of total premium in the market. Life insurance products recorded a high 23.1% growth rate, whilst non-life insurance products grew by 6.5%.

With a 15.6% market share, **Triglav Osiguruvanje, Skopje** continues to hold the leading market position in the Macedonian insurance market. The insurer only sells non-life insurance, of which market share significantly increased to 18.0% (vs. 17.0% in the previous year). The subsidiary is followed by Makedonija with 11.2% and Eurolink, holding a 10.7% market share.



Macedonia

18.0%

market share

Triglav Osiguruvanje, Skopje
(non-life insurance)

60_{eur}

premium per capita

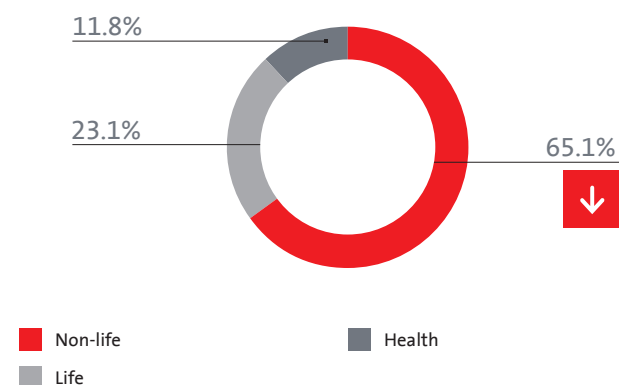
7.5 Gross written premiums from insurance and co-insurance contracts

In 2015, the Triglav Group posted a total of EUR 919.1 million in gross written premiums from insurance and co-insurance contracts or 3% more than in 2014. Growth was recorded in all three business segments. **Non-life insurance** total was EUR 598.2 million or 1% more, 1% increase was seen in **health insurance** which amounted to EUR 108.4 million, whilst **life insurance** increased the most by 14% and stood at EUR 212.5 million in gross written premium.

The consolidated written premium structure was affected by the acquisition of Skupna pokojninska družba (life insurance) and the sale of Czech insurer Triglav Pojišť'ovna (non-life insurance). As at the reporting date, the structure was as it follows:

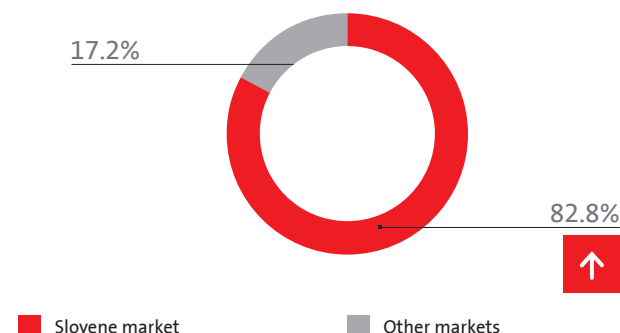
- non-life insurance accounted for 65.1% (2014: 66.9%);
- life insurance accounted for 23.1% (2014: 21.0%); and
- health insurance for 11.8% (2014: 12.1%).

Gross written premiums from insurance and co-insurance contracts of the Triglav Group by segment



A total of 82.8% of consolidated gross written premiums was charged in the Slovene insurance market, representing a 0.2 percentage point increase over 2014.

Gross written premiums from insurance and co-insurance contracts of the Triglav Group by market



Insurance subsidiaries of the Triglav Group (excluding the Triglav Re reinsurance) booked EUR 881.7 million in non-consolidated gross insurance and co-insurance premiums, or 3% more than the year before. Trends varied depending on subsidiary and market, however the majority of the Group's subsidiaries abroad recorded a high premium growth.

In Slovenia, the insurance premium of Zavarovalnica Triglav was 1% lower compared to 2014, whilst that of Triglav, Zdravstvena zavarovalnica was again higher by 1%. Skupna pokojninska družba, a new insurance subsidiary, charged a total of EUR 28.3 million in premium written. In Triglav Osiguranje, Belgrade the premium increased as much as 24%, whilst Triglav Osiguruvanje, Skopje saw a 13% premium growth. Written premiums were higher in Lovćen Osiguranje (10%), Triglav Osiguranje, Sarajevo (9%) and Triglav Osiguranje, Zagreb (8%) and Triglav Osiguranje, Banja Luka (6%). A lower premium of 5% was recorded by Lovćen životna osiguranja, whereas Triglav Pojišť'ovna recorded a premium decrease of 56%, where premiums in the period from 1 January 2015 to the date the insurer was sold were taken into account.

Gross written premium from insurance and co-insurance contracts in 2015 by insurance company of the Triglav Group

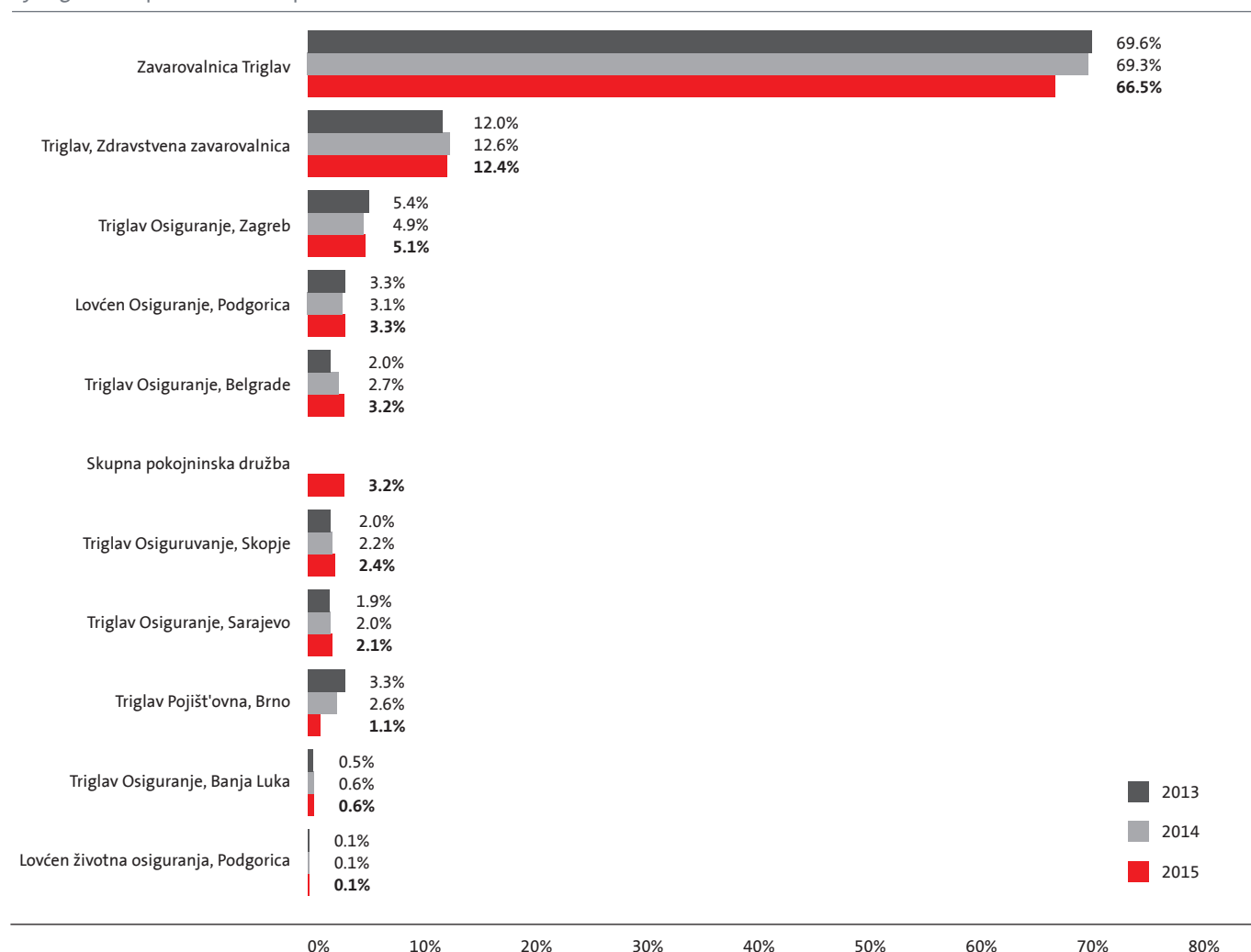
Insurance company	Gross written premium			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	2015
Zavarovalnica Triglav*	411,528,507	174,733,304	586,261,811	98	101	99	66.5%
Triglav, Zdravstvena zavarovalnica	108,905,726		108,905,726	101	0	101	12.4%
Skupna pokojninska družba		28,265,905	28,265,905	0	0	0	3.2%
Triglav Osiguranje, Zagreb	37,413,780	7,754,488	45,168,268	110	97	108	5.1%
Triglav Osiguranje, Sarajevo	14,619,555	4,056,465	18,676,020	108	116	109	2.1%
Triglav Pojišť'ovna, Brno**	9,636,056		9,636,056	44	0	44	1.1%
Lovćen Osiguranje, Podgorica	29,312,370		29,312,370	110	0	110	3.3%
Triglav Osiguranje, Belgrade	27,587,454	652,144	28,239,598	124	111	124	3.2%
Triglav Osiguranje, Banja Luka	5,025,829		5,025,829	106	0	106	0.6%
Triglav Osiguruvanje, Skopje	21,043,998		21,043,998	113	0	113	2.4%
Lovćen životna osiguranja, Podgorica		1,121,046	1,121,046	0	95	95	0.1%
Total	665,073,275	216,583,352	881,656,627	100	116	103	100.0%
Pozavarovalnica Triglav Re	116,839,911		116,839,911	111	0	111	
Consolidation eliminations	-75,343,425	-4,036,848	-79,380,273	106	780	110	
Total consolidated	706,569,761	212,546,504	919,116,265	101	114	103	

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

** Gross written premiums in the period from 1 January 2015 to the date the insurer was sold were taken into account.



The structure of gross written premiums from insurance and co-insurance contracts in the period from 2013 to 2015 by Triglav Group insurance companies



7.5.1 Non-life insurance

In total, Triglav Group insurance companies charged EUR 665.1 million of non-consolidated insurance and co-insurance premiums from non-life insurance contracts, which remained approximately at the 2014 level (index 100).

In total written premium, **motor vehicle insurance**, the largest insurance class accounted for 30.3% (2014: 32.3%). Insurance subsidiaries of the Group collected EUR 113.0 million in **comprehensive car insurance** premium, a 2% decrease compared to the preceding year. Premium growth was recorded by most insurance companies, the largest by Triglav Osiguranje, Zagreb (index 143), Triglav Osiguranje, Belgrade (index 134) and Lovćen Osiguranje (index 116). The parent company, accounting for 83% of the Group's total premium, saw a 3% decrease in written premium.

The Group collected EUR 154.2 million in **motor liability insurance** premiums, which was 4% less than 2014. This insurance class has kept its key role in the developing markets outside Slovenia. All subsidiaries experienced premium growth in this insurance class, except in Triglav Osiguranje, Zagreb (index 99). The highest premium growth was seen in Triglav Osiguranje, Belgrade by 18%, followed in Triglav Osiguranje, Sarajevo by 13% and in Triglav Osiguruvanje, Skopje by 13%. Good sales results in these markets are a result of effective sales campaigns, higher insurance density and strengthened activities of sales networks.

The parent company, accounting for 58% of the motor vehicle liability insurance premium total, saw a 6% decline in premium, impacting the total premium. The reasons are the following:

- a persisting aggressive price competition among insurance companies;
- increased susceptibility of policyholders to the cheapest offerings (commercial and other discounts) and the willingness to change their insurer;
- sales promotion activities [[→ for more see Section 11.2.2](#)] and continued inclusion of policyholders in the »Triglav komplet« bonus programme;
- reduced scope of comprehensive car insurance due to fewer and older vehicles owned by households and non-renewal of insurance.

Lower premium from motor vehicle liability insurance in Triglav Osiguranje, Zagreb was caused by a fierce price competition [[→ see Section 7.4.2 on liberalisation of the motor vehicle liability market for more details](#)], as premium decreased despite of an increased number of concluded insurance policies of 22%.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance) a premium of EUR 155.2 million was booked, having increased by 2%. In fire and natural disaster insurance, a drop of 1% was recorded, while other damage to property insurance experienced a 4% premium growth. The strongest increase in written premium was observed in Lovćen



Osiguranje (index 138), Triglav Osiguranje, Belgrade (index 133), Triglav Osiguranje, Zagreb (index 114) and Triglav Osiguruvanje, Skopje (index 111) as a result of attracting new policyholders and increased scope of insurance coverage of some large policyholders. Growth was recorded by Triglav Osiguranje, Banja Luka (8%) and Triglav Osiguranje, Sarajevo (1%). The premium in the real property insurance booked by the parent company, accounting for 79% of the Group's total premium remained at the same level as in 2014 (index 100). Construction insurance, fire insurance in the power industry, combined non-life insurance and car warranty insurance experienced a high increase in premium generated by the parent company. On contrast, the largest premium decline was recorded in the following insurance subclasses:

- crop and fruit insurance (index 77) due to an amendment to the Decree on co-financing of insurance premium for primary agricultural production and fisheries, which reduced the Government's co-financing of insurance premium from 40% to 20%, aggressive competition and reduced purchasing power of farmers and their companies (a constant decrease in wholesale prices of agricultural products);
- machinery breakdown insurance, which resulted from a general reduction in the extent of insurance or cancellation of this insurance by some major policyholders;
- travel insurance due to fewer renewals of insurance taken out during the spring sales campaign.

A growth of 1% was recorded in **health insurance**, where the Triglav Group wrote EUR 109.4 million in premiums. Triglav, Zdravstvena zavarovalnica generated the largest portion of the premium amounting to EUR 108.9 million, which represented a growth of 1%, primarily due to successful marketing of supplemental health insurance products (accounting for the bulk of premium) and of other insurance classes. An increase in premiums was also recorded in Lovćen Osiguranje, Podgorica and Triglav Osiguranje, Belgrade.

Accident insurance represented 4.8% of total written premium or EUR 42.0 million in nominal terms, which was 1% less than in the previous year. A decrease in premium was posted by Zavarovalnica Triglav and Triglav Osiguranje, Sarajevo, whose combined share in total premium from accident insurance represented 73%. The reasons for lower premiums in accident insurance (index 96) in Zavarovalnica Triglav could be ascribed to the situation in the motor vehicle insurance market. Almost half of accident insurance premiums comes from two insurance sub-classes taken out

simultaneously with car insurance (driver and passenger accident insurance and the driver's bodily injury insurance or AO-plus insurance). A decrease in group accident insurance premium as the largest insurance subclass of accident insurance class (40%) of the parent company was primarily the consequence of an increasing number of corporate bankruptcies and reduced operating expenses of companies. Except for the subsidiary in Sarajevo, premium growth was recorded by most insurance companies, the largest by Triglav Osiguranje, Belgrade (index 144) and Triglav Osiguruvanje, Skopje (index 117) and Triglav Osiguranje, Zagreb (index 113). Premium drop was experienced by Triglav Osiguranje, Sarajevo (index 99), owing mostly to the lower group accident insurance premium resulting from non-renewal of insurance policies of some major policyholders and fierce competition among insurers (failure to observe tariff rates, mainly in public tenders).

In **general liability insurance**, the Triglav Group recorded EUR 36.2 million, having increased by 1% compared to the preceding year, representing 4.1% of total premiums. In general liability insurance, almost 81% of total is accounted for by the parent company. The Company charged 1% more premium than in 2014, predominantly as the result of the 18% growth in product liability insurance. The parent company achieved premium growth by attracting new policyholders and increasing the scope of insurance coverage with certain existing policyholders. The strongest growth was recorded by Triglav Osiguranje, Sarajevo (index 145) and Triglav Osiguranje, Belgrade (index 142). An increase in premiums was also recorded in insurance subsidiaries Triglav Osiguruvanje, Skopje (index 105) and Triglav Osiguranje, Zagreb (index 102). Lower premium was recorded in Lovćen Osiguranje, Podgorica (index 99), in Triglav Osiguranje, Banja Luka (index 98) resulting from non-renewal of insurance policies and a reduced scope of insurance coverage of some major policyholders.

Credit insurance totalled EUR 24.1 million and accounted for 2.7% of total premium, which was 4% higher than the year before. A 4% growth was recorded in parent company, accounting for 99.8% of total premium. Good sales results were achieved in most insurance subclasses, primarily in financial gap insurance, insurance in the event of unemployment, disability and death (sold by banks as an additional product taken out simultaneously with consumer and housing loans), trade receivables insurance (covering the insolvency risk or the buyers default) and overdraft insurance. The premium of consumer loan insurance, the largest credit insurance subclass (63%), remained at approximately the same level of the preceding year (index 100). The consumer loan insurance premium depends on the retail lending volume in banks. Apart from the parent company, credit insurance is also sold by Triglav Osiguranje, Sarajevo where the premiums decreased by 41% due to a reduced scope of business operations with one of the banks.

Premium from **other non-life insurance** (accounting for 3.5% of total premium) increased by 4% to EUR 30.9 million. Most of the Group's insurance companies recorded growth, the highest rates in Triglav Osiguranje, Banja Luka, Triglav Osiguranje, Belgrade and Triglav Osiguruvanje, Skopje due to acquiring new policyholders and increasing the scope of policies of certain existing customers. Zavarovalnica Triglav, accounting for 73% of total premium, saw a 3% growth in written premium compared to the preceding year. This rise was primarily generated by railway insurance (an increased scope of insurance coverage and a new large policyholder), aircraft insurance and assistance insurance (car assistance). A lower premium was booked only by Triglav Osiguranje, Sarajevo (caused by a drop in premium from miscellaneous financial loss insurance resulting from non-renewal of the insurance of a major policyholder) and Lovćen Osiguranje, Podgorica (drop in premiums from goods in transit insurance and reduced scope of insurance

→ € 706.6 million
Consolidated gross written premium
from non-life insurance contracts
of the Triglav Group

↑ +1%
Gross written premium
from non-life insurance contracts
of the Triglav Group

↑ +1%
Gross written premium
from health insurance contracts
of the Triglav Group



coverage of major policyholders in marine insurance and railway insurance). Among insurance sub-classes high growth was seen in aircraft insurance, miscellaneous railway insurance, marine liability insurance and assistance insurance.

7.5.2 Life insurance

In total, the Triglav Group insurance subsidiaries charged 16% more in non-consolidated gross written premiums from life insurance contracts or EUR 216.6 million in nominal terms. In total gross premium, life premium increased from 21.9% to 24.6% owing to the acquisition of Skupna pokojninska družba in 2015.

Premiums from **life insurance** (traditional life insurance, annuity pension insurance, pension insurance and voluntary pension insurance) amounted to EUR 97.5 million, having increased by 2%. Their share in total gross written premium from life insurance was 45.0%. Significant growth in premium was achieved by Triglav Osiguranje, Sarajevo as a result of good sales via agencies and banking sales channels and Triglav Osiguranje, Belgrade, whilst the parent company recorded a 1% premium increase (89% share) predominantly resulting from retained sums paid out on the maturity and new premiums paid-in. The premium by Triglav Osiguranje, Sarajevo remained at the same level as the year before (index 100). A 5% premium decrease was recorded by Lovćen životna osiguranja mainly resulting from the cancellation of insurance policies due to policyholders defaulting on the payment of premium.

→ € 212.5 million
Consolidated gross written premium
from life insurance contracts
of the Triglav Group

↑ +14%
Written premium from
life insurance contracts
of the Triglav Group

Gross written premium from insurance and co-insurance contracts of the Triglav Group (excluding Pozavarovalnica Triglav Re) by insurance class

Insurance class	Gross written premium			Index		Structure
	2015	2014	2013	2015/2014	2014/2013	2015
Accident insurance	42,045,659	42,470,287	43,043,160	99	99	4.8%
Health insurance	109,390,773	107,880,205	104,659,615	101	103	12.4%
Comprehensive car insurance	113,048,703	114,929,563	119,553,393	98	96	12.8%
Real property insurance	155,229,680	152,509,430	153,131,239	102	100	17.6%
Motor liability insurance	154,163,463	161,182,482	170,355,817	96	95	17.5%
General liability insurance	36,243,245	35,985,090	36,835,526	101	98	4.1%
Credit insurance	24,058,309	23,229,509	21,328,900	104	109	2.7%
Other non-life insurance	30,893,444	29,650,389	28,991,955	104	102	3.5%
Non-life insurance	665,073,276	667,836,955	677,899,605	100	99	75.4%
Life insurance	97,522,262	95,811,793	97,143,260	102	99	11.1%
Unit-linked life insurance	76,181,824	77,007,498	80,226,141	99	96	8.6%
Capital redemption insurance	42,879,265	14,281,171	14,700,068	300	97	4.9%
Life insurance	216,583,351	187,100,462	192,069,469	116	97	24.6%
Total	881,656,627	854,937,417	869,969,074	103	98	100.0%

Gross written premium from insurance and co-insurance contracts of Zavarovalnica Triglav by insurance class

Insurance class	Gross written premium			Index		Structure
	2015	2014	2013	2015/2014	2014/2013	2015
Accident insurance	29,255,847	30,520,339	31,759,125	96	96	5.0%
Health insurance	0	0	0	0	0	0.0%
Comprehensive car insurance	94,164,471	96,906,182	99,102,501	97	98	16.1%
Real property insurance	123,365,087	122,947,764	123,397,594	100	100	21.0%
Motor liability insurance	88,847,814	94,244,935	99,952,714	94	94	15.2%
General liability insurance	29,247,535	28,987,963	29,690,730	101	98	5.0%
Credit insurance	24,009,921	23,152,992	21,165,261	104	109	4.1%
Other non-life insurance	22,645,494	22,029,648	21,490,951	103	103	3.9%
Non-life insurance	411,536,168	418,789,823	426,558,875	98	98	70.2%
Life insurance	86,778,846	85,640,550	87,779,232	101	98	14.8%
Unit-linked life insurance	73,332,570	73,907,907	76,720,215	99	96	12.5%
Capital redemption insurance	14,613,360	14,281,171	14,700,068	102	97	2.5%
Life insurance	174,724,777	173,829,628	179,199,515	101	97	29.8%
Total	586,260,945	592,619,451	605,758,390	99	98	100.0%



The premiums generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) were down 1% compared to the previous year. With EUR 76.2 million they represented 35.2% of the total life insurance premium. Unit-linked life insurance are available from Zavarovalnica Triglav (index 99) and Triglav Osiguranje, Zagreb, which booked EUR 2.8 million in written premium or 8% less than a year earlier.

Supplemental voluntary pension insurance (capital redemption insurance) generated 200% more premium than a year before due to the acquisition of Skupna pokojninska družba. Supplemental voluntary pension insurance premium stood at EUR 42.9 million, accounting for 19.8% of total premium in the life insurance class. Supplemental voluntary pension insurance is sold by Skupna pokojninska družba and Zavarovalnica Triglav.

7.5.3 Gross reinsurance written premiums of Pozavarovalnica Triglav Re

Pozavarovalnica Triglav Re booked a total of EUR 116.8 million in gross reinsurance premium or 11% more than in the preceding year. The highest premium growth was seen in other damage to property insurance, resulting not only from the increase in transactions within the Group but primarily from the increase in transactions with ceding companies outside the Group. Pozavarovalnica Triglav Re recorded a high growth rate was in fire and natural disaster insurance, which is in the largest class. A high growth in premium was seen in aircraft insurance, credit insurance and marine insurance.

Gross claims paid in 2015 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	2015
Zavarovalnica Triglav*	230,473,015	160,094,850	390,567,865	91	95	93	68.4%
Triglav, Zdravstvena zavarovalnica	86,364,302		86,364,302	108	0	108	15.1%
Skupna pokojninska družba		13,991,226	13,991,226	0	0	0	2.5%
Triglav Osiguranje, Zagreb	21,841,502	4,466,726	26,308,228	107	98	105	4.6%
Triglav Osiguranje, Sarajevo	8,734,056	1,984,981	10,719,037	94	130	99	1.9%
Triglav Pojišt'ovna, Brno**	6,425,395		6,425,395	35	0	35	1.1%
Lovćen Osiguranje, Podgorica	14,464,656		14,464,656	91	0	91	2.5%
Triglav Osiguranje, Belgrade	9,345,231	267,220	9,612,451	108	98	108	1.7%
Triglav Osiguranje, Banja Luka	1,341,993		1,341,993	69	0	69	0.2%
Triglav Osiguruvanje, Skopje	9,717,048		9,717,048	94	0	94	1.7%
Lovćen životna osiguranja, Podgorica		1,082,629	1,082,629	0	69	69	0.2%
Total	388,707,198	181,887,632	570,594,830	93	103	96	100.0%
Pozavarovalnica Triglav Re	56,982,465		56,982,465	113	0	113	
Consolidation eliminations	-29,297,413	-3,439,366	-32,736,779	102	477,690	114	
Total - consolidated	416,392,250	178,448,266	594,840,516	95	101	97	

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

** Gross claims paid in the period from 1 January 2015 to the date the insurer was sold were taken into account.

7.6.1. Non-life insurance

The comparison of growth rates between claims and insurance premiums in non-life insurance shows that insurance premiums grew at a rate of 7 index point higher than claims. Non-consolidated non-life insurance gross claims paid amounted to EUR 388.7 million or 7% less than the year before. Compared to 2014, 2015 was more favourable in terms of loss events, which is described in greater detail in [→ Section 7.2 Environmental impact on the performance of the Triglav Group and Zavarovalnica Triglav]. The preceding year recorded major loss events, which had an impact on most of the Group's insurance companies.

In **health insurance** gross claims increased by 7%, accounting for 15.2% of the total gross claims, amounting to EUR 86.7 million. An 8% claims increase was primarily due to insurance portfolio growth

7.6 Gross claims paid

In the reporting period, the Triglav Group posted a total of EUR 594.8 million in consolidated gross claims (including claim handling costs and subrogation receivables), or 3% less than in the previous year. Gross claims paid in **non-life insurance** decreased by 8% compared to 2014 and totalled EUR 330.0 million. Gross claims paid in **life insurance** equalled EUR 178.4 million (index 101) and in **health insurance** they totalled EUR 86.4 million (index 108).

Excluding Pozavarovalnica Triglav Re, the insurance subsidiaries of the Triglav Group posted EUR 570.6 million in non-consolidated gross claims, which was 4% less than in the preceding year. Growth rates in gross claims paid were observed in Triglav Osiguranje, Belgrade (index 108), Triglav, Zdravstvena zavarovalnica (index 108) and Triglav Osiguranje, Zagreb (index 105), while the highest decrease of 31% in gross claims paid was experienced by Triglav Osiguranje, Banja Luka and by Lovćen životna osiguranja. Gross claims paid decreased in Lovćen Osiguranje, Podgorica (9%), Zavarovalnica Triglav (7%), Triglav Osiguruvanje, Skopje (6%) and Triglav Osiguranje, Sarajevo (1%). In the period up to their sale, Triglav Pojišt'ovna incurred EUR 6.4 million and Skupna pokojninska družba EUR 14.0 million of gross claims.

in Triglav, Zdravstvena zavarovalnica. On contrast, gross claims paid in Lovćen Osiguranje, Podgorica decreased by 2%. Equalisation scheme expenses totalled EUR 7.5 million or 4% less than in 2014 (a decrease of EUR 309 thousand).

Total claims for the **comprehensive car insurance** class represented 14.6% of total gross claims paid. Total claims paid by the Group's insurance companies amounted to EUR 83.3 million, which was 4% less than in 2014. In Zavarovalnica Triglav, which accounts for almost 85% of total comprehensive car insurance, gross claims settled experienced a 2% decrease. Premium declines were posted by Triglav Osiguranje, Banja Luka and Triglav Osiguruvanje, Skopje. Substantial growth in gross claims by Triglav Osiguranje, Zagreb (index 124), Triglav Osiguranje, Sarajevo (index 122) and Triglav Osiguranje, Belgrade (index 112) resulted from a larger portfolio and a higher number of reported claims.



A 6% decrease in gross claims paid was recorded in the **motor liability insurance** class. Gross claims paid amounted to EUR 82.8 million, which was 14.5% of all claims settled. In Zavarovalnica Triglav, which accounted for 67% of the total, gross claims settled experienced a 1% decrease mostly due to fewer reported claims. Premium declines were posted by Lovćen Osiguranje, Podgorica and Triglav Osiguranje, Banja Luka. Growth in gross claims by Triglav Osiguranje, Zagreb, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Sarajevo resulted from a higher number of reported claims due to a larger portfolio, whereas gross claims by Triglav Osiguranje, Skopje increased as a result of larger claim payment, occurred in 2010.

Gross claims paid in **property insurance** decreased by as much as 26% compared to the year before, amounting to EUR 75.2 million, representing a 13.2% share in total gross claims paid. In fire and natural disaster insurance, a 32% decrease in gross claims was achieved, along with a 22% drop in other damage to property insurance. All insurance companies recorded a substantial decrease in claims, the largest by Triglav Osiguranje, Banja Luka, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Sarajevo, mostly due to the fact that in 2014 they paid out several large individual claims. Apart from that, the Sarajevo insurer made several high claim settlements arising from floods. Zavarovalnica Triglav holding a 77% share of this insurance class recorded a 25% decrease in claims compared to 2014. High claims paid was also recorded in due to glaze and substantial individual claims paid in combined non-life insurance products fire insurance in industry and in crop and fruit insurance (due to damage in fruit growing caused by hail, hops affected by storms and individual flood events in horticulture).

Claims from **accident insurance** decreased by 1%, amounting to EUR 23.1 million. The decrease in claims in this insurance class was mostly due to the drop in gross claims paid in Triglav Osiguranje, Sarajevo (which in 2014 experienced large payments of claims in group accident insurance) and the parent company. In Zavarovalnica Triglav (representing a 57% share of the Group's total claims from accident insurance) a 6% decrease in gross claims paid was mainly a result of a decrease in gross claims paid in the largest insurance subclass of group accident insurance and passenger accident insurance. In contrast, high growth in gross claims was posted by Triglav Osiguranje, Belgrade, Triglav Osiguranje, Zagreb and Triglav Osiguranje, Skopje. A high growth in Triglav Osiguranje, Belgrade was the result of high claims paid arising from accident insurance for pensioners, while those in Triglav Osiguranje, Skopje resulted from collective insurance for managers and increased claim payment due to traffic injuries and in Triglav Osiguranje, Zagreb due to higher claim settlement resulting from a larger portfolio in these insurance classes.

Gross claims paid in **general liability insurance** grew by 2%, predominantly due to 120% higher claims paid by Triglav Osiguranje, Zagreb, resulting from hunting club liability insurance. An increase in claims was also recorded in Triglav Osiguranje, Skopje, and Triglav Osiguranje, Sarajevo. Zavarovalnica Triglav, holding an 84% share of this insurance class, recorded a 1% decrease in claims.

Gross claims paid in **credit insurance** amounted to EUR 3.6 million or 11% less than the year before. Gross claims paid by the parent company, accounting for the majority of total claims in this insurance class, went down by 6%. This drop was primarily caused by decreased claims in consumer loan insurance and overdraft insurance, in both largest insurance subclasses. A significant decrease in gross claims paid was also recorded in Triglav Osiguranje, Sarajevo.

Gross claims paid from **other non-life insurance** increased by 1% to EUR 17.5 million, mostly due to higher claims paid by Triglav Osiguranje, Belgrade and the parent company. A high growth in Triglav Osiguranje, Belgrade primarily resulted from high claims paid arising from miscellaneous financial loss insurance and goods in transit insurance as well as prompt reporting of claims in suretyship insurance (extended warranty insurance) due to the announced bankruptcy of a policyholder. Main reasons of a high growth in the parent company laid mainly in higher gross claims paid in business interruption insurance due to fire (payment of three fire insurance claims) and assistance insurance (more claims in roadside assistance insurance). In other insurance subsidiaries gross claims paid decreased compared to the preceding year.

7.6.2 Life insurance

Gross claims paid in **life insurance** equalled EUR 181.9 million and were 3% higher compared to the previous year. Their share in total assets rose by 2.2 percentage point to 31.9%. In most of insurance companies, which sell life insurance, gross claims settled experienced a decrease, except for Triglav Osiguranje, Sarajevo which recorded a 30% growth.

The bulk of all claims settled is accounted for by **life insurance** (traditional life insurance, annuity pension insurance, pension insurance and voluntary pension insurance). They amounted to EUR 95.2 million, having decreased by 1% compared to 2014, mainly due to a decreased number of surrenders in the parent company (index 98) and a decrease in sums paid out on the maturity in Lovćen životna osiguranja (index 69).

A 9% drop in claims paid was recorded in **unit-linked life insurance**, where claims paid amounted to EUR 63.6 million, primarily due to a reduced number of withdrawals, decreased number of surrenders, a decrease in sums paid out on the maturity in Zavarovalnica Triglav (index 92).

Gross claims paid **supplemental voluntary pension insurance** were up by 125% or EUR 14.0 million nominally due to the acquisition of Skupna pokojninska družba. Zavarovalnica Triglav recorded a 12% decrease mostly due to reduced payments arising from the withdrawals from insurance contracts.



-3%

Consolidated gross claims paid
of the Triglav Group



-5%

Consolidated gross claims paid
in non-life insurance
of the Triglav Group



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

Insurance class	Gross claims paid			Index		Structure
	2015	2014	2013	2015/2014	2014/2013	2015
Accident insurance	23,064,153	23,237,163	23,994,135	99	97	4.0%
Health insurance	86,682,236	80,637,406	79,449,696	107	101	15.2%
Comprehensive car insurance	83,274,316	86,380,096	93,693,045	96	92	14.6%
Real property insurance	75,167,036	101,320,873	97,410,986	74	104	13.2%
Motor liability insurance	82,791,181	88,309,906	99,989,951	94	88	14.5%
General liability insurance	16,560,500	16,289,316	20,635,918	102	79	2.9%
Credit insurance	3,632,285	4,094,322	4,085,486	89	100	0.6%
Other non-life insurance	17,535,492	17,332,517	15,031,300	101	115	3.1%
Non-life insurance	388,707,199	417,601,599	434,290,517	93	96	68.1%
Life insurance	95,215,388	96,417,739	97,896,668	99	98	16.7%
Unit-linked life insurance	63,630,224	69,749,831	52,524,065	91	133	11.2%
Capital redemption insurance	23,042,019	10,243,569	21,180,914	225	48	4.0%
Life insurance	181,887,631	176,411,139	171,601,647	103	103	31.9%
Total	570,594,830	594,012,738	605,892,164	96	98	100.0%

Gross claims paid of Zavarovalnica Triglav by insurance class

Insurance class	Gross claims paid			Index		Structure
	2015	2014	2013	2015/2014	2014/2013	2015
Accident insurance	13,221,459	14,040,118	14,448,864	94	97	3.4%
Health insurance	0	0	0	0	0	0.0%
Comprehensive car insurance	70,653,044	72,370,300	77,741,420	98	93	18.1%
Real property insurance	58,171,331	77,776,342	62,685,273	75	124	14.9%
Motor liability insurance	55,687,886	55,984,098	63,437,935	99	88	14.3%
General liability insurance	13,984,074	14,116,832	19,217,234	99	73	3.6%
Credit insurance	3,666,758	3,909,616	3,767,715	94	104	0.9%
Other non-life insurance	15,088,156	14,419,871	12,645,670	105	114	3.9%
Non-life insurance	230,472,707	252,617,177	253,944,111	91	99	59.0%
Life insurance	88,473,479	89,900,409	93,136,178	98	97	22.7%
Unit-linked life insurance	62,570,579	68,360,419	51,136,600	92	134	16.0%
Capital redemption insurance	9,050,793	10,243,569	21,180,914	88	48	2.3%
Life insurance	160,094,850	168,504,398	165,453,692	95	102	41.0%
Total	390,567,557	421,121,575	419,397,804	93	100	100.0%

7.6.3 Gross claims paid by Pozavarovalnica Triglav Re

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 57.0 million, or 13% more compared to the previous year. This growth was to a large degree caused by an increase in gross claims paid in other damage to property insurance and accident insurance predominantly due to an increase in transactions with ceding companies outside the Group. In the reporting period, gross claims paid in operations in the Triglav Group also grew, which were affected by higher claims paid in motor vehicle liability insurance and accident insurance, primarily from the insurance policies, concluded before 2014.

7.6.4 Gross operating expenses

7.6.4.1 The Triglav Group

Total consolidated gross operating expenses of the Triglav Group totalled EUR 297.6 million, which was 1% more over the preceding year. **Insurance business expenses** of EUR 231.6 million remained at approximately the same level as the year before (index 100), whereas in **non-insurance operations** they increased by 2% (EUR 66.0 million).

The growth of **insurance business operating expenses** was 3.2 index points lower than the growth of gross written premium. Operating expenses of insurance business accounted for 25.2% of gross written

premium, having decreased by 0.8 percentage point compared to the year before. Gross operating expenses in **non-life insurance** decreased (EUR 186.2 million, index 99), while in the **life-insurance** segment they grew by 2% (EUR 35.3 million) and in **health insurance** they went up by 10% (EUR 10.0 million).

Due to more extensive sales campaigns and higher insurance agent fees and commissions, acquisition costs (fees and commissions) increased by 3% to 40.9 million. The costs of goods sold amounted to EUR 17.4 million and remained approximately at the same level as the year before (index 100), while depreciation costs were down 12%, amounting to EUR 15.9 million, mostly due to lower depreciation costs of the parent company [[→ see Section 7.6.4.2 for more details](#)].

With 45.4% labour costs accounted for the largest portion of total expenses, equalling EUR 142.8 million. Labour costs were higher by 1% mainly due to the acquisition of Skupna pokojninska družba, increased costs in Triglav INT due to taking over the corporate governance of insurance subsidiaries outside Slovenia, and strengthening of the sales network in Triglav Osiguranje, Belgrade. Costs of services provided by natural persons other than sole proprietors equalled EUR 2.4 million, representing a decrease of 6%. Other operating expenses totalled EUR 95.3 million, having increased by 5% over the preceding year. Among other operating expenses, the highest increase was seen in costs of intellectual and personal services, costs of entertainment, advertising and trade shows, payment transaction costs, costs of banking services and rents.



In total gross operating expenses, broken down by functional group, costs of insurance contract acquisition accounted for 58.8% and remained unchanged, whilst shares of claim handling costs and asset management costs decreased. Claim handling costs

accounted for 11.3% (11.9% in 2014) and asset management costs for 1.5% (1.8% in 2014). The share of other operating expenses increased to 28.3% compared to 2014 (27.5%).

Gross operating expenses of the Triglav Group by nature

Operating expenses by nature	Gross operating expenses			Index		Structure
	2015	2014	2013	2015/2014	2014/2013	2015
Acquisition costs (fees and charges)	40,864,484	39,525,723	33,162,987	103	119	13.0%
Costs of goods sold	17,384,659	17,373,878	17,963,606	100	97	5.5%
Depreciation of operating assets	15,878,927	18,102,742	21,097,760	88	86	5.0%
Labour costs	142,787,896	141,877,561	142,777,949	101	99	45.4%
- wages and salaries	100,917,730	100,845,025	102,148,128	100	99	32.1%
- social securities and pension insurance costs	22,909,828	22,739,874	24,090,369	101	94	7.3%
- other labour costs	18,960,338	18,292,662	16,539,452	104	111	6.0%
Costs of services provided by natural persons other than SPs together with pertaining taxes	2,399,810	2,540,639	3,037,566	94	84	0.8%
Other operating expenses	95,340,130	91,161,982	99,127,321	105	92	30.3%
- costs of entertainment, advertising, trade shows	16,797,446	14,431,286	15,652,808	116	92	5.3%
- costs of material and energy	12,850,806	13,522,244	14,692,588	95	92	4.1%
- maintenance costs	12,897,999	12,063,080	11,725,485	107	103	4.1%
- reimbursement of labour-related costs	5,587,929	5,276,433	5,059,110	106	104	1.8%
- costs of intellectual and personal services	6,132,729	5,065,774	5,399,634	121	94	1.9%
- non-income-related costs, excluding insurance	3,436,861	4,443,993	7,787,648	77	57	1.1%
- costs of transport and communications services	6,737,430	6,673,403	6,641,991	101	100	2.1%
- costs of insurance premiums	2,552,013	2,458,350	2,437,698	104	101	0.8%
- payment transaction costs and banking services	7,318,672	6,502,926	3,107,927	113	209	2.3%
- rents	7,896,577	7,153,485	8,282,853	110	86	2.5%
- costs of services of professional training	774,024	923,632	1,269,551	84	73	0.2%
- other costs of services	12,343,117	12,596,778	16,920,079	98	74	3.9%
- long-term employee benefits	14,527	50,598	149,949	29	34	0.0%
Total	314,655,906	310,582,525	317,167,189	101	98	100.0%
Consolidation eliminations	-17,041,530	-14,648,828	-14,733,440	116	99	
Total consolidated	297,614,376	295,933,697	302,433,749	101	98	

7.6.4.2 Zavarovalnica Triglav

Gross operating expenses totalled EUR 161.0 million, having decreased by 1% compared to the preceding year. The growth of insurance business operating costs was the same as the growth of gross written premiums. Operating expenses of insurance business in gross written premiums remained unchanged, accounting for 27.5% of gross written premiums.

Acquisition costs (fees and charges) increased by 4% to EUR 22.5 million, primarily as a result of higher fees and commissions of insurance brokers and fronting operations due to increased sales volume through these sales channels. Depreciation costs dropped by 17% to EUR 8.1 million, as the result of the new agreement concluded with a computer hardware and software supplier, due to which the contractual obligations were posted as maintenance costs, as well as reduced costs of already depreciated equipment and lower investment in equipment for insurance operations. With 55.1%, labour costs accounted for the largest portion of total expenses. They amounted to EUR 88.7 million or 3% less compared to the previous year. Costs of services provided by natural persons other than sole proprietors equalled EUR 1.6 million, representing a decrease of 9% over the year before largely due to lower volume of student work. Other operating expenses of EUR 40.0 million grew by 6% over 2014. Among the latter, the highest increase was seen in costs of entertainment, advertising and trade shows, intellectual services and maintenance costs.

Gross operating expenses in non-life insurance remained at approximately the same level as the year before (index 100), reaching EUR 128.1 million. Their share in gross written premiums accounted for 31.1%. Operating expenses in life insurance went down by 4% and totalled EUR 32.9 million. Their share in gross written premiums accounted for 18.8% (19.7% in 2014).

In total gross operating expenses broken down by functional group, acquisition costs accounted for 61.9%, representing an increase of 0.5 percentage points. The costs of other operating expenses increased from 23.7% in 2014 to 23.8% in 2015, whilst shares of claim handling costs and asset management costs decreased. Claim handling costs accounted for 12.5% (12.7% in 2014) and asset management costs for 1.9% (2.2% in 2014).



Gross operating expenses of Zavarovalnica Triglav by nature in 2015

Operating expenses by nature	Gross operating expenses			Index		Structure
	2015	2014	2013	2015/2014	2014/2013	2015
Acquisition costs (fees and charges)	22,549,933	21,781,324	19,342,036	104	113	14.0%
Depreciation of operating assets	8,147,107	9,848,554	10,120,894	83	97	5.1%
Labour costs	88,671,593	91,702,311	89,490,981	97	102	55.1%
- wages and salaries	64,844,070	67,330,797	67,053,812	96	100	40.3%
- social securities and pension insurance costs	10,746,275	10,995,938	11,151,543	98	99	6.7%
- other labour costs	13,081,249	13,375,576	11,285,626	98	119	8.1%
Costs of services provided by natural persons other than SPs together with pertaining taxes	1,597,139	1,756,810	1,962,550	91	90	1.0%
Other operating expenses	40,000,394	37,603,919	40,348,992	106	93	24.9%
- costs of entertainment, advertising, trade shows	9,802,785	8,287,612	10,086,394	118	82	6.1%
- costs of material and energy	3,886,577	4,320,485	4,522,038	90	96	2.4%
- maintenance costs	8,268,625	7,456,486	7,109,126	111	105	5.1%
- reimbursement of labour-related costs	3,196,121	3,380,605	3,479,594	95	97	2.0%
- costs of intellectual and personal services	2,480,439	1,927,551	2,029,052	129	95	1.5%
- non-income-related costs, excluding insurance	1,759,763	1,655,259	1,625,011	106	102	1.1%
- costs of transport and communication services	3,000,063	2,839,107	2,771,131	106	102	1.9%
- costs of insurance premiums	1,234,844	1,277,350	1,315,810	97	97	0.8%
- payment transaction costs and banking services	1,734,967	1,796,461	2,112,331	97	85	1.1%
- rents	2,378,308	2,355,084	2,995,276	101	79	1.5%
- costs of services of professional training	377,539	464,495	833,497	81	56	0.2%
- other costs of services	1,880,362	1,843,424	1,469,733	102	125	1.2%
Total	160,966,165	162,692,918	161,265,453	99	101	100.0%

Gross operating expenses of Zavarovalnica Triglav by insurance class in 2015

Insurance class	Gross operating expenses			Index		Structure
	2015	2014	2013	2015/2014	2014/2013	2015
Accident insurance	9,740,942	9,994,928	9,919,710	97	101	6.1%
Health insurance	0	0	0	0	0	0.0%
Comprehensive car insurance	26,187,256	26,555,561	26,472,691	99	100	16.3%
Real property insurance	40,355,478	40,899,259	42,500,351	99	96	25.1%
Motor liability insurance	26,663,654	27,556,030	27,849,092	97	99	16.6%
General liability insurance	9,660,560	9,507,686	8,961,794	102	106	6.0%
Credit insurance	5,526,264	5,184,989	4,621,280	107	112	3.4%
Other non-life insurance	9,917,997	8,782,582	6,954,425	113	126	6.2%
Non-life insurance	128,052,148	128,481,038	127,279,344	100	101	79.6%
Life insurance	17,489,328	17,496,849	16,819,293	100	104	10.9%
Unit-linked life insurance	13,414,318	14,752,209	15,165,567	91	97	8.3%
Capital redemption insurance	2,010,371	1,962,824	2,001,250	102	98	1.2%
Life insurance	32,914,018	34,211,880	33,986,109	96	101	20.4%
Total	160,966,165	162,692,918	161,265,453	99	101	100.0%



7.6.5 Risk equalisation

7.6.5.1 The Triglav Group

Insurance technical provisions

Within the Triglav Group's own equalisation capacities, 92% claims were covered with the current annual inflow of technical premium by insurance class and with insurance technical provisions formed. The Group was able to equalise risks that exceeded its own equalisation capacities by reinsurance and, to a lesser extent, by co-insurance arrangements.

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 Group allocated EUR 2,600.4 million to gross insurance technical provisions, which in total represented an increase of 11% compared to the preceding year. The main reason for such a high growth primarily lies in the acquisition of Skupna pokojninska družba. In **life** (index 118) and **health insurance** (index 112), the amount of gross insurance technical provisions increased, whilst in **non-life** (index 100) it remained at a level approximately equal to the 2014 year-end.

Insurance technical provisions by type as at 31 December 2015 compared to 31 December 2014:

- **Gross provisions for unearned premium** increased by 2% and reached EUR 252.1 million. Unearned premium from non-life insurance amounted to EUR 249.7 million (index 102), unearned premium from life insurance totalled EUR 442 thousand (index 101) and unearned premium from health insurance reached EUR 2.0 million (index 99).

- **Gross claims provisions** decreased by 1% and amounted to EUR 642.7 million. Claims provisions from non-life insurance totalled EUR 613.2 million (index 99), those from the life-insurance segment stood at EUR 20.1 million (index 100) and those from health insurance amounted to EUR 9.3 million (index 113).
- **Mathematical provisions** rose by 19% to EUR 1,676.8 million. Of the total amount of mathematical provisions, EUR 763.6 million originated in the guarantee fund backing **life insurance** and EUR 457.0 million in the guarantee fund backing **unit-linked life insurance**. In total mathematical provisions, provisions for the guarantee fund backing **supplemental voluntary pension insurance** accounted for EUR 425.8 million and those for the guarantee fund backing **SVPI during the annuity payout period** amounted to EUR 30.3 million. Growth in mathematical provisions mainly resulted from the increase in mathematical provisions for the guarantee fund backing supplemental voluntary pension insurance due to the acquisition of Skupna pokojninska družba.
- **Provisions for bonuses and discounts** were 10% higher and totalled EUR 17.4 million.
- **Other insurance technical provisions** were 15% higher than at the 2014 year-end, equalling EUR 11.5 million. The main reason for the increase was the creation of provisions for the guarantee fund backing SVPI during the annuity payout period in the parent company [→ see Section 7.6.5.2 for more details]. A strong increase in other insurance technical provisions was recorded in Triglav Osiguranje, Zagreb, Triglav Osiguranje, Belgrade and Lovćen Osiguranje, Podgorica due to provisions for unexpired risks. These provisions are made for those insurance classes where such a high historical loss ratio was recorded that additional provisions for unearned premium are required in order to cover future liabilities.

Gross insurance technical provisions of the Triglav Group as at 31 December 2015

	Gross insurance technical provisions			Index	
	31 December 2015	31 December 2014	31 December 2013	2015/2014	2014/2013
Unearned premium	252,057,956	245,995,733	258,066,669	102	95
Mathematical provisions	1,676,784,638	1,412,972,099	1,305,934,730	119	108
Claims provisions	642,687,051	648,827,459	674,436,244	99	96
Provisions for bonuses and discounts	17,382,035	15,845,556	15,399,739	110	103
Other insurance technical provisions	11,530,442	10,014,327	7,595,652	115	132
Total	2,600,442,122	2,333,655,174	2,261,433,034	111	103

Reinsurance

The Triglav Group has access to the global reinsurance market through Pozavarovalnica Triglav Re. In 2015, optimal coverage terms and conditions were achieved in all reinsurance and co-insurance contracts.

The Group allocated EUR 75.5 million of reinsurance premiums to external equalisation, which was 5% more than at the 2014 year-end. Reinsurance premium accounted for 8.2% of total gross written premium. The change in unearned premium related to reinsurance portion totalled EUR 3.3 million (EUR –359 thousand in 2014). The reinsurers' share in gross claims paid amounted to EUR 24.1 million (index 114). The change in gross claims provisions for reinsurers' share in unearned premium equalled EUR –9.0 million (EUR 6.4 million in 2014). The Group also received EUR 2.1 million in reinsurance commissions, representing a 46% decrease compared to 2014. The reinsurance result was negative and amounted to EUR –55.0 million (EUR –40.9 million in 2014).

7.6.5.2 Zavarovalnica Triglav

Insurance technical provisions

As at the reporting date, Zavarovalnica Triglav allocated EUR 2,053.9 million to gross insurance technical provisions, which is approximately at the same level as at the 2014 year-end (index 100). In **non-life insurance**, the amount of gross insurance technical provisions decreased by 4%, whereas in **life insurance** it increased by 1% compared to 2014.

Insurance technical provisions by type as at 31 December 2015 compared to the same day of the preceding year:

- **Gross provisions for unearned premium** decreased by 1% to EUR 180.6 million. Unearned premium from non-life insurance amounted to EUR 180.1 million (index 99), while unearned premium from life insurance totalled EUR 417 thousand, which was 1% higher over 2014.
- **Gross claims provisions** equalled EUR 486.2 million, having dropped by 4% mainly as a result of more favourable loss event developments in 2015. Claims provisions from non-life insurance were 5% lower and amounted to EUR 467.0 million, whilst those from life insurance remained approximately at the same level



as the year before (index 100), totalling by EUR 19.2 million. In addition to the recorded gross claims provisions in the amount of EUR 165.5 million (index 98) and claims provisions for co-insurance of EUR 1.2 million, gross claims provisions of EUR 286.8 million were formed for incurred but not reported claims, which is 5% less than in the previous year. Provisions for claim handling costs dropped by 10% to EUR 43.2 million nominally, while provisions for expected subrogations reduced gross claims provisions by EUR 10.5 million (index 103).

- **Mathematical provisions** were 1% higher and amounted to EUR 1,364.3 million. In total mathematical provisions, EUR 712.0 million originated from the guarantee fund backing **life insurance**, EUR 438.9 million from the guarantee fund backing **unit-linked life insurance**, EUR 183.1 million from the guarantee fund backing **supplemental voluntary pension insurance** and EUR 30.3 million from the guarantee fund backing **SVPI during the annuity payout period**. The movement of the mathematical

provisions reflected the dynamics of premium payments and benefit payouts. There were no significant changes compared to the preceding year. The only two major changes were a lower revaluation surplus (shadow accounting) by EUR 16.4 million and a reduced internally set maximum interest rate used for the valuation of life insurance liabilities, which resulted in an increase in mathematical provisions for the guarantee fund backing life insurance by further EUR 19.1 million.

- **Provisions for bonuses and discounts** increased by 9% to EUR 16.8 million.
- **Other insurance technical provisions** were 20% higher than at the 2014 year-end, equalling EUR 5.9 million. This is mainly the result of provisions of EUR 1.9 million due to a deficit identified by the Liability Adequacy Test (LAT) for the guarantee fund backing supplemental voluntary pension insurance during the annuity payout period.

Gross insurance technical provisions of Zavarovalnica Triglav as at 31 December 2015

	Gross insurance technical provisions			Index	
	31 December 2015	31 December 2014	31 December 2013	2015/2014	2014/2013
Unearned premium	180,558,991	182,902,536	188,286,777	99	97
Mathematical provisions	1,364,323,055	1,347,810,649	1,244,116,610	101	108
Claims provisions	486,247,721	508,999,132	510,090,992	96	100
Provisions for bonuses and discounts	16,817,528	15,380,257	15,040,488	109	102
Other insurance technical provisions	5,916,991	4,950,270	1,737,337	120	285
Total	2,053,864,286	2,060,042,844	1,959,272,204	100	105

Reinsurance

In 2015, the Company earmarked EUR 72.5 million of reinsurance and coinsurance premiums to external equalisation, which was 8% more than in 2014. Reinsurance premium accounted for 12.4% of total gross written premium, 1.0 percentage point more over 2014. A reinsurers' and co-insurers' share of gross claims settled of EUR 24.9 million was received from reinsurance or 20% more than in the previous year.

7.6.6 Structure of financial investments

7.6.6.1 The Triglav Group

Financial assets, investments in subsidiaries and associates and investment property of the Triglav Group went up by 8% over 2014, amounting to EUR 2,959.9 million. Their share in total assets rose

by 1.2 percentage points to 84.7%. Their growth mainly resulted from the acquisition of Skupna pokojninska družba in 2015 and consolidation of its financial investments, which accounted for almost 9% in total financial investments of the Group.

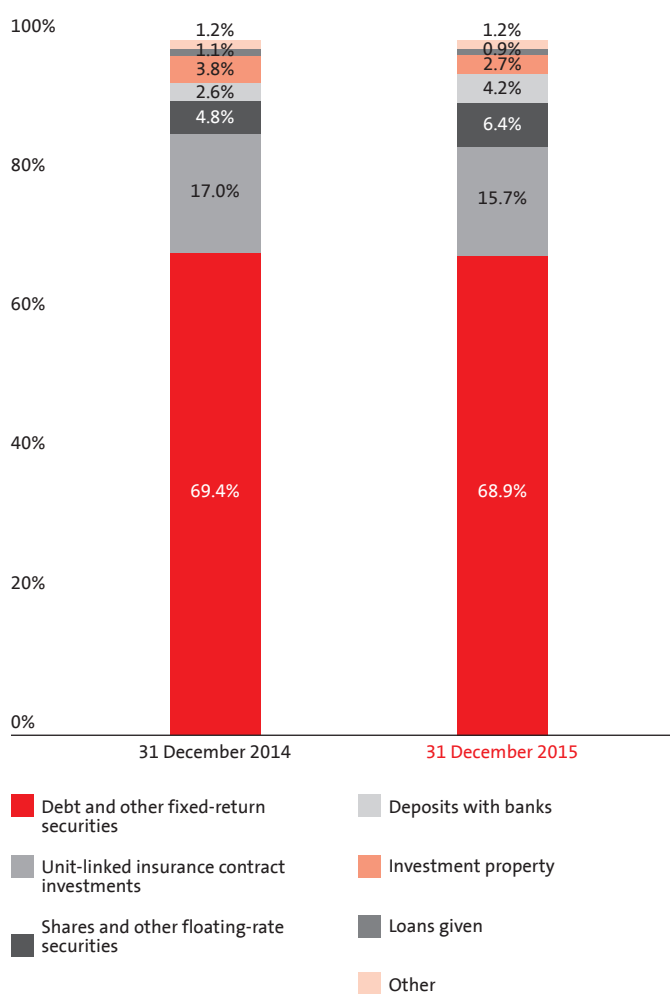
The structure of financial investments of Skupna pokojninska družba is to a large extent similar to the structure of the remaining financial investments of the Triglav Group. It mostly differs in higher exposure to shares and other floating rate securities. Compared to the remaining structure of financial investments of the Group, their proportion was higher than 15%, with equity investments mostly in developing and developed markets. Debt and other fixed-rate securities of Skupna pokojninska družba significantly differ by their credit rating, which is on average lower than the average credit rating of the Group due to a large share of corporate bonds.

Financial investments of the Triglav Group as at 31 December 2015

	Financial investments		Index	Structure
	31 December 2015	31 December 2014	2015/2014	31 December 2015
Investment property	79,475,283	104,861,479	76	2.7%
Shares in associates	6,939,700	10,371,335	67	0.2%
Shares and other floating-rate securities	189,095,441	131,163,508	144	6.4%
Debt and other fixed-return securities	2,039,989,397	1,898,363,632	107	68.9%
Loans given	26,760,736	28,870,695	93	0.9%
Deposits with banks	122,963,931	72,150,085	170	4.2%
Other financial investments	25,966,525	19,358,617	134	0.9%
Financial investments of reinsurance companies in reinsurance contracts with cedents	3,926,832	3,682,053	107	0.1%
Unit-linked insurance contract investments	464,733,921	465,787,739	100	15.7%
Total	2,959,851,766	2,734,609,143	108	100.0%



Structure of financial assets of the Triglav Group as at 31 December 2015 and 31 December 2014



In the reporting period, the Group consistently implemented its strategy of maintaining a high overall credit rating of its investments, adapting the individual shares of investment grades accordingly. The largest, 68.9% share of total financial assets of the Group was maintained by **debt and other fixed-return securities**

(69.4% in 2014). They increased by 7% over 2014 to EUR 2,040.0 million nominally as at the 2015 year-end mainly as a result of consolidation of financial assets of the acquired Skupna pokojninska družba.

Unit-linked insurance contract investments remained approximately at the same level as the year before (index 100). They amounted to EUR 464.7 million, accounting for 15.7% of total assets.

Shares and other floating rate securities totalled EUR 189.1 million, having increased by 44% as a result of the acquisition of Skupna pokojninska družba and consolidation of its equity investments. As a result, their share in total financial assets rose by 1.6 percentage points to 6.4%.

Deposits with banks were up by 70% to EUR 123.0 million compared to 2014, accounting for 4.2% of total financial assets. The main reasons were shorter maturities of investments and the preparation of liquidity for further reinvestment.

Investment property stood at EUR 79.5 million, down by 24% compared to 2014, mostly resulting from the disclosure of a portion of the real property portfolio as non-current assets held for sale. They accounted for 2.7% of total financial assets.

Loans given declined by 7% over the previous year and amounted to EUR 26.8 million, accounting for only 0.9% of the total. **Other financial investments** accounted for 0.9% of total investments. They were higher by 34% and amounted to EUR 26.0 million mainly due to the acquisition of Skupna pokojninska družba and consolidation of its investments.

Investments in associates fell by 33% to EUR 6.9 million in nominal terms (a 0.2% share). **Financial investments of reinsurance companies in reinsurance contracts with cedents** increased by 7% to EUR 3.9 million over the 2014 year-end and accounted for a 0.1% share of total financial assets.

By issuer sector, government bonds representing 57.2% continued to account for the bulk of total debt securities (65.5% as at the 2014 year-end). Compared to 31 December 2014, they fell by 6% and their share in total financial assets by 8.3 percentage points. Structured bonds decreased by 1.0 percentage point (a 1.2% share) as did their value (index 59). In contrast, the shares of corporate bonds (23.1%) and financial bonds (18.5%) in total debt securities increased, primarily as a result of a lower exposure to Slovene government bonds and investment diversification to both sectors.

Debt securities of the Triglav Group by issuer sector in 2015 and 2014*

Issuer sector	Debt securities		Index 2015/2014	Structure	
	31 December 2015	31 December 2014		31 December 2015	31 December 2014
Corporate	470,577,303	298,591,083	158	23.1%	15.7%
Financial	377,058,528	313,411,226	120	18.5%	16.5%
Government	1,167,256,349	1,243,675,381	94	57.2%	65.5%
Structured	25,097,218	42,685,942	59	1.2%	2.2%
Total	2,039,989,397	1,898,363,632	107	100.0%	100.0%

* Unit-linked insurance contract investments data excluded.

In total debt securities **by issuer credit rating**, a lower exposure to bonds with the highest credit rating continued in 2015. The share of AAA-rated bonds (13.3%) decreased due to the sale of German and French government bonds. Moreover, the highest increase was recorded in the share of bonds in credit rating grades below the BBB-rating (by 4.7 percentage points), which mainly resulted

from the fact that additional government and corporate bonds in these grades were purchased. A higher share of bonds in credit rating grades with no agency credit rating assigned (index 226) was mostly affected by the acquisition of Skupna pokojninska družba and consolidation of its investments.



Debt securities of the Triglav Group by issuer credit rating in 2015 and 2014*

Credit rating	Debt securities		Index	Structure	
	31 December 2015	31 December 2014		31 December 2015	31 December 2014
AAA	270,712,813	318,412,989	85	13.3%	16.8%
AA	79,607,769	79,671,514	100	3.9%	4.2%
A	260,515,926	261,010,489	100	12.8%	13.7%
BBB	997,078,824	970,935,626	103	48.9%	51.1%
Below BBB	338,017,756	226,806,796	149	16.6%	11.9%
Not rated	94,056,308	41,526,219	226	4.6%	2.2%
Total	2,039,989,397	1,898,363,632	107	100.0%	100.0%

* Unit-linked insurance contract investments data excluded.

Changes in exposure of **debt securities to individual countries** are a result of price fluctuations and active trading. Most purchases were made in investments in peripheral countries, particularly in investments of Italian (index 143), Dutch (index 141) and Spanish

issuers (index 127). Changes in the exposure of the Triglav Group are predominately a result of the parent company's activities, as in detail described in [→ [Section 7.6.6.2](#)].

Debt securities of the Triglav Group by issuer country in 2015 and 2014*

Country of issuer	Debt securities		Index	Structure	
	31 December 2015	31 December 2014		31 December 2015	31 December 2014
Slovenia	515,076,149	550,739,434	94	25.2%	29.0%
Germany	164,673,003	203,189,067	81	8.1%	10.7%
Netherlands	158,994,228	112,597,790	141	7.8%	5.9%
Spain	151,086,175	119,063,904	127	7.4%	6.3%
Italy	137,039,034	95,968,528	143	6.7%	5.1%
France	105,750,984	113,461,521	93	5.2%	6.0%
Other	807,369,824	703,343,389	115	39.6%	37.0%
Total	2,039,989,397	1,898,363,632	107	100.0%	100.0%

* Unit-linked insurance contract investments data excluded.

A proportion of **shares** climbed by 39%, predominantly resulting from net purchases and consolidation of equity investments of Skupna pokojninska družba. In the reporting year, exposure

to shares of developing markets (index 345) and shares of the developed markets (index 170) increased.

Equity investments of the Triglav Group by geographic area in 2015 and 2014

Geographic area	Equity investments		Index	Structure	
	31 December 2015	31 December 2014		31 December 2015	31 December 2014
Slovenia	67,747,852	67,086,998	101	34.6%	47.4%
Developed markets	99,929,844	58,821,494	170	51.0%	41.6%
Developing markets	19,508,920	5,662,800	345	10.0%	4.0%
Balkans	8,848,525	9,963,550	89	4.5%	7.0%
Total	196,035,141	141,534,843	139	100.0%	100.0%



7.6.6.2 Zavarovalnica Triglav

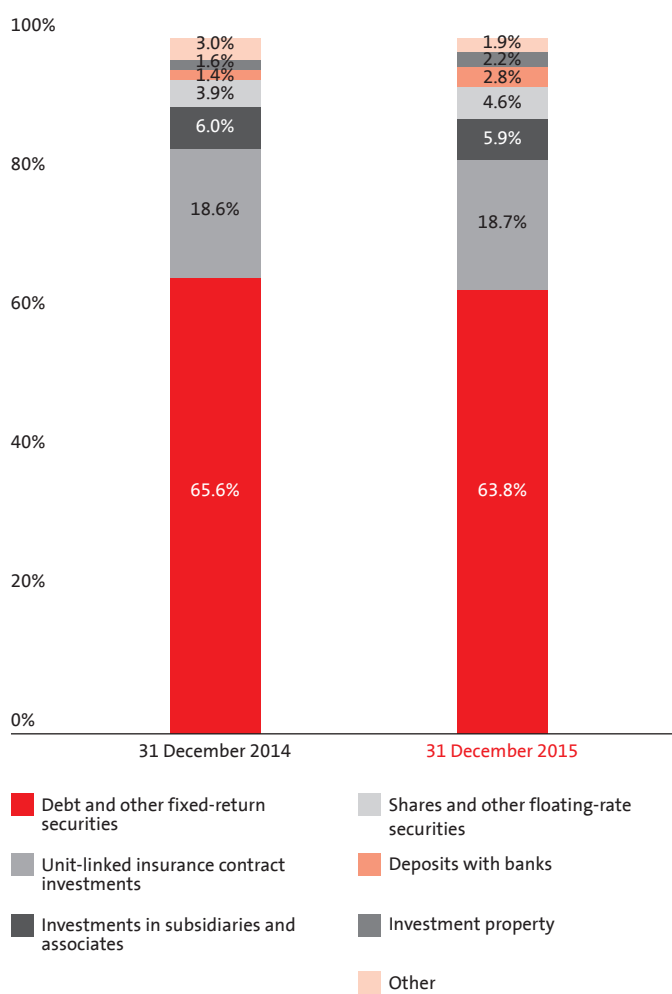
Financial assets, investments in subsidiaries and associates and investment property as at 31 December 2015 stood at

EUR 2,389.3 million, which was 1% less compared to the 2014 year-end. Their share in total assets was 89.0%, the same as the year before.

Financial assets of Zavarovalnica Triglav as at 31 December 2015 and 31 December 2014

	Financial investments		Index	Structure
	31 December 2015	31 December 2014	2015/2014	31 December 2015
Investment property	52,870,808	37,972,457	139	2.2%
Investments in subsidiaries and associates	141,948,911	144,226,398	98	5.9%
Shares and other floating-rate securities	110,176,657	94,055,462	117	4.6%
Debt and other fixed-return securities	1,525,459,475	1,589,817,995	96	63.8%
Loans given	40,038,012	69,228,331	58	1.7%
Deposits with banks	66,846,988	33,708,868	198	2.8%
Other financial investments	2,620,871	3,072,247	85	0.1%
Derivative financial instruments	2,708,914	698,620	388	0.1%
Unit-linked insurance contract investments	446,589,561	449,802,771	99	18.7%
Total	2,389,260,196	2,422,583,150	99	100.0%

Structure of financial assets of Zavarovalnica Triglav as at 31 December 2015 and 31 December 2014



The largest, 63.8% share of total financial assets of the Company was maintained by **debt and other fixed-return securities**. As at the 2015 year-end, they reached EUR 1,525.5 million, having decreased by 4% over the preceding year.

Unit-linked life insurance contracts investments amounted to EUR 446.6 million as at the end of 2015 and were 1% lower. They accounted for 18.7% of total financial assets.

Compared to 31 December 2014, **financial investments in subsidiaries and associates** decreased by 2% to EUR 141.9 million, representing 5.9% of total financial assets. The decrease was the result of changes within the Triglav Group [→ see Section 9.2.2 for more details].

Investments in shares and other floating-rate securities grew by 17% to EUR 110.2 million in nominal terms. Their share in total financial assets climbed by 0.7 percentage point to 4.6%.

Deposits with banks increased by as much as 98% to EUR 66.8 million, mainly due to shorter maturities of investments and the preparation of liquidity for further reinvestment. In total financial assets, they accounted for a 2.8% share (1.4% as at the 2014 year-end).

Investment property stood at EUR 52.9 million and increased by 39% predominantly due to the dividend payment of Slovenijales in the form of Slovenijales commercial building. They accounted for 2.2% of total financial assets.

Compared to 2014, **loans given** were lower by 42% primarily as a result of debt to equity swap of Triglav INT. They amounted to EUR 40.0 million and accounted for a 1.7% share of total financial assets.

Other financial investments stood at EUR 2.6 million (index 85), representing a 0.1% share of total financial assets. **Derivatives** increased by 288% mainly due to the purchase of forwards to hedge the interest rate sensitivity. They reached EUR 2.7 million and accounted for a 0.1% share of total financial assets.

By issuer sector, government bonds, representing 55.6%, continued to account for the bulk of total debt securities (63.5% as at 31 December 2014). Compared to 31 December 2014, they dropped by 16%, while their share in total financial assets fell by 7.9 percentage points. Structured bonds decreased by 1.1 percentage point as did their value (index 59). In contrast, the shares of corporate bonds (21.6%) and financial bonds (21.1%) in total debt securities increased, mainly as a result of a lower exposure to Slovene government bonds and investment diversification to both sectors.



Debt securities of Zavarovalnica Triglav by issuer sector in 2015 and 2014*

Issuer sector	Debt securities		Index	Structure	
	31 December 2015	31 December 2014		31 December 2015	31 December 2014
Corporate	330,059,084	260,010,200	127	21.6%	16.4%
Financial	322,557,140	278,178,360	116	21.1%	17.5%
Government	847,746,971	1,008,943,897	84	55.6%	63.5%
Structured	25,096,280	42,685,539	59	1.6%	2.7%
Total	1,525,459,475	1,589,817,995	96	100.0%	100.0%

* Unit-linked insurance contract investments data excluded.

In total debt securities **by issuer credit rating**, a lower exposure to bonds with the highest credit rating continued in 2015. The share of AAA-rated bonds decreased due to the sale of German and French government bonds. Moreover, a much higher share of bonds in credit rating grades below the BBB-rating (by 2.2 percentage points) mostly resulted from additional purchases of government and corporate bonds in these grades. A high growth

was also recorded in bonds in credit rating grades with no agency credit rating assigned (index 187), which was a result of both new purchases of debt securities of Slovenski državni holding (SDH) and a continued growth in the prices of bonds in this credit rating grade. Moreover, the share of bonds with the AA credit rating increased (by 0.1 percentage point).

Debt securities of Zavarovalnica Triglav by issuer credit rating in 2015 and 2014*

Credit rating	Debt securities		Index	Structure	
	31 December 2015	31 December 2014		31 December 2015	31 December 2014
AAA	228,870,548	280,322,943	82	15.0%	17.6%
AA	74,863,752	76,472,078	98	4.9%	4.8%
A	231,117,017	241,018,389	96	15.2%	15.2%
BBB	810,101,227	865,975,039	94	53.1%	54.5%
Below BBB	126,109,677	96,896,476	130	8.3%	6.1%
Not rated	54,397,254	29,133,071	187	3.6%	1.8%
Total	1,525,459,475	1,589,817,995	96	100.0%	100.0%

* Unit-linked insurance contract investments data excluded.

Changes in exposure of **debt securities to individual countries** were a result of price fluctuations and active trading. The increase in the positions of these securities can be attributed to price changes and net purchases, as the exposure to some positions was increased.

A lower exposure to issuer countries with the highest credit ratings resulted from reservations to invest in securities with a relatively low return under the current conditions of record-low interest rates.

Debt securities of Zavarovalnica Triglav by issuer country in 2015 and 2014*

Country of issuer	Debt securities		Index	Structure	
	31 December 2015	31 December 2014		31 December 2015	31 December 2014
Slovenia	356,141,605	477,325,016	75	23.3%	30.0%
Spain	142,750,925	112,276,088	127	9.4%	7.1%
Germany	137,581,785	184,163,008	75	9.0%	11.6%
Italy	121,425,167	93,946,562	129	8.0%	5.9%
Netherlands	114,412,956	94,387,310	121	7.5%	5.9%
France	90,931,009	103,611,978	88	6.0%	6.5%
Other	562,216,028	524,108,034	107	36.9%	33.0%
Total	1,525,459,475	1,589,817,995	96	100.0%	100.0%

* Unit-linked insurance contract investments data excluded.

The proportion of **shares** in total financial assets rose by 6%, primarily due to the purchases of shares in developing and developed markets, where exposure to those shares increased.

Equity investments of Zavarovalnica Triglav by geographic area in 2015 and 2014

Geographic area	Equity investments		Index	Structure	
	31 December 2015	31 December 2014		31 December 2015	31 December 2014
Slovenia	197,430,305	195,723,206	101	78.3%	82.1%
Developed markets	42,075,285	33,973,340	124	16.7%	14.3%
Developing markets	9,106,584	3,653,911	249	3.6%	1.5%
Balkans	3,513,394	4,931,403	71	1.4%	2.1%
Total	252,125,568	238,281,861	106	100.0%	100.0%



8

Financial Result of the Triglav Group and Zavarovalnica Triglav

- In 2015, the Triglav Group generated a net profit of EUR 88.9 million or 4% more compared to 2014 and achieved a 12.8% return on equity.
- Compared to the preceding year, net profit of Zavarovalnica Triglav grew by 28% and reached EUR 58.5 million and a 10.9% return on equity.
- The combined ratio of the Group and most of its insurance companies improved primarily due to the absence of major mass loss events.
- A lower return on financial investments of the Group decreased due to the negative impact of the change in fair value.

8.1 The Triglav Group

In 2015, the Triglav Group's performance was solid. It ended 2015 with a **net profit** of EUR 88.9 million, representing a 4% increase over the preceding year. Net profit attributable to the shareholders of the controlling company amounted to EUR 88.8 million (index 104), whereas net profit attributable to minority shareholders totalled EUR 36 thousand (EUR 294 thousand in 2014). The Company's **profit before tax** rose by 2% to EUR 102.5 million. Compared to 2014, **net return on equity** decreased by 0.6 percentage point to 12.8%.

Combined ratio in non-life insurance, which shows profitability of operations, was favourable at 92.8%. Any value of this ratio below 100 means that the non-life insurance portfolio as the core business (excluding return on investments) is earning a profit. Compared to the preceding year, the Group's combined ratio improved by 3.5 percentage points. In contrast to 2014, major loss events had no impact on the Group's performance in the reporting period.

The combined ratios in non-life insurance in the Triglav Group and individual insurance companies in 2015 compared to 2014

Insurance company	2015	2014	Change
Zavarovalnica Triglav	86.2%	94.7%	-8.5 p.p.
Triglav, Zdravstvena zavarovalnica	98.9%	93.4%	5.5 p.p.
Pozavarovalnica Triglav Re	93.6%	96.2%	-2.6 p.p.
Triglav Osiguranje, Zagreb	119.4%	109.6%	9.8 p.p.
Triglav Osiguranje, Sarajevo	99.8%	107.9%	-8.1 p.p.
Lovćen Osiguranje, Podgorica	111.8%	97.0%	14.8 p.p.
Triglav Osiguranje, Belgrade	107.3%	108.6%	-1.3 p.p.
Triglav Osiguranje, Banja Luka	102.3%	98.6%	3.7 p.p.
Triglav Osiguruvanje, Skopje	101.7%	103.3%	-1.5 p.p.
The Triglav Group	92.8%	96.3%	-3.5 p.p.

8.1.1 Premium income, claims incurred and operating expenses

Net premium earned (calculated on the basis of gross written insurance and co-insurance premium, reduced by the reinsurers share and adjusted by the change in gross unearned premium taking into account the reinsurers share in unearned premium) amounted to EUR 839.2 million or 2% less than in 2014. Net life premium earned increased by 14%, primarily due to the acquisition of Skupna pokojninska družba. Net premium earned from health insurance rose by 1%, whereas net non-life premium declined by 1%. Ceded written premium amounted to EUR 77.0 million and was 5% higher over the preceding year. The change in net unearned premium was negative at EUR -2.9 million, whereas in 2014 it was EUR 4.9 million.

Net claims incurred (gross claims increased by claim handling costs, reduced by the reinsurers' and co-insurers' shares and subrogated receivables, adjusted by the change in gross claims provisions taking into account the reinsurers' and co-insurers' shares in these provisions) decreased by 4% to EUR 570.3 million nominally compared to the preceding year, whilst in non-life insurance they dropped by 10%. Unlike the preceding year, the reporting year was favourable in terms of mass loss events. Net claims incurred in life insurance rose by 1% mainly due to the acquisition of Skupna pokojninska družba and by 8% in health insurance. The reinsurers' and co-insurers' shares in gross claims increased by 16% and totalled EUR 23.5 million. The change in net claims provisions amounted to EUR -8.4 million and remained approximately at the level of the previous year (index 100). Equalisation scheme expenses for supplemental health insurance declined by 4% or EUR 7.5 million nominally.

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 201.8 million and were 1% higher. Acquisition costs remained approximately at the same level as the year before (index 100), reaching EUR 136.2 million, whilst other operating expenses grew by 3% to EUR 65.6 million.



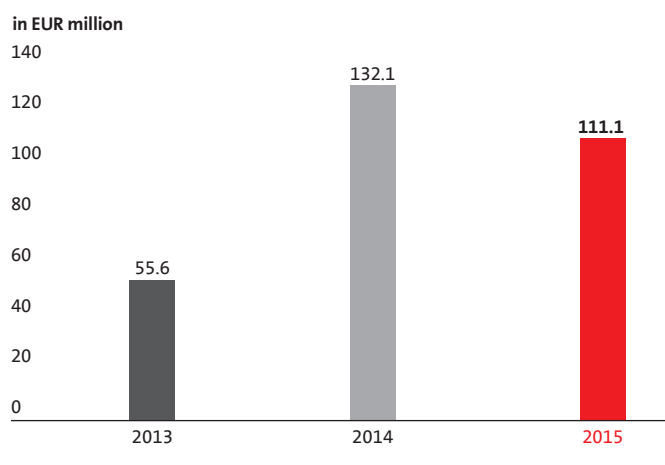
8.1.2 Income and expenses from financial assets

Income from financial assets rose by 27% and reached EUR 300.9 million, primarily due to the changes in fair value of EUR 39.3 million (index 147), resulting from active trading and price fluctuations. Gains on disposal of financial assets in the amount of EUR 77.5 million (index 129) additionally contributed to income growth and were also the consequence of high price fluctuations and active trading. Income from financial assets in associates increased substantially, amounting to EUR 5.5 million (EUR 148 thousand in 2014), predominantly as a result of the acquisition of Skupna pokojninska družba. The latter and consolidated reporting on returns from its investments affected the 17% growth in income from other financial assets that reached EUR 202.6 million. Net unrealised gains on unit-linked life insurance assets increased by 46%, totalling EUR 92.9 million.

Consolidated financial expenses equalled EUR 180.4 million or 199% more than in 2014, whilst expenses from financial assets in associates totalled EUR 1.2 million (EUR 71 thousand in 2014). Expenses from other financial assets of EUR 95.8 million represented the bulk of total financial expenses. Their high growth (index 235) was primarily the result of the change in fair value of EUR 49.5 million (index 384) due to active trading and price fluctuations. Losses on financial assets amounting to EUR 21.8 million (index 220) additionally contributed to higher expenses and were also the consequence of price fluctuations and active trading. High growth was also recorded in net unrealised gains on unit-linked life insurance assets, which amounted to EUR 83.4 million (index 427). Permanent impairments of EUR 3.8 million went down by 40% compared to 2014.

Return on financial investments (excluding unit-linked insurance contract investments) represents the difference between income and expenses from financial assets. It amounted to EUR 111.1 million, having decreased by 16% compared to 2014 mostly as a result of the negative impact of the change in fair value. Return on financial investments also impacts the insurance technical provisions and the profit before tax of the Group. See [→ Section 8.1.3 (table: Profit before tax of the Triglav Group)] for the impact of return on investments on the profit before tax.

The return on financial investments of the Triglav Group (excluding unit-linked insurance contract investments) in the 2013–2015 period



8.1.3 Change in other insurance technical provisions and other income and expenses

Changes in other insurance technical provisions summed up to EUR 60.3 million or 1% more than a year earlier, with the change in mathematical provisions totalling EUR 60.6 million (58.6 million in 2014) and the change in other provisions amounting to EUR –296 thousand (EUR 1.1 million in 2014).

Change in insurance technical provisions for unit-linked insurance contracts equalled EUR –1.9 million (EUR 23.8 million in 2014) due to the decrease in price of fund units. **Expenses for bonuses and discounts** remained at approximately the same level as at the 2014 year-end (index 100), amounting to EUR 10.2 million.

Other income from insurance operations was down by 15%, reaching EUR 7.4 million. **Other income** fell by 8%, reaching EUR 77.3 million. **Other insurance expenses** decreased by 11% and totalled EUR 18.2 million, while **other expenses** grew by 3% to EUR 82.9 million.



Income statement of the Triglav Group for 2015 – according to IFRS

	2015	2014	in EUR Index
Net premium income	839,167,224	819,864,481	102
- gross written premium	919,116,265	888,246,603	103
- ceded written premium	-77,045,634	-73,316,563	105
- change in unearned premium	-2,903,407	4,934,441	
Income from financial assets	300,908,574	236,378,245	127
Income from financial assets in associates	5,454,600	147,755	3,692
- profit on equity investments accounted for using the equity method	1,024,797	147,755	694
- realised gains on disposals	4,429,803	0	0
Income from other financial assets	202,577,180	172,738,610	117
- interest income	71,242,548	73,244,445	97
- dividends	3,218,520	4,843,275	66
- fair value gains	39,290,809	26,799,233	147
- realised gains on disposals	77,477,505	60,089,485	129
- other financial income	11,347,798	7,762,172	146
Net unrealised gains on unit-linked life insurance assets	92,876,794	63,491,880	146
Other income from insurance operations	7,430,958	8,744,516	85
- fees and commission income	2,494,636	4,110,851	61
- other income from insurance operations	4,936,322	4,633,665	107
Other income	77,260,256	84,197,373	92
Net claims incurred	570,343,294	594,726,608	96
- gross claims settled	594,840,516	615,722,529	97
- reinsurers' share	-23,535,397	-20,330,306	116
- changes in claims provisions	-8,430,995	-8,443,475	100
- equalisation scheme expenses for supplementary health insurance	7,469,170	7,777,860	96
Change in other insurance technical provisions (excluding ULI)	60,340,392	59,648,824	101
Change in insurance technical provisions for unit-linked insurance contracts	-1,882,145	23,841,561	
Expenses for bonuses and discounts	10,202,959	10,219,321	100
Operating expenses	201,796,133	199,423,503	101
- acquisition costs	136,158,419	135,886,064	100
- other operating costs	65,637,714	63,537,439	103
Expenses from financial assets and liabilities	180,367,256	60,278,747	299
Expenses from financial assets and liabilities in associates	1,160,415	70,574	1,644
- loss on investments accounted for using the equity method	295,258	70,574	418
- realised loss on disposals	865,153	0	0
- loss on impairment of financial assets	4	0	0
Expenses from other assets and liabilities	95,773,879	40,689,456	235
- interest expense	2,177,446	2,948,802	74
- fair value losses	49,537,301	12,897,286	384
- realised loss on disposals	21,803,897	9,930,193	220
- loss on impairment of financial assets	3,827,445	6,341,300	60
- other expenses from financial assets and liabilities	18,427,790	8,571,875	215
Net unrealised losses on unit-linked insurance assets	83,432,962	19,518,717	427
Other insurance expenses	18,212,146	20,349,159	89
Other expenses	82,909,300	80,285,864	103
Profit/loss before tax	102,477,677	100,411,028	102
Income tax expense	13,616,483	14,728,560	92
Net profit/loss for the accounting period	88,861,194	85,682,468	104
Net profit/loss attributable to the controlling company	88,825,435	85,388,016	104
Net profit/loss attributable to non-controlling interest holders	35,759	294,452	12

Financial result ratios of the Triglav Group

Financial result ratios	2015	2014	2013
Claims ratio	62.5%	66.2%	61.7%
Expense ratio	30.3%	30.0%	29.3%
Combined ratio	92.8%	96.3%	91.0%
Operating expenses of insurance business in gross written premiums	25.2%	26.0%	25.6%
Gross written premium per company employee* (in EUR)	209,796	199,516	204,330

* Only the employees of the insurance companies and the reinsurance company within the Triglav Group were taken into account.

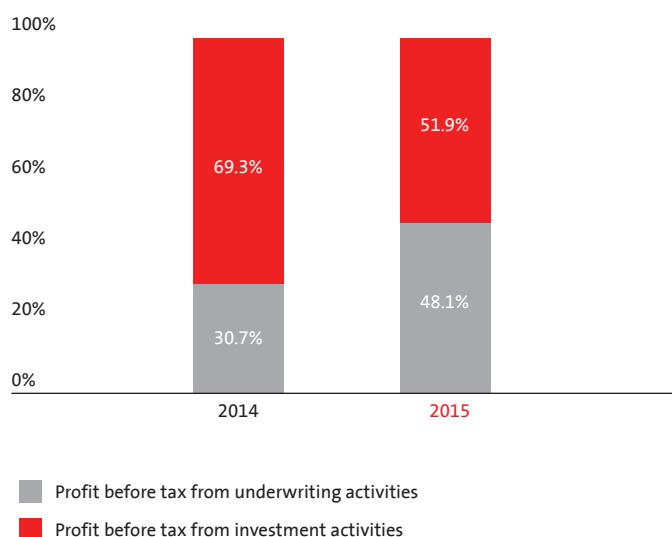


Profit before tax of the Triglav Group in 2014 and 2015*

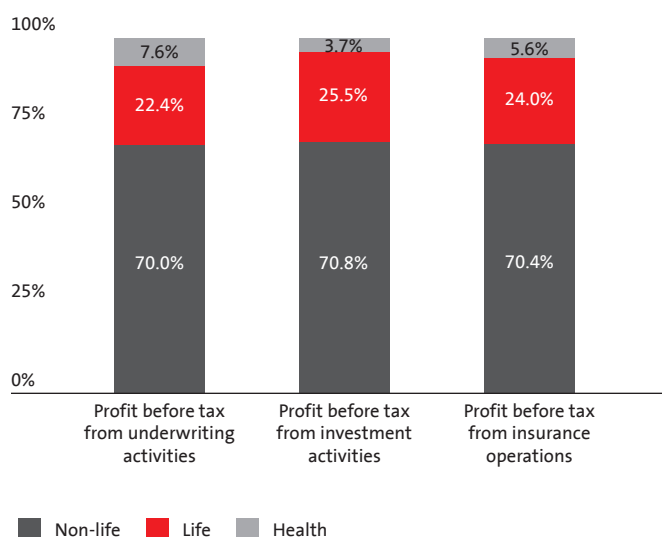
	2015				2014			
	Non-life	Life	Health	Total	Non-life	Life	Health	Total
Profit before tax from underwriting activities	32,997,841	10,557,172	3,575,415	47,130,428	11,623,361	9,348,685	9,503,083	30,475,129
Profit before tax from investment activities	36,062,917	12,987,149	1,899,836	50,949,902	59,185,707	7,400,125	2,134,591	68,720,423
Profit before tax from insurance operations	69,060,758	23,544,321	5,475,251	98,080,330	70,809,068	16,748,810	11,637,674	99,195,552
Profit before tax from non-insurance operations				4,397,347				1,215,476
Total profit before tax				102,477,677				100,411,028

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

Structure of profit before tax of the Triglav Group in 2014 and 2015



Structure of profit before tax of the Triglav Group by insurance type





8.2 Zavarovalnica Triglav

Solid business results were recorded by Zavarovalnica Triglav as well as it performed well, ending 2015 with a profit. Compared to the preceding year, the Company's **net profit** grew by 28% and reached EUR 58.5 million. The Company's **profit before tax** rose by 19% to EUR 68.4 million. Net return on equity stood at 10.9%, having risen by 2.2 percentage points compared to the preceding year.

Combined ratio in non-life insurance was 86.2%. It improved by 8.5 percentage points compared to 2014, when extraordinary mass loss events were recorded.

8.2.1 Premium income, claims incurred and operating expenses

Net premium earned (calculated on the basis of gross written insurance and co-insurance premiums, reduced by the reinsurers' share and adjusted by the change in gross unearned premiums taking into account the reinsurers' share in unearned premiums) amounted to EUR 517.0 million and was 2% lower than in 2014. Net non-life premium earned was 4% lower, whilst net life premium earned remained at approximately the same level as in 2014 (index 100). Gross written premium from reinsurance and co-insurance operations totalled EUR 72.5 million, representing an 8% increase over 2014. Net unearned premium amounted to EUR 3.2 million, representing a 26% decrease compared to the previous year.

Net claims incurred (gross claims increased by claim handling costs, reduced by the reinsurers' and co-insurers' shares and subrogation receivables, adjusted by the change in gross claims provisions taking into account the reinsurers' and co-insurers' shares in these provisions) decreased by 11% to EUR 349.6 million nominally compared to 2014. With respect to loss events, the reporting year was favourable, whereas the preceding year was marked by extraordinary loss events. In non-life insurance and life insurance net claims incurred went down by 15% and 5% respectively. The reinsurers' and co-insurers' shares of gross claims recorded an increase of 20% compared to 2014 and totalled EUR 24.9 million. The change in net claims provisions was EUR –16.1 million (EUR –8.4 million in 2014).

Operating expenses (acquisition costs and other operating expenses) remained at approximately the same level as the year before (index 100), reaching EUR 137.9 million. Acquisition costs totalled EUR 99.6 million (index 100), whereas other operating expenses amounted to EUR 38.3 million (index 99).

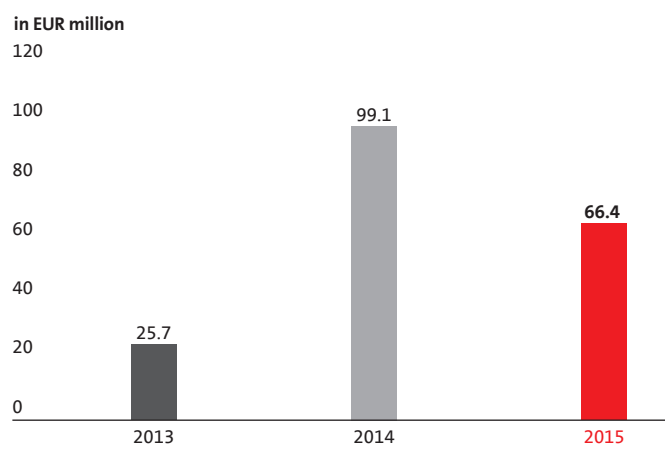
8.2.2 Income and expenses from financial assets

Compared to 2014 **income from financial assets** climbed by 30% and reached EUR 274.9 million, whilst income from financial assets in associates totalled EUR 31.7 million (EUR 2.4 million in 2014). The significant increase mostly stems from dividend payments of the subsidiaries Slovenijales and Triglav Naložbe. Income from other financial assets rose by 3% and reached EUR 151.3 million. High growth (index 145) was also recorded in net unrealised gains on unit-linked life insurance assets, which amounted to EUR 91.9 million.

Financial expenses equalled EUR 200.1 million or 189% more than in 2014. Expenses from financial assets in associates of EUR 47.3 million were 114% higher, mainly due to the permanent impairments of certain subsidiaries as a result of their performance, which was below the budgeted level. Expenses from other financial assets and liabilities reached EUR 69.3 million or 151% more over 2014. Net unrealised losses on unit-linked life insurance assets rose by 327% to EUR 83.4 million.

Return on investment (excluding unit-linked life insurance contract investments) represents the difference between income and expenses from financial assets. It amounted to EUR 66.4 million, having decreased by 33% compared to 2014. The lower return was mainly the result of permanent impairments of financial investments totalling EUR 46.6 million (EUR 26.0 million more than in 2014) and lower interest income of EUR 9.5 million, representing a 0.5% decrease in required returns to maturity.

The return on financial investments of Zavarovalnica Triglav (excluding unit-linked life insurance contract investments) in the 2013–2015 period



8.2.3 Change in other insurance technical provisions and other income and expenses

Changes in other technical provisions summed up to EUR 39.3 million or 33% less than one year earlier, with change in mathematical provisions totalling EUR 40.0 million (index 71) and change in other provisions EUR –737 thousand (EUR 2.2 million in 2014).

Change in insurance technical provisions for unit-linked insurance contracts equalled EUR –4.0 million (EUR 22.6 million in 2014) due to the decrease in price of fund units. **Expenses for bonuses and discounts** reached EUR 8.3 million (index 96).

Other income from insurance operations increased by 5% and totalled EUR 17.7 million, in which fee and commission income amounted to EUR 13.0 million (index 103). **Other income** was down by 13%, reaching EUR 9.3 million. **Other insurance expenses** equalled EUR 7.8 million (index 65), whereas **other expenses** reached EUR 11.6 million (index 110).



Income statement of Zavarovalnica Triglav for 2015 – according to IFRS

	2015	2014	Index
Net premium income	517,040,236	529,727,190	98
- gross written premium	586,260,945	592,619,451	99
- ceded written premium	-72,460,618	-67,287,154	108
- change in unearned premiums	3,239,909	4,394,893	74
Income from financial assets	274,883,169	212,013,745	130
Income from financial assets in associates	31,688,139	2,441,318	1,298
- interest income	1,985,141	2,193,168	91
- dividends	29,318,186	239,834	12,224
- realised gains on disposals	376,413	0	0
- other financial income	8,399	8,317	101
Income from other financial assets	151,322,413	146,293,090	103
- interest income	48,917,584	58,371,048	84
- dividends	2,484,054	3,544,526	70
- fair value gains	26,253,436	26,454,746	99
- realised gains on disposals	68,541,989	54,194,732	126
- other financial income	5,125,350	3,728,038	137
Net unrealised gains on unit-linked life insurance assets	91,872,617	63,279,337	145
Other income from insurance operations	17,683,831	16,878,496	105
- fees and commission income	12,996,626	12,557,361	103
- other income from insurance operations	4,687,205	4,321,135	108
Other income	9,258,952	10,639,169	87
Net claims incurred	349,598,310	392,038,267	89
- gross claims settled	390,567,557	421,121,575	93
- reinsurers' share	-24,918,956	-20,710,778	120
- changes in claims provisions	-16,050,291	-8,372,531	192
Change in other insurance technical provisions (excluding ULI)	39,257,225	58,391,620	67
Change in insurance technical provisions for unit-linked insurance contracts	-4,032,292	22,619,358	
Expenses for bonuses and discounts	8,265,040	8,632,089	96
Operating expenses	137,861,969	138,439,417	100
- acquisition costs	99,608,988	99,854,627	100
- other operating costs	38,252,981	38,584,790	99
Expenses from financial assets and liabilities	200,067,115	69,149,319	289
Expenses from financial assets and liabilities in associates	47,292,586	22,048,541	214
- realised loss on disposals	882,000	1,503,668	59
- loss on impairment of financial assets	46,351,490	20,524,904	226
- other expenses from financial assets and liabilities	59,096	19,968	296
Expenses from other financial assets and liabilities	69,341,567	27,582,062	251
- interest expense	1,900,242	2,280,291	83
- fair value losses	34,068,361	10,723,661	318
- realised loss on disposals	20,502,755	8,433,700	243
- loss on impairment of financial assets	231,310	38,459	601
- other expenses from financial assets and liabilities	12,638,899	6,105,951	207
Net unrealised losses on unit-linked life insurance assets	83,432,962	19,518,717	427
Other insurance expenses	7,835,999	11,997,644	65
Other expenses	11,579,325	10,494,816	110
Profit/loss before tax	68,433,497	57,496,069	119
Income tax expense	9,927,679	11,883,488	84
Net profit/loss for the accounting period	58,505,818	45,612,581	128

Financial result ratios of Zavarovalnica Triglav

Financial result ratios	2015	2014	2013
Return on equity	10.9%	8.7%	9.6%
Claims ratio	55.2%	63.5%	55.4%
Expense ratio	31.0%	31.2%	29.9%
Combined ratio	86.2%	94.7%	85.3%
Ratio between gross operating costs and gross written premium	27.5%	27.5%	26.6%

9

Financial Standing of the Triglav Group and Zavarovalnica Triglav

- As at the reporting date, balance sheet total rose by 7% compared to the previous year, whilst total equity capital grew by 2%.
- Financial assets of the Triglav Group went up by 10%.
- A 2% lower total equity capital of Zavarovalnica was primarily a result of higher dividend payments and reduced fair value reserve.

9.1 The Triglav Group

9.1.1 Equity and liabilities

Compared to 2014, the **total equity capital** of the Triglav Group slightly increased by 2% or EUR 704.0 million in nominal terms. The share of equity in total liabilities decreased by 0.8 percentage point, from 21.0% to 20.2%. Equity attributable to the controlling company rose by 2% to EUR 692.9 million, while the non-controlling interest holders had 65% higher share or EUR 11.1 million (this change resulted foremost from the non-controlling interest in Skupna pokojninska družba). The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares.

As a result of a decrease in the value of available-for-sale financial assets, **fair value reserve** went down by 18% to EUR 77.6 million nominally. **Share premium** fell by 3%, amounting to EUR 55.0 million.

Reserves from profit remained approximately at the same level as the year before (index 100), reaching EUR 300.9 million. They include legal and statutory reserves in the amount of EUR 20.4 million, contingency reserves of EUR 0.6 million, other reserves from profit of EUR 246.7 million and credit risk equalisation reserves. The latter increased by EUR 0.8 million and amounted to EUR 33.3 million.

↑ **+2%**
The total equity
of the Triglav Group

↑ **+7%**
The total balance sheet
of the Triglav Group

↑ **+10%**
Financial assets
of the Triglav Group

Accumulated profit grew by 19% to EUR 190.3 million in nominal terms. In addition to the net profit for the year, accumulated profit also includes EUR 104.5 million of net profit brought forward (index 108). Net profit brought forward decreased by EUR 56.8 million due to the dividend payments and by EUR 262 thousand due to the allocation to reserves from profit and increased by EUR 64.8 million as a result of transferring net profit from the previous year. Net profit for the year disclosed in the balance sheet totalled EUR 85.8 million (index 137), which was EUR 1.0 million less than net profit disclosed in the income statement. The Group formed reserves for credit risks and catastrophe claims of EUR 850 thousand and allocated EUR 103 thousand of net profit to reserves from profit.

Compared to the preceding year, **subordinated liabilities** decreased by 33% due to the acquisition of treasury bonds on the official market [→ see Section 9.1.2 for more details], accounting for 0.5% of total liabilities or EUR 18.8 million in nominal terms.

On the liabilities side, gross insurance technical provisions went up by 11% to EUR 2,600.4 million. In total liabilities, their share increased by 3.2 percentage points, from 71.2% to 74.4%. Mathematical provisions increased by 19% and amounted to EUR 1,676.8 million, whilst claims provisions were 1% lower. Provisions for gross unearned premiums and other insurance technical provisions increased by 2% and 12% respectively. Insurance technical provisions of the Triglav Group are discussed in greater detail under [→ Section 7.6.5.1].

Other financial liabilities as at the 2015 year-end totalled EUR 3.8 million and were 75% below the figure reported one year earlier as a result of debt repayment arising from the financial lease of Triglav Osiguranje, Zagreb and the transfer of the Avrigo Group to non-current assets held for sale. Their share accounted for 0.1% of total liabilities.

Operating liabilities as at 31 December 2015 were 17% below the figure reported one year earlier and amounted to EUR 48.4 million, accounting for 1.4% of total liabilities. Liabilities from direct insurance operations rose by 6% to EUR 16.6 million, whilst liabilities from co-insurance and reinsurance operations went down by 23% and reached EUR 28.1 million. Current tax liabilities equalled EUR 3.7 million, which represented a 43% decrease compared to 2014.

Employee benefits remained at approximately the same level as at the 2014 year-end (index 100), amounting to EUR 12.2 million.

Other provisions decreased by 2% and totalled EUR 3.9 million.

Deferred tax liabilities decreased by 25% to EUR 23.2 million, which



was mainly due to lower liabilities as a result of reduced fair value reserve from financial investments.

As at 31 December 2015, **other liabilities** were 1% higher and stood at EUR 66.3 million, representing a 1.9% share of total liabilities.

Liabilities arising from non-current assets held for sale amounted to EUR 12.4 million (index 32). As at the reporting date, they included the liabilities of the Avrigo Group, whereas in 2014 they included the liabilities of Triglav Pojišt'ovna.

9.1.2 Assets

Financial assets as at the 2015 year-end totalled EUR 2,873.4 million and were 10% above the figure reported one year earlier. Their share accounted for 82.3% of total assets (an increase of 2.3 percentage points). **Unit-linked insurance assets** amounted to EUR 464.7 million and **financial investments** to EUR 2,408.7 million. The bulk of financial assets was accounted for by available-for-sale financial assets, which totalled EUR 1,607.7 million. In total financial investments, EUR 183.9 million was accounted for by deposits and loans, EUR 242.4 million by investments held to maturity and EUR 374.7 million by investments recognised at fair value through profit/loss. The structure of financial assets is discussed in greater detail under [→ Section 7.6.6.1].

The Triglav Group's financial investments in associates were 33% lower, primarily as a result of a higher stake in Skupna pokojninska družba and its reclassification from an associate into a subsidiary of Zavarovalnica Triglav. Financial investments in associates amounted to EUR 6.9 million, accounting for a 0.2% share of total financial assets.

Investment property declined by 24% and totalled EUR 79.5 million [→ for details see Section 7.6.6.1]. Their share in total assets accounted for 2.3% (3.2% in 2014).

Receivables stood at EUR 166.4 million, which was 8% less compared to the preceding year. They accounted for 4.8% of total assets, of which receivables from direct insurance operations accounted for the bulk, totalling EUR 83.2 million (index 96). Receivables from co-insurance and reinsurance operations reached EUR 42.8 million (index 103), other receivables stood at EUR 40.1 million (index 77) and current tax receivables equalled EUR 301 thousand (EUR 1.8 million in 2014).

Compared to 2014, **insurance technical provisions transferred to reinsurance contracts** dropped by 3% to EUR 68.7 million nominally. Assets from reinsurance contracts from claim provisions were 8% lower and totalled EUR 51.0 million, while those from unearned premiums grew by 14% to EUR 17.7 million.

Property, plant and equipment totalled EUR 121.8 million (index 98), representing 3.5% of total assets. **Intangible assets** equalled EUR 70.1 million (index 98), accounting for 2.0% of total assets.

Cash and cash equivalents equalled EUR 47.9 million (index 210), whilst **other assets** totalled EUR 8.1 million (index 96). Compared to the 2014 year-end, **deferred tax assets** decreased by 22% and stood at EUR 16.0 million.

Non-current assets held for sale equalled EUR 34.4 million. Since the Avrigo Group is in the process of selling, all assets and liabilities of that company were (in accordance with accounting standards) categorised as non-current assets held for sale and disclosed as separate items in the statement of financial position. In 2014, non-current assets held for sale amounted to EUR 40.6 million due to the sale of Triglav Pojišt'ovna.

Balance sheet of the Triglav Group as at 31 December 2015 – according to IFRS

	31 December 2015	31 December 2014	Index	2015 structure	2014 structure
ASSETS	3,493,456,800	3,275,428,004	107	100.0%	100.0%
Intangible assets	70,132,332	71,770,468	98	2.0%	2.2%
Property, plant and equipment	121,810,360	123,668,545	98	3.5%	3.8%
Deferred tax assets	15,993,688	20,472,194	78	0.5%	0.6%
Investment property	79,475,283	104,861,479	76	2.3%	3.2%
Investments in associates	6,939,700	10,371,335	67	0.2%	0.3%
Financial assets	2,873,436,783	2,619,376,329	110	82.3%	80.0%
Financial investments:	2,408,702,860	2,153,588,590	112	68.9%	65.7%
- loans and deposits	183,872,219	130,037,423	141	5.3%	4.0%
- held to maturity	242,406,400	210,604,128	115	6.9%	6.4%
- available for sale	1,607,681,638	1,608,664,995	100	46.0%	49.1%
- recognised at fair value through profit and loss	374,742,603	204,282,044	183	10.7%	6.2%
Unit-linked insurance assets	464,733,923	465,787,739	100	13.3%	14.2%
Reinsurers' share of insurance technical provisions	68,724,305	71,147,717	97	2.0%	2.2%
Receivables	166,443,733	181,810,510	92	4.8%	5.6%
- receivables from direct insurance operations	83,249,006	86,414,518	96	2.4%	2.6%
- receivables from reinsurance and co-insurance operations	42,823,668	41,461,923	103	1.2%	1.3%
- current tax receivables	301,273	1,819,015	17	0.0%	0.1%
- other receivables	40,069,786	52,115,054	77	1.1%	1.6%
Other assets	8,134,762	8,469,465	96	0.2%	0.3%
Cash and cash equivalents	47,928,768	22,858,388	210	1.4%	0.7%
Non-current assets held for sale	34,437,086	40,621,574	85	1.0%	1.2%



	in EUR				
	31 December 2015	31 December 2014	Index	2015 structure	2014 structure
EQUITY AND LIABILITIES	3,493,456,800	3,275,428,004	107	100.0%	100.0%
Equity	704,044,499	688,140,772	102	20.2%	21.0%
Controlling interests	692,925,865	681,412,162	102	19.8%	20.8%
- share capital	73,701,392	73,701,392	100	2.1%	2.3%
- share premium	54,955,912	56,908,216	97	1.6%	1.7%
- reserves from profit	300,945,466	299,731,040	100	8.6%	9.2%
- treasury share reserves	452,880	452,880	100	0.0%	0.0%
- treasury shares	-452,880	-452,880	100	0.0%	0.0%
- fair value reserve	77,567,319	94,940,028	82	2.2%	2.9%
- net profit/loss brought forward	104,503,874	96,705,983	108	3.0%	3.0%
- net profit/loss for the year	85,802,552	62,769,801	137	2.5%	1.9%
- currency translation differences	-4,510,483	-4,558,557	99	-0.1%	-0.1%
- reserve of disposal group held for sale	-40,167	1,214,258		0.0%	0.0%
Non-controlling interests	11,118,634	6,728,610	165	0.3%	0.2%
Subordinated liabilities	18,752,252	28,065,416	67	0.5%	0.9%
Insurance technical provisions	2,143,395,211	1,874,756,014	114	61.4%	57.2%
- unearned premiums	252,057,956	245,995,733	102	7.2%	7.5%
- mathematical provisions	1,219,737,727	954,072,939	128	34.9%	29.1%
- claims provisions	642,687,051	648,827,459	99	18.4%	19.8%
- other insurance technical provisions	28,912,477	25,859,883	112	0.8%	0.8%
Insurance technical provisions for unit-linked insurance contracts	457,046,912	458,899,160	100	13.1%	14.0%
Employee benefits	12,225,131	12,265,582	100	0.3%	0.4%
Other provisions	3,854,844	3,946,874	98	0.1%	0.1%
Deferred tax liabilities	23,188,796	30,752,195	75	0.7%	0.9%
Other financial liabilities	3,784,282	15,084,019	25	0.1%	0.5%
Operating liabilities	48,388,725	58,533,223	83	1.4%	1.8%
- liabilities from direct insurance operations	16,617,928	15,644,384	106	0.5%	0.5%
- liabilities from reinsurance and co-insurance operations	28,053,630	36,341,671	77	0.8%	1.1%
- current tax liabilities	3,717,167	6,547,168	57	0.1%	0.2%
Other liabilities	66,341,975	65,641,718	101	1.9%	2.0%
Liabilities arising from long-term assets held for sale	12,434,173	39,343,031	32	0.4%	1.2%

Financial position ratios of the Triglav Group

Financial position ratios	2015	2014	2013
The portion of equity in total liabilities	20.2%	21.0%	19.2%
Average equity balance as % of gross written premium	64.7%	64.7%	64.7%
Return on equity	12.8%	13.4%	12.0%
Share of gross insurance technical provisions in total liabilities	74.4%	71.2%	73.5%
Average balance of gross insurance technical provisions as % of gross written premium	253.5%	253.5%	253.5%
Financial assets to total assets ratio	82.3%	80.0%	79.0%
Financial assets to gross insurance technical provisions ratio	110.5%	112.2%	107.6%

9.2 Zavarovalnica Triglav

The total balance sheet of Zavarovalnica Triglav as at the reporting date amounted to EUR 2,685.4 million or 1% less compared to the 2014.

9.2.1 Equity and liabilities

The total equity capital as at the 2015 year-end was EUR 530.6 million, which was 2% less than one year earlier, predominantly as a result of higher dividend payments and reduced fair value reserve. The share of equity in the balance sheet total dropped by 0.2 percentage point, from 20.0% to 19.8%. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary registered no-par value shares.

As a result of a decrease in the value of available-for-sale financial assets, fair value reserve went down by 24% to EUR 55.8 million nominally. Share premium remained unchanged, amounting to EUR 53.4 million, whilst reserves from profit totalled EUR 282.7 million and remained at a level approximately equal to 2014 (index 100). The latter include legal and statutory reserves in the amount of EUR 4.7 million, other reserves from profit of EUR 246.7 million, which remained unchanged, and credit risk equalisation reserves of EUR 31.3 million, having increased by 2%. Accumulated profit grew by 5%, amounting to EUR 65.0 million. In addition to EUR 57.8 million (index 250) in net profit for the year, it includes EUR 7.2 million of net profit brought forward (index 19). Net profit brought forward was lower due to the dividend payments of EUR 56.8 million (EUR 38.6 million in 2014).

Compared to the preceding year, net subordinated liabilities in the amount of EUR 21.1 million fell by 30% due to the acquisition of treasury bonds on the official market. In 2015, Zavarovalnica Triglav purchased ZT02 bonds of EUR 8.9 million at the weighted price of 115.17%. In accordance with International Financial Reporting Standards, treasury bonds shall be revalued at amortised cost and liabilities disclosed at net value. Thus, an additional loss of EUR 1.4 million was generated in revaluation. Subordinated liabilities accounted for 0.8% of the balance sheet total.

On the liabilities side, gross insurance technical provisions totalled EUR 2,053.9 million and remained at a level approximately equal to 2014 (index 100). In total liabilities, their share increased by 0.8 percentage point, from 75.7% to 76.5%. As at 31 December 2015, mathematical provisions amounted to EUR 1,364.3 million, which represented an increase of 1% over the end of the previous year. Provisions for gross unearned premiums and gross claims provisions shrunk by 1% and 4% respectively. Other insurance technical provisions went up by 12%. Insurance technical provisions are discussed in greater detail under [\[→ Section 7.6.5.2\]](#).

Other financial liabilities, accounting for only 0.1% of total liabilities, amounted to EUR 1.8 million. Compared to 2014, they were 3% higher, mainly due to unpaid dividends for 2014.

Operating liabilities as at 31 December 2015 were 8% below the figure reported one year earlier. With EUR 23.9 million, they accounted for 0.9% of total balance sheet liabilities, the same as at the 2014 year-end. Liabilities from direct insurance operations went up by 3% and amounted to EUR 11.0 million. Liabilities from co-insurance and reinsurance operations totalled EUR 10.3 million, having decreased by 1%. Current tax liabilities equalled EUR 2.6 million (index 55).

Employee benefits totalled EUR 9.2 million (index 98), whilst other provisions amounted to EUR 382 thousand (index 96). Deferred tax liabilities decreased by 52%, which was mainly due to lower liabilities as a result of reduced fair value reserve from financial investments, totalling EUR 6.3 million.

Other liabilities grew by 4% to EUR 38.4 million nominally and accounted for 1.4% of total liabilities.

9.2.2 Assets

Financial assets equalled EUR 2,194.4 million, having decreased by 2% compared to the 2014 year-end. Their share in total assets was 0.6 percentage point lower and accounted for 81.7%. Unit-linked insurance assets amounted to EUR 446.6 million and financial investments to EUR 1,747.9 million. In total financial investments, EUR 108.6 million was accounted for by deposits and loans, EUR 178.3 million by investments held to maturity, EUR 1,268.3 million by investments available for sale and EUR 192.7 million by investments recognised at fair value through profit/loss. The structure of financial assets is discussed in greater detail under [\[→ Section 7.6.6.2\]](#).

Financial investments in subsidiaries and associates fell by 2%, amounting to EUR 141.9 million and accounting for a 5.3% share. Financial investments in the Group's subsidiaries grew by 1% to EUR 134.7 million. They were affected by various factors, such as the merger of Triglav Naložbe and its subsidiaries with the parent company, the acquisition of Skupna pokojninska družba, the capital increase in individual subsidiaries and impairments based on valuation of the Group's subsidiaries. Financial investments in associates amounted to EUR 7.3 million, having decreased by 30% as a result of the acquisition of Skupna pokojninska družba, whose equity stake was disclosed as an associate until last year.

Investment property rose by 39% and totalled EUR 52.9 million. Its share in total assets grew by 0.6 percentage point, accounting for 2.0% [\[→ for details see Section 7.6.6.2\]](#).

As at the reporting date, receivables stood at EUR 95.7 million, representing a 1% increase over the preceding year. They accounted for 3.6% of total assets, of which receivables from direct insurance operations accounted for the bulk, totalling EUR 58.0 million (index 94). Receivables from reinsurance and co-insurance operations reached EUR 12.2 million (index 183), whereas other receivables totalled EUR 25.5 million (index 96). Deferred tax assets were not formed.

Compared to 2014, insurance technical provisions transferred to reinsurance contracts fell by 7% to EUR 69.9 million nominally. Assets from reinsurance contracts from claim provisions were 11% lower and totalled EUR 54.6 million, while those from unearned premiums grew by 9% and equalled EUR 15.4 million.

Property, plant and equipment totalled EUR 67.0 million (index 103), representing 2.5% of total assets. Intangible assets equalled EUR 53.1 million (index 98), accounting for 2.0% of total assets.

Cash and cash equivalents increased to EUR 7.5 million (index 134), whilst other assets totalled EUR 2.8 million (index 81).



Balance sheet of Zavarovalnica Triglav as at 31 December 2015 – according to IFRS

	31 December 2015	31 December 2014	Index	Structure 2015	Structure 2014
ASSETS	2,685,432,591	2,721,266,953	99	100.0%	100.0%
Intangible assets	53,143,644	54,373,723	98	2.0%	2.0%
Property, plant and equipment	67,034,994	65,143,015	103	2.5%	2.4%
Investment property	52,870,808	37,972,457	139	2.0%	1.4%
Investments in subsidiaries	134,689,036	133,799,163	101	5.0%	4.9%
Investments in associates	7,259,875	10,427,236	70	0.3%	0.4%
Financial assets	2,194,440,477	2,240,384,295	98	81.7%	82.3%
Financial investments:	1,747,850,917	1,790,581,524	98	65.1%	65.8%
- loans and deposits	108,581,746	104,531,182	104	4.0%	3.8%
- held to maturity	178,250,255	186,136,258	96	6.6%	6.8%
- available for sale	1,268,278,321	1,299,415,075	98	47.2%	47.8%
- recognised at fair value through profit and loss	192,740,593	200,499,010	96	7.2%	7.4%
Unit-linked insurance assets	446,589,561	449,802,771	99	16.6%	16.5%
Reinsurers' share of insurance technical provisions	69,935,394	75,325,350	93	2.6%	2.8%
Receivables	95,716,726	94,732,452	101	3.6%	3.5%
- receivables from direct insurance operations	57,959,013	61,527,739	94	2.2%	2.3%
- receivables from reinsurance and co-insurance operations	12,219,198	6,689,625	183	0.5%	0.2%
- other receivables	25,538,515	26,515,088	96	1.0%	1.0%
Other assets	2,791,679	3,458,593	81	0.1%	0.1%
Cash and cash equivalents	7,549,958	5,650,669	134	0.3%	0.2%
EQUITY AND LIABILITIES	2,685,432,591	2,721,266,953	99	100.0%	100.0%
Equity	530,560,272	544,000,467	98	19.8%	20.0%
- share capital	73,701,392	73,701,392	100	2.7%	2.7%
- share premium	53,412,884	53,412,884	100	2.0%	2.0%
- reserves from profit	282,666,281	281,977,925	100	10.5%	10.4%
- fair value reserve	55,751,443	73,221,229	76	2.1%	2.7%
- net profit/loss brought forward	7,210,810	38,565,461	19	0.3%	1.4%
- net profit/loss for the year	57,817,462	23,121,575	250	2.2%	0.8%
Subordinated liabilities	21,101,278	29,958,540	70	0.8%	1.1%
Insurance technical provisions	1,614,944,129	1,617,090,395	100	60.1%	59.4%
- unearned premiums	180,558,991	182,902,536	99	6.7%	6.7%
- mathematical provisions	925,402,898	904,858,200	102	34.5%	33.3%
- claims provisions	486,247,722	508,999,132	96	18.1%	18.7%
- other insurance technical provisions	22,734,518	20,330,526	112	0.8%	0.7%
Insurance technical provisions for unit-linked insurance contracts	438,920,157	442,952,449	99	16.3%	16.3%
Employee benefits	9,189,038	9,408,654	98	0.3%	0.3%
Other provisions	381,762	399,080	96	0.0%	0.0%
Deferred tax liabilities	6,268,154	12,973,041	48	0.2%	0.5%
Other financial liabilities	1,752,990	1,693,912	103	0.1%	0.1%
Operating liabilities	23,886,713	25,833,367	92	0.9%	0.9%
- liabilities from direct insurance operations	10,985,581	10,631,799	103	0.4%	0.4%
- liabilities from reinsurance and co-insurance operations	10,264,596	10,406,511	99	0.4%	0.4%
- current tax liabilities	2,636,536	4,795,056	55	0.1%	0.2%
Other liabilities	38,428,098	36,957,048	104	1.4%	1.4%

10

Cash Flow Statement

- In 2015, cash flows from operating and investing activities of the Triglav Group and Zavarovalnica Triglav were positive, while cash flows from financing activities were negative.
- The cash and cash equivalents grew as a result of higher net written premium, lower claims settled and the acquisition of Skupna pokojninska družba.

10.1 The Triglav Group

In 2015, **cash flows** from operating activities of the Triglav Group were positive and equalled EUR 43.8 million (in 2014: EUR 9.0 million) due to higher net written premium and lower claims settled.

Cash flows from investing activities dropped by 23% to EUR 34.3 million nominally compared to the year before. Positive cash flow from investing activities primarily resulted from lower net cash outflows for the purchase of investments, in addition to interest income, dividends and profit distributions in other subsidiaries.

Cash flows from financing activities were negative and reached EUR –66.6 million (index 112). The main reasons for higher cash outflows from financing activities were higher cash outflows for dividend payments, for the purchase of treasury shares [[→ see also notes for the parent company in Section 10.2](#)] and for the payment of financial liabilities on the basis of Avrigo's leasing agreements.

The item **external acquisition** in the amount of EUR 15.5 million refers to the acquisition of Skupna pokojninska družba.

The **closing balance of cash and cash equivalents** amounted to EUR 47.9 million, having climbed above the 2014 year-end figure by 110%.

Summary cash flow statement of the Triglav Group

	2015	2014	Index
A. Cash flows from operating activities			
Income statement items	42,999,877	3,631,368	1,184
Changes in net current assets – operating balance sheet items	803,846	5,319,558	15
Total cash flows from operating activities	43,803,723	8,950,926	489
B. Cash flows from investing activities			
Cash inflows from investing activities	2,302,278,368	2,562,368,993	90
Cash outflows from investing activities	-2,267,948,841	-2,518,031,961	90
Total cash flow from investing activities	34,329,527	44,337,032	77
C. Cash flows from financing activities			
Cash inflows from financing activities	1,736,108	4,657,483	37
Cash outflows from financing activities	-68,356,145	-63,914,304	107
Total cash flow from financing activities	-66,620,037	-59,256,821	112
D. Opening balance of cash and cash equivalents	22,858,388	29,068,558	79
E1. Net cash flow for the period	11,513,213	-5,968,863	
E2. Foreign exchange differences	-5,421	-124,381	
E3. Closing balance of cash and cash equivalents	-1,893,950	-116,926	
E4. External acquisition	15,456,538	0	
F. Closing balance of cash and cash equivalents	47,928,768	22,858,388	210

10.2 Zavarovalnica Triglav

Cash flows from operating activities improved compared to the previous year (EUR –4.6 million) and amounted to EUR 15.7 million. Positive cash flows were mainly a result of lower claims settled.

Cash flows from investing activities stood at EUR 53.6 million, representing a 10% drop over the preceding year. The reasons are the same as for the Triglav Group; see [→ Section 10.1].

Cash flows from financing activities were negative and reached EUR –67.4 million (index 124). The main reasons for higher cash outflows from financing activities are dividend payments of EUR 56.8 million (index 150) and cash outflows for the purchase of ZT02 treasury bonds equalling EUR 8.9 million (index 169).

The closing balance of cash and cash equivalents increased by 34% over 2014 and totalled EUR 7.5 million.

Summary cash flow statement of Zavarovalnica Triglav

	2015	2014	Index
A. Cash flow from operating activities			
Income statement items	16,107,815	-7,642,466	
Changes in net current assets – operating balance sheet items	-363,333	3,084,389	
Total cash flow from operating activities	15,744,482	-4,558,077	
B. Cash flows from investing activities			
Cash inflows from investing activities	1,805,247,899	2,097,680,038	86
Cash outflows from investing activities	-1,751,691,675	-2,038,018,700	86
Total cash flow from investing activities	53,556,224	59,661,338	90
C. Cash flows from financing activities			
Cash inflows from financing activities	0	0	
Cash outflows from financing activities	-67,401,961	-54,533,963	124
Total cash flow from financing activities	-67,401,961	-54,533,963	124
D. Opening balance of cash and cash equivalents	5,650,669	5,000,081	113
E. Opening balance of cash and cash equivalents (merger of Triglav Nepremičnine)	544	81,290	1
F. Net cash flow for the period	1,898,745	569,298	334
G. Closing balance of cash and cash equivalents	7,549,958	5,650,669	134



Watch a video on simple,
fast and useful mobile
Triglav applications.

Moving Forward into the Mobile Future

Developing Smart, Connected Services

Life is changing rapidly. Our clients increasingly use the web and mobile devices, particularly smart phones and tablets. We believe that the future lies in mobile devices, with smart, connected products playing an especially important role. With the help of the latter, Triglav's business is becoming increasingly client-oriented and its processes simplified.



The development of Triglav's services focuses on multi-channel availability and on providing an excellent client experience. To simplify the use of services, various sales and service channels are being developed, and internal processes harmonised and interconnected.

Expanding the range of smart, connected products and services reshapes our relationship with clients. Our services are being delivered in increasingly faster and simpler ways.



Business
process
streamlining



Smart,
connected
insurance
services



User

The First Insurance Company in the Adria Region to Enter the World of Telematics

The DRAJV application for smart phones is intended to help develop safe and responsible driving. It is free for all users. Driving safety is assessed by monitoring compliance with speed limits and measuring excessive acceleration, braking and cornering. It also takes into account the type of road.





Gregor Miklič, Sales Development Senior Expert and DRAJV Project Manager: »The application collects data on driving safety by using a GPS signal and sensors in the driver's smartphone. In its first year it was upgraded and further simplified. We are pleased with the response of drivers; over the first nine months, more than thirty-three thousand drivers have improved the safety of their driving through the DRAJV application. The number of new users continued to grow.«



Policyholders who drive safely are rewarded with a fairer premium. A driver who uses the DRAJV application is entitled to extra financial benefits offered by Zavarovalnica Triglav's motor vehicle insurance, provided that within one year they obtain 90% of the maximum points for safe driving. Driving safely on predetermined distances can decrease the client's motor vehicle insurance premium by as much as 25%. Young drivers who drive safely are rewarded with a 50% lower surcharge in taking out motor vehicle insurance. If they participate in Triglav's safe driving workshop for young people (Triglav mladi), they are fully exempt from paying the surcharge for young drivers.



Yuliya Molina, a DRAJV user: »The Triglav DRAJV mobile application has become my advisor for safe driving. It has helped me to avoid sudden braking and especially to pay more attention to regulations.«

In the first 9 months

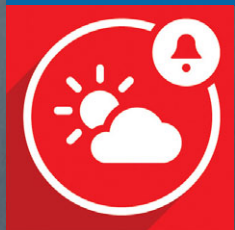


340,000

routes were recorded by the DRAJV application users.

Mobile Application for Weather Warnings and Forecasts

The Triglav Vreme (Triglav Weather) mobile application, which is available to anyone, helps its users to be better aware of the risks related to weather conditions and provides weather forecasts. Up-to-date warnings and information increase the accessibility of weather information, thereby contributing to better information and a higher level of safety of the general population, explained the **Slovenian Environment Agency**, which provides information to the application.



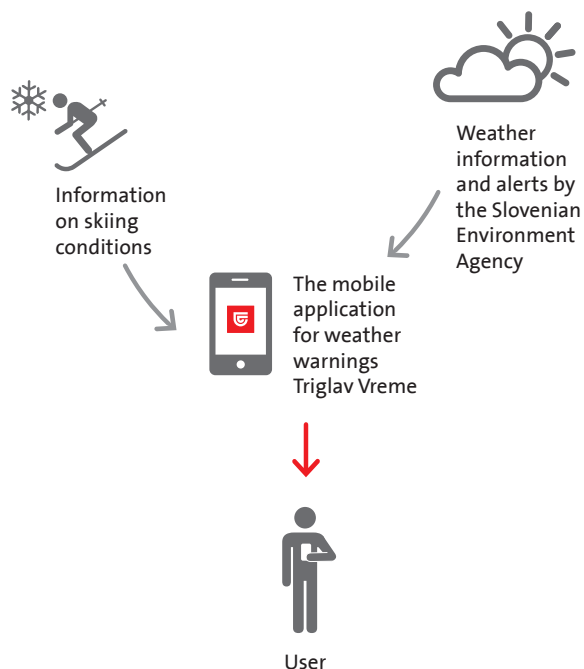


An additional advantage of the new services on smart devices is the continuous development of insurance products. Smart, connected products learn and adapt to the environment and user wishes.

Triglav's relationship with the client is thus becoming more permanent and lasting.

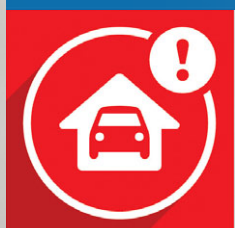
»The Triglav Vreme (Triglav Weather) application can be used by anyone, not only our policyholders. The application is an upgrade of the mobile application Triglav Toča (Triglav Hail), which was well accepted by its users, even though it was useful for only a few months during the year. The Triglav Vreme application enables timely warnings of a range of dangers related to weather conditions, whilst weather forecasts are displayed on your smart phone or tablet in a simple way. In addition, information on weather conditions, mountain weather forecasts and water level information are provided. In Slovenia, for instance, there are many high flood risk settlements. The forecasts also help people with health problems, drivers and mountaineers,« explained **Goran Juroševič**, Head of Online Business of Zavarovalnica Triglav.

Over the past few years, weather events in the region have caused several mass claims and affected many people. Thus, the application is free, in order to encourage widespread use.



Reporting a Claim from the Site of the Occurrence

Simple claim reporting and quick claim settlement are of key importance to our policyholders and everyone who is involved in a loss event.



Our relationship with the client in claim settlement is expanding

Assistance services

- Roadside assistance
- Home assistance
- Medical assistance
- Bicycle and cyclist assistance



Client interaction

- Web
- E-mail
- Telephone
- Ordinary mail
- Personal contact



Claim services

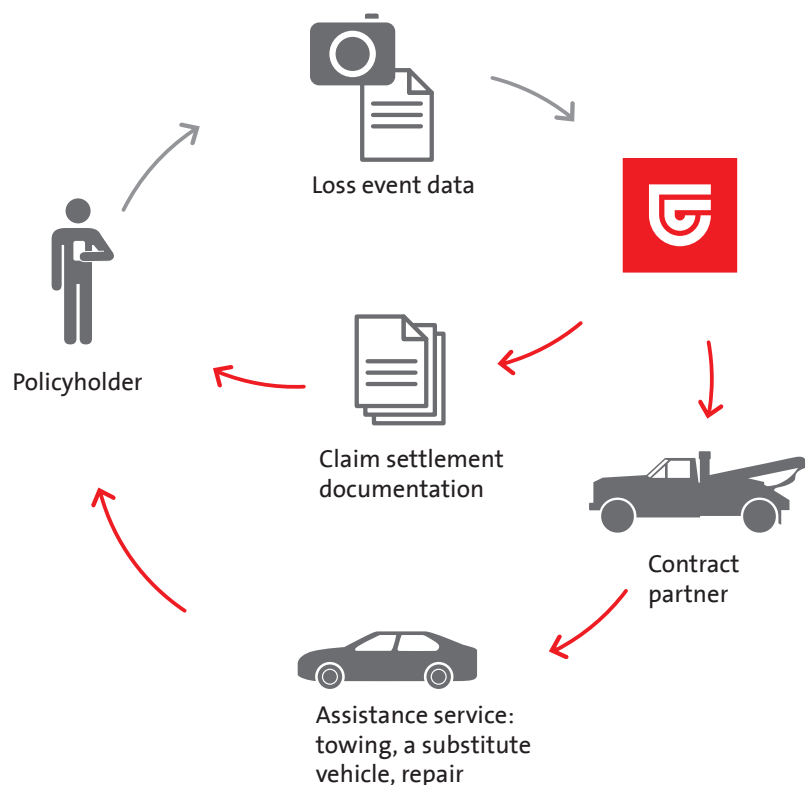
- Own business network
- Electronic and telephone claim reporting/notification
- Contract partners
- Mobile claim service (a smart phone application)



»So far, clients have been using our mobile application to guide them through the claim reporting procedure in the event of motor vehicle claims. Currently, the upgraded mobile application Triglav Škode (Triglav Claims) is being tested, which will enable reporting motor vehicle and home insurance claims. This will save the time which would normally be required to visit Zavarovalnica Triglav,” said **Matej Ferlan**, Executive Director for Non-Life Insurance Claims of Zavarovalnica Triglav, at the beginning of 2016.

Using the upgraded application, policyholders are able to send key information about the loss from the site of the occurrence, attach photographs, and quickly and easily report the claim via their mobile device. In this way, the claim settlement procedure can be carried out more quickly. Zavarovalnica Triglav constantly upgrades its claim services and increases the number of contract partners who promptly remedy damages incurred by its policyholders. The Company’s services are not only upgraded and integrated but also supported with smart devices applications.

Our policyholders who have the appropriate insurance coverage can get a substitute vehicle already at the site of the occurrence.



11

Development and Sales Activities

- The range of life insurance products was consolidated and preparations were made to implement supplemental voluntary pension insurance in Slovenia.
- The Company improves the quality of after-sale services.
- Efficient development activities had a positive impact on the sale in subsidiaries.
- The Company consolidated its brand reputation in the region, whilst taking an innovative market approach.
- Process organisation and the information system were adjusted to regulatory changes and requirements of operations within the Triglav Group.

11.1 Development activities

The focus is on the client with an aim to ensure a **most individual client approach** in any situation in parallel with comprehensive detection of clients' needs and mutual cooperation. Therefore, much attention is placed on the maintenance and nurturing of the existing portfolio.

Development and launch of new insurance products reflect market, economic and regulatory changes. Significant regulatory changes included amendments to legislation regulating supplemental voluntary pension insurance and the implementation of Solvency II requirements in particular.

Availability of technological equipment and online access to information **whenever and wherever** change the internal processes in the insurance companies of the Triglav Group and broaden the development activities to include smart, connected services [→ see Section 12.4]. This is reflected in the development of **alternative sales channels** (online sales), various tools, e.g. mobile applications, and other technologically supported solutions such as life and non-life insurance policy monitoring portal, support for cooperation with travel agencies and banks.

The **quality of after-sale services** is an increasingly important part of the offering in all product and market segments of the Triglav Group. The focus is on maintaining professional and simple business partnerships and loss adjustment processes, also those involving **mass loss events**, which have been on the rise in recent years. The development of services takes into account the achievement of sustainability guidelines, which is discussed in more detail in the [→ Section 12. Sustainable Development in the Triglav Group]. In the mass loss reporting procedures, policyholders' property risk and their current personal situation are taken into account. Public announcements and instructions to policyholders are regularly published, the internal work organisation is adapted to make services more accessible and the use of mobile applications is promoted. Simple property damage claims can be reported at a toll-free telephone number 080 555 555 and online.¹⁶

All development activities are compliant with the applicable legal provisions and regulatory frameworks. In the Republic of Slovenia, the Insurance Act (ZZavar-1) prescribes to insurance companies the **information on insurance terms and conditions they are obliged to disclose to policyholders**. This information refers to insurance contracts whose content has to be disclosed to policyholders in full (including general insurance terms and conditions) and to

the information to be disclosed to policyholders upon contract conclusion and during the course of its term, as set out in the ZZavar-1 (see <https://zakonodaja.com/zakon/zzavar-1>). Similarly, the Pension and Disability Insurance Act in Slovenia regulates supplemental voluntary pension insurance.

In addition to disclosing pension schemes and other documents regulating insurance, the insurer is obligated to annually inform policyholders of balances in their accounts, any changes in insurance policies and about the business of the insurer. Information to be sent to policyholders is also stipulated by corresponding laws in Croatia, Macedonia, and Bosnia and Herzegovina (the Federation of Bosnia and Herzegovina and the Republic of Srpska), Montenegro and Serbia.¹⁷

11.1.1 Non-life insurance

By developing new and upgrading the existing non-life insurance products, the Company showed it was flexible in responding to economic and market conditions and technological opportunities in the insurance segments, where its market share is maintained or just created.

Zavarovalnica Triglav

In property and interest in property insurance, several upgrades were made, which included the revision of the glass insurance tariffs together with a simplified underwriting procedure, cyclist insurance (can be concluded with a car insurance), insurance bases for machinery breakdown insurance and package insurance of property and property interests of individuals with automatic renewal. A new product was developed for insurance of buildings abroad that are not permanently inhabited. For *corporate clients* [→ see also Section 11.2.1] innovative insurance solutions were designed and the number of non-standard insurance products tailored to individual clients was increased.

In motor vehicle insurance, the tariffs for the activities connected to the DRAJV service were adjusted and the insurance bases for comprehensive insurance of baggage in a vehicle and on it were amended (within the framework of the Sprosti čas (Free Time) campaign). Insurance products were adapted to individual leasing companies and large vehicle importers, enabling them to independently take out insurance and to implement passenger vehicle extended warranty insurance [→ see also Section 11.2.2 Marketing Activities].

¹⁶ GRI G4-FS13, G4-FS14

¹⁷ GRI G4-PR3



In *agricultural insurance*, the tariffs for cow breeding insurance were revised to reflect the average value and lump-sum accident insurance for cattle was introduced. Moreover, the tariffs for dog insurance were upgraded with the option of automatic insurance renewal, the option to amend a crop insurance policy to reflect the increased insurance sum was introduced and the tariffs for crops were revised (less risky crops: grains, forage crops, grassland) to include the option of partial buy-back deductible.

In *accident and health insurance*, a new product was developed, i.e. travel insurance for Abanka cardholders and Premium AMZS members.

Zavarovalnica Triglav obtained a license to conclude *health insurance*, expanding its range of insurance products.

In *transport insurance*, terms and conditions and tariffs were adapted to the market conditions and the freight forwarder liability insurance product was upgraded. In 2016, an insurance product for drones will be introduced.

The insurance terms and conditions and premium rates for *financial credit insurance* were adjusted to reflect an increased number of insured loans based on a prior written consent (separate applications). Special attention will be paid to the development of new products and work processes.

In the segment of *trade receivables insurance and suretyship insurance*, great emphasis will be placed on the risk assessment and underwriting due to corporate insolvency risk.

Development of IT support is discussed in [→ *Section 11.4*].

The Triglav Group

Triglav, Zdravstvena zavarovalnica was in charge of the development activities related to health insurance in the Triglav Group. In developing insurance products for the Slovene market, the comprehensive medical treatment insurance package was redesigned to enable separate conclusion of specialist treatment insurance and surgery insurance. Moreover, the option of collective insurance conclusion was introduced.

Insurance for health resort treatment of traffic injuries (ZZ79) was revised into rehabilitation after a road accident (ZZ78). General terms and conditions of supplemental health insurance were also amended and new proposals for supplemental health insurance drafted.

Health insurance development in other companies of the Triglav Group included:

- specialist treatment insurance and hospital treatment insurance in Triglav Osiguruvanje, Skopje;
- specialist treatment insurance in Triglav Osiguranje, Sarajevo;
- insurance for health resort treatment of traffic injuries in Triglav Osiguranje, Belgrade.

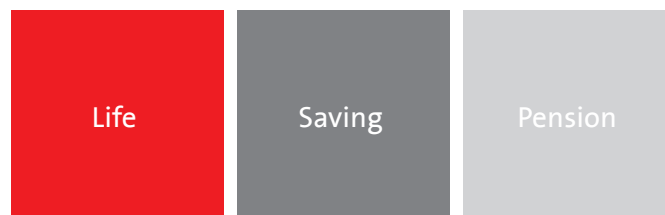
11.1.2 Life insurance

In Slovenia, the focus was on consolidating the range of life insurance products and on redesigning the supplemental voluntary pension insurance products so as to ensure compliance with the Pension and Disability Insurance Act (hereinafter: ZPIZ-2). The products were adapted to the specificities of a particular market in which the Triglav Group operates.

Zavarovalnica Triglav

The goal of **consolidating the range of life insurance products** was realised. Greater transparency not only enables clients to choose more easily an appropriate insurance product but also makes it easier for the Company to communicate and sell its products. Insurance products were combined into three groups according to the needs they fulfil: Life, Saving and Pension.

As the result of life insurance product consolidation, the following three product groups were created:



The last required authorisations of the regulatory bodies for the **implementation of supplemental voluntary pension insurance in compliance with the ZPIZ-2** were obtained in November 2015.

The harmonised SVPI pension schemes were introduced on 1 January 2016. The key novelty is the **lifecycle investment policy**, under which the investment portfolio is adapted to the lifecycle – the member's age during the insurance term. In order to implement this investment policy, two new guarantee funds were added to the *Triglav PDPZ – zajamčeni* guarantee fund with a single investment policy and a guaranteed return: *Triglav PDPZ – drzni* and *Triglav PDPZ – zmerni*. The guarantee funds differ according to the investment policy, investment risk and expected profitability. The existing employers and the insured (i.e. members) were informed of the changes; moreover, the members were invited to choose an investment policy.

In order to get a better understanding of the life insurance products and to provide better advice, an **online classroom for life insurance** was introduced, providing easy access to knowledge and information.

To implement supplemental voluntary pension insurance, a service for business users (employers who fund the group SVPI pension scheme) was developed in the i.Triglav web office, which enables simple inclusion of employees in insurance and easy exchange of data with the Company.

Much attention was paid to maintaining the existing insurance portfolio, as long-term customer satisfaction is of particular importance for retaining the life insurance policies, generally concluded for a period of 10 years or more.

The Triglav Group

In the life insurance segment, products and services were adapted to the needs of individual markets of subsidiaries. In Croatia, credit life insurance was upgraded to include additional accidental disability coverage and Flex investment insurance was introduced for persons older than 50 years.

Development activities in Bosnia and Herzegovina, Serbia and Montenegro were mainly aimed at introducing or renewing credit life insurance. In order to be competitive, they are sold through the banking sales channel.

Development activities of Skupna pokojninska družba focused on the introduction of the lifecycle investment policy within the framework of supplemental voluntary pension insurance guarantee funds. The company acquired the necessary authorisations at the end of 2015. The new policy, which offers the members (savers) a wider choice of investment opportunities, began to be implemented as of 1 January 2016.

11.2 Sales and marketing activities

Price sensitivity and customer complexity continued to be high, demanding new channels and ways to fulfil these expectations. The reporting year was marked by sales campaigns, sales staff training, adaptation of products and effective combining of sales channels.

The sales and marketing activities were conducted in compliance with the applicable regulations, therefore no fines were imposed for infringements of the insurance legislation or other regulations governing the Company's operations.¹⁸

11.2.1 Key development activities in the sales network

Zavarovalnica Triglav

In performing regular development activities, more attention was paid to intergenerational cooperation, sales staff regeneration, sales consolidation in order to adapt to customer needs and a standardised sales approach to insurance services in all regional units.

Diverse sales channels have remained the Company's major competitive advantage. Internal sales channels with **the largest and strongest network in Slovenia** of more than 650 insurance agents play an important role in boosting this advantage. Due to the geographical diversity of Slovenia, with many difficult-to-reach and sparsely populated areas, an extensive sales network enables equal availability of insurance services. The individual approach allows clients to get well acquainted with specific features of insurance products, to expand their knowledge of insurance as such and enable the cross-selling of insurance products.

Major activities of the **internal sales network** included:

- motivation and appropriate rewarding of sales staff;
- numerous and effective activities promoting life insurance sale;
- systematic sales training and education;
- a wide range of activities for the introduction and active marketing of supplemental voluntary pension insurance in companies;
- additional cooperation agreements with Safe Driving Centres in Slovenia for greater availability of their services to Triglav's clients;
- coordination of the human resource policy with insurance sales requirements;
- more detailed monitoring of policy renewal at maturity by regional unit and sales staff;
- activities for a timely renewal of insurance policies.

Activities connected to **contracted points of sale** mainly focused on:

- standardising the work at contracted points of sale;
- consolidation of the existing business ties,
- enhanced cooperation with six new business partners;
- participation in the organisation of insurance sale promotion campaigns;
- participation in the development of tailor-made products for outsourced sales channels.

The **Corporate Accounts Functional Area** of Zavarovalnica Triglav manages the portfolio of key corporate accounts, which recorded a premium growth through:

- many new business partnerships with domestic and foreign companies;
- greater involvement in direct performance of insurance operations within the Triglav Group;
- ongoing improvements in processes and technology and the introduction of new, innovative insurance solutions;
- quality after-sale services;

- professional business partnerships simplified in terms of processes;
- the provision of advisory services and additional analyses with regard to client risk identification, measurement and management.

The Triglav Group

The markets in which the Triglav Group is active are characterised by growth in demand and a strong presence of renowned European insurance companies. The need for innovative products and the transfer of distinctive knowledge is thus even greater.

In the sales network of subsidiaries, design and introduction of motivational elements for the sales staff continued, while developing their competences and increasing the effectiveness of sales organisation. Moreover, new distribution channels and products were developed and marketing support for sales activities was established.

11.2.2 Marketing activities

All client segments were achieved through sales campaigns and combined sales channels. To achieve better responsiveness and results, market developments, consumer behaviour, sales trends and the effectiveness of sales campaigns were regularly analysed and monitored.

Marketing activities were carried out throughout the year. Key marketing activities are described below.

- Within the framework of the third Vignette sales campaign organised in cooperation with Mercator, the largest retail chain in Slovenia, benefits were offered for all policyholders when taking out motor vehicle or non-life insurance.
- The Sprosti čas (Free Time) campaign, one of the largest sales promotion campaigns, has been extended due to the excellent response of policyholders. Its goal is to increase the policyholders' insurance coverage against new risks (cyclist insurance, baggage insurance) and to continue with successful conclusion of travel insurance in 2014. The policyholders received free baggage insurance as well as the option of taking out both bicycle and cyclist insurance and travel insurance at more favourable terms and conditions.
- Through continued business cooperation with Petrol, a marketing campaign was prepared, providing certain benefits for the purchase of four winter tyres at Petrol, i.e. a coupon for a 10% discount on motor vehicle insurance. Promotion of appropriate vehicle equipment has a preventive impact, increasing road safety.¹⁹
- Jointly with Triglav, Zdravstvena zavarovalnica, insurance for health resort treatment after a traffic accident was offered upon the conclusion of motor vehicle insurance.
- During the traditional sales promotion campaign of accident insurance for children and young people, the sale increased compared to 2014 by redesigning the product and taking a new direct marketing approach.
- Among the strong marketing activities was the introduction of the first motor vehicle insurance based on user experience in Slovenia (Usage Based Insurance – insurance based on the user's habits). The DRAJV mobile application was designed, allowing users to analyse their driving, monitor their driving habits and, by achieving good results, receive benefits when taking out motor vehicle insurance. Through this mobile application, Zavarovalnica Triglav acts in a preventive way, because it contributes to greater road safety by changing the users' driving habits.

¹⁸ GRI G4-PR9

¹⁹ GRI G4-EC7



The »Triglav komplet« bonus programme remains one of the key sales opportunities or benefits for Zavarovalnica Triglav's policyholders, rewarding their loyalty in a simple and transparent manner.

Online operations (E-business)

The scope of online operations is expanding and the underwriting procedures are being simplified. Zavarovalnica Triglav offers online renewals and taking out of new motor vehicle insurance policies, ordering green cards and car insurance quotes. Insurance that can be concluded through simple online procedures includes travel insurance, health insurance while travelling abroad, accident insurance for children and young people, bicycle and cyclist insurance, insurance for sports activities and insurance for hikers and mountaineers.

Among online available life insurance products are term life insurance, FLEKS investment insurance and supplemental voluntary pension insurance.

Sales in subsidiaries abroad

Encouraging results were recorded in sales activities in subsidiaries. In insurance subsidiaries abroad, the volume of sale was monitored, development of own sales channels was coordinated and alternative sales channel concept was introduced. As a result, an increased number of concluded insurance policies was recorded.

A development concept of IT support to sale was adopted and the websites of Triglav Osiguranje, Zagreb and Triglav Osiguranje, Belgrade were redesigned.

The sales team training model was upgraded as priority is given to improving the professional skills of the sales staff.

Several marketing and sales campaigns were carried out to provide support to the launch of new products. Roadside assistance began to be provided in Triglav Osiguranje, Zagreb, Triglav Osiguranje, Skopje and Triglav Osiguranje, Belgrade. Lovćen Osiguranje continued to implement the loyalty programme and introduced legal expense insurance and AO-plus insurance. A marketing campaign was organised in Triglav Osiguranje, Sarajevo in cooperation with Petrol. The coverage of buying back first damage was well received by the policyholders in Croatia.

11.2.3 Brand management and marketing communications

To maintain a positive brand identity, company reputation, loyalty and two-way and long-term relationship with the policyholders, market conditions and consumer habits are carefully monitored. The situation on the Slovene and regional markets requires the products and services to be more adapted, affordable and synergistic.

Brand redesign efforts and implementation of the Triglav brand identity within the Triglav Group were continued at corporate and product levels using integrated management. The last to join the

monolithic architecture of the brand were Arbitraža and Triglav Skladi. The *Mladi upi* (Young Hopes), *Triglav* and *Vse bo v redu* (Everything Will Be Alright) brands were registered for the online advisory service. The registration procedure for the *Očistimo naše gore* (Let's Clean Our Mountains) brand is still pending. The mission, identity and communication method were set for the *Kuža Pazi* (Watch Out Doggy) mascot and brand for children.

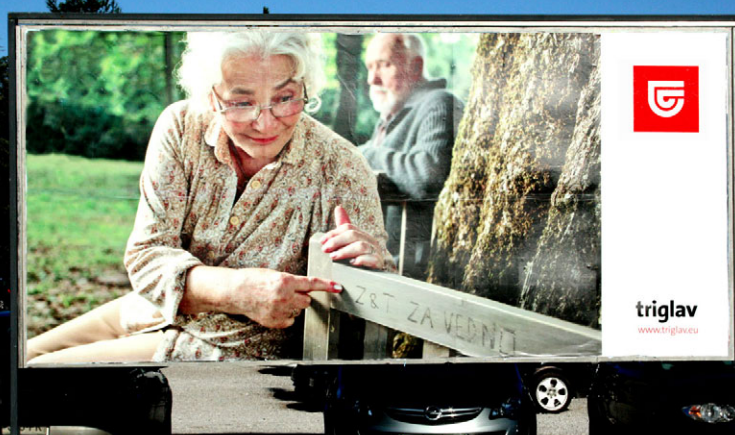
Among the key brand management projects was **life insurance consolidation** described in [→ Section 11.1.2].

In the first phase, the following activities took place:

- setting up of a new product group architecture at the level of all products of Zavarovalnica Triglav;
- naming and a new visual image of individual insurance classes;
- introduction of three insurance groups, including new pictograms;
- redesign and printing of all presentation brochures;
- harmonisation of websites with the new architecture.

Advertising campaigns were predominantly **product-oriented** in support of the sale of various insurance classes.

- They were conducted together with other renowned companies. Apart from the activities undertaken with Mercator and Petrol and the *Sprosti čas* (Free time) campaign presented in [→ Section 11.2.2. Marketing Activities], life insurance sale was promoted in cooperation with Gorenjska Banka.
- Marketing communication of individual insurance products was adapted to target groups and periods (travel and agricultural insurance, insurance for motorcycles, accident insurance, etc.). Through the *DRAJV* campaign, the brand was brought closer to young drivers, while the mobile application had an impact on the driving habits and road safety.
- At the end of the year, an integrated corporate regional advertising campaign was organised. Its main objectives were positioning the Triglav Group as a trustworthy insurance group in the region and consolidating brand reputation in all target markets. The Group's brand was thus presented in a uniform manner, pointing out the 115 years of successful performance, service quality and the building of policyholder loyalty.
- Corporate identity is also built through the *Mladi upi* project for talented young artists, athletes and future scientists. In 2015, the third tender was organised, granting financial assistance to 12 individuals. Moreover, the first *Mladi upi* alumni event was held for Zavarovalnica Triglav's protégés on the topic of psychological preparation for a stressful situation. As ambassadors, "young hopes" participate in Zavarovalnica Triglav's cultural, sports and other events, thereby building the visibility of their potential and the Company's support for young people.
- In advertising, a number of innovative projects are carried out with an aim to influence consumer perception, build a positive relationship with clients and acquire new policyholders. The *Vitranc Cup* eternalised "Vitranc in the Sky", enabling the visitors



to view the world cup from the air. In Planica, in addition to the traditional partnership with the Planica Sports and Recreation Centre, thousands of ski jumping fans were able to experience ski jumping by wearing the Oculus Rift virtual reality headset, enhancing the experience of this national event and connecting it with the Triglav brand.

In **strategic planning of media buying**, the Company was among the first in the Slovene market to introduce key performance indicators (KPIs). Furthermore, a media audit was performed in 2015. Its main purpose was to review and check the implementation of the agreement concluded between Zavarovalnica Triglav and two media agencies regarding media buying. The audit did not find any evidence of non-compliance. The implemented checks are properly designed and efficient. In 2016 good business practice will be transferred to other markets of the Group.

The impact of the undertaken activities on **brand reputation, efficiency and effectiveness of advertising campaigns** was also examined in 2015. Zavarovalnica Triglav is not only among the top brands in Slovenia but also has a good reputation in other markets. In Montenegro, the position and reputation of Lovćen Osiguranje are comparable to the reputation and position of the parent company in Slovenia. Both insurance subsidiaries in Bosnia and Herzegovina enjoy a high reputation, hold a comparable share of users and have good visibility. In Serbia and Croatia, the share of users is lowest, but reputation is relatively high (higher than the share of use, which is also characteristic for other previously mentioned markets). The brand position in Macedonia is somewhere between that in Bosnia and Herzegovina and that in Serbia and Croatia.

In ad recall among insurance companies, the Company is most often ranked 1st and its messages recorded a good comprehension rate. Good client satisfaction is supported by the results of the Best Buy independent market research conducted in Slovenia, Montenegro and Bosnia and Herzegovina.

Enhancing reputation, sales promotion support, building relations with potential clients and active sponsorships were also carried out at strategic events presented in [[→ Section 12.7.2 of Sustainability Report](#)].

Zavarovalnica Triglav adhered to the Slovenian Code of Advertising Practice. In 2015, **no proceedings for infringements** related to marketing communications were initiated against Zavarovalnica Triglav and its subsidiaries.²⁰

The strategic orientation of marketing communications was confirmed by international and domestic awards. Zavarovalnica Triglav received several domestic and international awards, such as Gold Quill, Excellence in Marketing, Pomp, Arc Award, European Excellence Awards, Awards from the Finance newspaper, Sporto, the Bronze Award of the Slovene Police, Trusted Brand, as well as the award for the best website in the insurance industry in South-East Europe. Awards are discussed in greater detail in [[→ Section 12.1](#)].

11.2.4 Investment in real property and equipment

The Triglav Group

In 2015, the Triglav Group invested EUR 11.2 million in property, plant and equipment, EUR 430 thousand in investment property and EUR 6.1 million in intangible assets. Investments in intangible fixed assets include investments in software and property rights.

Zavarovalnica Triglav

Zavarovalnica Triglav invested EUR 4.5 million in **property, plant and equipment**, whilst investment property amounted to EUR 18.5 million. Investments in intangible fixed assets (software and property rights) totalled EUR 4.8 million.

Total real property owned by the Company grew primarily due to investments in real properties within the Group. There were relatively few new purchases in terms of value. Several investment properties were sold, mainly due to optimising the real property portfolio. The investment property portfolio was also optimised within the Group. As a result, the ownership of the commercial building on Dunajska street 20, previously owned by Slovenijales, was transferred to the parent company. These measures are designed to improve the use of own real property, reduce leasing of real properties not owned by the Group and improve the investment property portfolio. In 2015, much effort was put into the development of investment property, which will be sold to clients or leased to tenants in the coming year (a large part of the land plot on the BTC site and the commercial building on Dunajska street 20, both owned by Triglav, Upravljanje nepremičnin). In 2016, the Company will strive for development in investment property, development projects and further sale. Some projects for these real properties are already prepared, and the situation in the real property market is expected to slightly improve.

There were no large-scale **investments in renovation and construction of real property**. Essential major investments and adaptations of business premises followed energy efficiency principles and those for improving workplace equipment to ensure health and safety at work. In order to optimise the use of own real property, around 100 employees were moved from leased to own premises, where approximately 200 workplaces (including the previously mentioned transferred employees) were arranged, which will significantly improve performance and reduce the rental costs in the coming years.

Major investments included the completion of construction of the universal wiring infrastructure for the computer network and IP telephony at the Headquarters, finishing the installation of a video surveillance system in five regional units and the Headquarters (on Verovškova and Miklošičeva streets, Ljubljana, Celje, Koper, Krško, Slovenj Gradec) and the purchase of a central video surveillance system. The video surveillance upgrade project will continue in 2016. Several heating, cooling and ventilation systems were renovated in line with the energy efficiency guidelines. The latter will represent the most important share of investments in 2016. For more information see [[→ Section 12.9 Responsibility to the Natural Environment \(Care for the Environment in Work Processes\)](#)]. Major renovation was undertaken at the Murska Sobota Regional Unit as well as Domžale and Medvode representative offices. Some holiday capacities were adapted and refurbished.

11.3 Organisation of the Triglav Group

Processes continued to be improved and redesigned with the aim of streamlining and unifying the operations as well as making them more cost-effective. The organisational structure and job classification were further adapted to the introduced information technology in line with the revised Criteria for creating the organisational structure of Zavarovalnica Triglav and the Methodology for categorising top and senior management positions.

In the **Back Office Division**, a new IT system was introduced, thereby completing the optimisation and reorganisation of business and work processes. All the necessary modules were implemented: the underwriting module *ITB Offline*, the module for fee and commission charging *ITB Provizioniranje*, the module for the management of analytical items *ITB Analitika* and the control module *ITB Kontrole*.

In the context of promoting paperless operations, the **Non-Life Insurance Documentation Digitisation Project** was completed, providing quick and easy access to documents. After introducing e-pen signing and promoting its use, the number of documents to be digitised was reduced, which significantly simplified, automated and streamlined the operations as well as centralised process implementation both at the headquarters and regional units.²¹ Adjustment of the organisational structure and post classification were carried out in several consecutive phases because of their complexity, the need to ensure smooth process management and reducing operational risks.

In line with the requirements of the Solvency II Directive and the Insurance Act (ZZavar-2), the definition of the following key functions in an insurance undertaking was amended: the risk management function, the compliance function, the actuarial function and the internal audit function. During the preparations for the implementation of the Directive, individual processes and documents were modelled and revised in cooperation with process owners.

In addition to the existing organisational and process architecture within the already established *business process management system*, the **process architecture of the Company** was defined, represented by the following three levels: main, business and operational. Processes were classified by significance (key, important and others) and type (management, insurance and support), upgrading the Single Business Process Register accordingly.

The post classification model began to be revised in terms of post complexity, also by including the established business process management system. In the context of modelled process schemes of particular business functions, all key tasks within the framework of every operational process were identified.

In accordance with the request and recommendation that Zavarovalnica Triglav as a state-owned company perform regular annual self-assessment based on the European EFQM excellence model, the first self-assessment was carried out in 2015. According to the score, the Triglav Group is an organisation with well managed processes, which monitors and achieves good results in terms of business performance, clients, employees and the company as a whole. The assessment shows that the Company is well on its way towards excellence. Moreover, opportunities for improvements were identified and included in a special action plan, which is already being realised.

11.4 IT support development

At the end of 2015, the information system of Zavarovalnica Triglav was adapted to the **regulatory requirements of the Solvency II Directive**, the requirements of fiscal verification of invoices, amendments to the Insurance Contracts Tax Act (ZDPZP-B) and the increased insurance contracts tax (as of 1 January 2015). IT support to life insurance underwriting was upgraded in line with the FATCA Agreement (the Foreign Account Tax Compliance Act).

Application support for smartphones and tablets continued to be developed and upgraded as it is used by a wide range of employees (agents, appraisers, managers and others). To ensure a **safe use of mobile devices**, a solution for their safe operation was introduced.

The development activities of the IT Functional Area focused on adding new functions and maintaining the non-life insurance IT system, developing a life insurance online application, setting up a data warehouse, designing a software application for business decision-making, developing client relationship management functions and upgrading e-business.

By upgrading the IT system supporting **non-life insurance**,

- efficient support was provided to business processes and rapid introduction of new insurance products was enabled, which is reflected in the results of development activities and in upgraded functionality in supporting marketing campaigns.
- In support of sales promotion carried out by the agent network, the Task Calendar application was designed. To complete the transition to automatic insurance policy renewal (for the conclusion of insurance policies with natural persons), appropriate software for insurance policy conclusion and renewal was introduced.
- The scope of the testing scenarios covering content- and performance-related requirements for software quality was expanded.

In the **life insurance** segment:

- all life insurance applications were redesigned in order to consolidate insurance products;
- the »Life Circle 2« IT solution was developed so as to provide comprehensive support to insurance conclusion and sales channels.

In supplemental voluntary pension insurance, IT support was upgraded with the lifecycle investment policy. A new solution for the management of Zavarovalnica Triglav's assets and investments was implemented. Moreover, solutions for the management of risks arising from assets and liabilities began to be prepared.

The key activities of **IT system services** were connected to the preparation and implementation of recovery plans and business continuity procedures. Apart from that, activities aimed at improving the information architecture, reliability and responsiveness of the system were carried out.

Within the Triglav Group, the AdInsure information system was introduced to provide support for health insurance in the subsidiary Triglav, Zdravstvena zavarovalnica.

Plans for 2016

Zavarovalnica Triglav:

- to continue redesigning the life insurance IT system »Life Circle 2«;
- to continue the Data Warehouse Project;
- to set up the client relationship management system (CRM);
- to develop new mobile applications in support of non-life and life insurance segments.

The Triglav Group:

- to complete the introduction of AdInsure in Triglav, Zdravstvena Zavarovalnica;
- to upgrade AdInsure functions with respect to the requirements of insurance subsidiaries;
- to implement an information solution for asset and liability management (ALM) for subsidiaries;
- introduce an information solution for asset and investment management for subsidiaries.



Growing,

through knowledge,
valuing experience and
giving way to new ideas.

12

Sustainable Development in the Triglav Group

- The introduction of the Code of the Triglav Group and the related regulations was accompanied by training and communication activities.
- The Triglav.smo project is a good practice example of safety and health at work.
- Preventive action is encouraged through modern solutions and increased investment in prevention activities.
- Partnership was established with the Paralympic Committee of the Sports Federation for the Disabled of Slovenia.
- The Vse bo v redu (Everything Will Be Alright) Institute provided aid to those who were affected by catastrophic floods in the Balkans.

12.1 Implementation of strategic guidelines and sustainable development goals of Zavarovalnica Triglav and the Triglav Group

The Triglav Group has a holistic approach to corporate social responsibility as its fundamental value and the tenet of sustainable development.

Key sustainable development aspects and indicators identified thus far were re-examined in 2015, as elaborated in continuation.

Reporting parameters²²

The annual report refers to an individual business and calendar year. It is prepared by the relevant departments of Zavarovalnica Triglav.²³ The **International Financial Reporting Standards (IFRS)**, the insurance regulation **Solvency II** and the international sustainability reporting guidelines drafted by the **Global Reporting Initiative G4 (GRI G4)** are adhered to by the Company by following the specific guidelines for the financial sector. Data are collected by the relevant departments of the parent company Zavarovalnica Triglav, which is in charge of reporting on sustainable operations. In the report, the indicators pursuant to the GRI guidelines mainly pertain to the parent company, however they are being gradually introduced also to subsidiaries. A decision about a comprehensive external verification of sustainable reporting has not yet been made.

By incorporating the economic, social and environmental impacts of the Company's operations into different sections, reporting aimed at producing an integrated report is being developed. Reporting on these impacts can be seen from the interactive references and the GRI table of contents.

In 2015, the existing reporting on sustainable aspects and performance indicators in line with the GRI guidelines was upgraded by re-examining the interests of stakeholders. Based on the results of various surveys, it was revised in terms of content [[→ see the graphical presentation of the involvement of stakeholders and the importance of the content under Section 12.2](#)]. Furthermore, the report was updated in accordance with several requirements of the new European Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups, which was adopted at the EU level in 2015. The Directive will be transposed into Slovene legislation in the coming years.

Data on the calculation methodology for individual indicators are given in the text and the notes. There were no changes of data provided in previous reports, which would have affected the state of affairs due to new findings or deviations. Individual small changes are explained in the notes.²⁴

²² GRI G4-18, G4-20, G4-21

²³ GRI G4-28, G4-30

²⁴ GRI G4-22, G4-23

Major sustainable development aspects of the Triglav Group and Zavarovalnica Triglav:²⁵

Economic impact	■ Economic performance ■ Market presence ■ Indirect economic impact ■ Procurement practices			
Environment	■ Energy ■ Wastewater and waste ■ Transport ■ Checking the environmental performance of suppliers			
Social aspects	Traineeships and dignified work	Human rights	Company	Product liability
	■ Employment ■ Safety and health at work ■ Education and training ■ Diversity and equal opportunities ■ Equal pay for female and male employees ■ Work practice complaint procedures ■ Checking the work practices of suppliers	■ Investment ■ Non-discrimination ■ Human rights complaint procedures ■ Checking the suppliers in terms of human rights	■ Local communities ■ Anti-corruption behaviour ■ Protection of competition ■ Compliance	■ Product and service labelling ■ Product and service portfolio ■ Marketing communication ■ User privacy ■ Compliance

Key corporate social responsibility guidelines and objectives in 2015

Objectives and activity results in 2015

Objectives for 2015	Status	Result in 2015
■ To maintain a high credit rating.	Achieved	■ Zavarovalnica Triglav maintained the »A« credit ratings. The ratings of both credit rating agencies have a positive medium-term outlook, as S&P upgraded it from »stable« to »positive«.
■ To introduce the Code of Conduct in the Triglav Group and a conflict of interest compliance programme.	Achieved	■ The Code of the Triglav Group, which includes the principle of conflict of interest management, began to apply to all financial companies of the Group in June 2015. Moreover, a special internal document on conflict of interest management was adopted.
■ To improve the efficiency of identifying fraud using own system application and to increase the number of resolved cases by at least 20% compared to 2014.	Achieved	■ The share of confirmed suspicions of fraud identified with own automatic system of indicators rose by 26%.
■ To analyse and improve fraud indicators.	Achieved	■ New fraud indicators were introduced, while the existing fraud indicators were optimised in accordance with new detected forms of insurance fraud.
■ To upgrade the internal rules and business processes in terms of corruption prevention and corruption risk management.	Achieved	■ Prevention of corrupt practices is one of the ten ethical principles laid down in the Code of the Triglav Group (see above). The procurement process and conclusion of agreements include obligatory inspection of suppliers and compulsory inclusion of an anti-corruption clause among the contractual terms. The bases were developed for a comprehensive arrangement of corruption risk management in the Company.
■ To actively participate in organisations and informal initiatives for raising the ethics and fairness of business practices.	Achieved	■ The Company was active in the EICE (European Institute of Compliance and Ethics) and the AmCham Corporate Ethics and Transparency Committee.
■ To train and raise awareness of employees about health in the framework of the Triglav.smo project.	Achieved	■ The planned activities were performed.
■ To increase the functional and digital literacy of employees.	Achieved	■ Employees attended 9 workshops on raising the digital literacy level.
■ To improve the accessibility of knowledge with new online training courses.	Achieved	■ 7 new training courses for employees were held only as e-learning.
■ To ensure comprehensive management of employees in distress.	Achieved	■ Professional psychosocial support is available to the employees.
■ To prepare a programme for work-related challenges of different generations, to form successful intergenerational teams, to provide career opportunities for different age groups.	Achieved	■ The intergenerational cooperation programme was adopted. Two pilot workshops for leaders were organised and interviews started with older employees.
■ To continue implementing the human rights protection measures.	Achieved	■ A confidant is available to employees to whom they can report any threat or limitation of human rights. The procedure for the protection and restoring of dignity was set up.
■ To include dignity of employees in all business segments and link it with educational content, the Triglav.smo project, health protection and organisational climate measurement.	Achieved	■ The revised Rules on protection of dignity at work were adopted. The results of organisational climate measurement were discussed with the leaders who received a poor score.
■ To include insurance literacy in main marketing-communication campaigns.	Achieved	■ The »Vse bo v redu« website was set up, thereby contributing to ongoing raising of awareness about the importance of insurance for an individual, risk reduction, prevention of accidents and remedying their consequences.
■ To introduce at least one measure increasing the accessibility of insurance services.	Partly achieved	■ In cooperation with the Sports Federation for the Disabled of Slovenia and the Vozim Institute, the Company strives to better understand the needs of people with disabilities.



Objectives for 2015	Status	Result in 2015
- To organise at least 10 prevention campaigns for children with the Watch Out Doggy mascot in the framework of the Children of Triglav – Safe on Roads project. - To have at least 10% of employees who are active volunteers. - To take at least 3,000 children to the ski jumping event in Planica, including at least 100 children with special needs, and to encourage the participants to adopt a responsible attitude towards the environment. - To have 1,000 active participants in the Triglav Run and implement at least one environmental measure. - To participate in the renovation of at least two playgrounds. - To introduce online advisory service.	Achieved Not achieved Achieved Achieved Achieved Achieved	- At the beginning of the school year, the Company performed prevention activities at over 50 locations. 8% of employees participated in 7 volunteer campaigns. - More than 3,000 children were brought to the ski jumping event in Planica, including 100 children with special needs. Visitors were encouraged to use public transport and to commit to responsible waste disposal. - The participants, i.e. more than 2,000 runners of all generations, were encouraged to properly separate waste and were served locally produced food. - The Company not only helped build playgrounds in Tamarje and the Municipality of Hrastnik but also participated in the renovation of several playgrounds in Piran. - The advisory website »Vse bo v redu« (Everything Will Be Alright) was launched, addressing individuals to act responsibly.
- To carry out an awareness raising campaign for proper waste separation. - To attract a new partner for the »Let's Clean Our Mountains« drive and to organise at least one activity for the elderly and children. - To expand the »Let's Clean Our Mountains« drive followers and users of social media.	Not achieved Achieved Achieved	- A more accurate monitoring of waste quantities by fraction was introduced and the communication plan started to be implemented. - The Mountain Rescue Association of Slovenia joined the drive by holding workshops for elementary school pupils. - Geohunt for children was continued and support was provided for the placement of electronic mountain booklets Peak Check, particularly for the elderly. - The reach of posts and interaction with community members were increased through various activities.
- To carry out an in-house campaign for more efficient energy use. - To introduce central document printing. - To calculate the carbon footprint of at least four headquarters of the Triglav Group subsidiaries.	Not achieved Achieved Achieved	- Due to changes in activities, the implementation plan was revised at the end of the year and activities started. - The central document printing pilot project was completed. - The calculation was made for Zavarovalnica Triglav and four subsidiaries.

Key guidelines and objectives of the 2016 Corporate Social Responsibility

Guideline	Objectives for 2016
Management of the organisation - Credit rating - Credibility in relation to investors, shareholders and analysts	- To maintain a high credit rating. - To strictly comply with the notification rules for the members of the Prime Market of the Ljubljana Stock Exchange. - To participate in at least 6 investment conferences.
Fair business practices - Declaration on Fair Business - Higher rate of investigated cases of suspected fraud detected by key performance indicators	- To retain a high standard of fair business, also by organising specialised training courses. - To adopt more detailed rules on corruption and internal fraud risk management. - To increase the efficiency of identifying fraud with own system application and to increase the number of resolved cases by at least 10% compared to 2015. - To continue to actively participate in professional and sectoral associations and organisations, which promote ethical and transparent business.
Recruitment and work practices - Preventive action for ensuring healthy working conditions - Employee training - Psychosocial support provided to employees - Intergenerational cooperation – coexistence of generations	- To continue training and health promotion in the framework of the Triglav.smo project. - To raise the functional and digital literacy of employees. - To hold new online training courses so as to facilitate access to knowledge. - To actively manage the psychosocial risks among employees, mainly to prevent them. - To conduct studies on intergenerational cooperation. To continue interviewing older employees and organise regular training on intergenerational cooperation.



3D Oculus Rift Headset



Handover of donation to the Tolmin Community Health Centre



Guideline		Objectives for 2016
Human rights	Zero tolerance for discrimination, harassment or mobbing at the workplace and protection of dignity of employees by identifying, preventing and remedying the consequences of inappropriate behaviour	To continue implementing the measures based on the Rules on protection of dignity at work.
Responsibility to clients and suppliers	- Training in insurance - Services accessible to people with disabilities	- To continue with the integration of insurance literacy into the content of the "Vse bo v redu" online advisory service. - To launch at least one measure increasing the accessibility of insurance services.
Engagement in the community and its development	- Traffic safety prevention programmes - Volunteering of employees in local communities - The Triglav Generations in Planica drive - Triglav Run - Children of Triglav - Preventive action	- To carry out at least 3 preventive actions for the children at every regional unit: Watch Out Doggy mascot in the framework of the Children of Triglav – Safe on Roads project. - To equip at least 24 new critical locations with active signals to improve road safety. - To include at least 10% of employees in volunteer work and activities. - To take at least 3,000 children to the ski jumping event in Planica, including at least 100 children with special needs. To promote a responsible attitude towards the environment. - To organise the Triglav Run with at least 1,500 active participants and implement at least of one measure to reduce the environmental impact of the event. - To participate in the renovation of at least two playgrounds. - To promote preventive behaviour through the content of the "Vse bo v redu" online advisory service.
Reduction of environmental impacts	- Waste management - Let's Clean Our Mountains - Reduction of greenhouse gas emissions	- To raise awareness of employees about proper waste separation and reducing the quantity of waste. - To encourage employees to actively spend their free time in nature, including a publication of at least 20 suggestions for family trips to the mountains and hills. - To renovate at least one playground near the mountain hut. - To strengthen relations with social network users. - To develop a free mobile application for planning hiking trips and safe mountain paths. - To raise awareness of employees about more efficient energy use. - To set up central document printing in Zavarovalnica Triglav. - To calculate the carbon footprint of at least four headquarters of the Triglav Group subsidiaries. - To purchase company vehicles with low CO₂ emissions. - To purchase at least one company electric car.



The Triglav Run 2015



3,000 children in Planica

Awards and prizes

In 2015, the Company received the following awards and prizes:

- **Trusted Brand 2015:** For the ninth consecutive year, Zavarovalnica Triglav was at the top of the list of the most trusted insurance companies in Slovenia.
- **TOP 10 Training and Education Management:** for the seventh consecutive year, the Company received an award for companies that invest the most in knowledge, education and training of their employees and that do so using a systemic approach (the award is granted by Planet GV and the SOFOS Institute of Training Management).
- **Award of the Belgrade Stock Exchange:** At the 14 investment conference in Belgrade, Zavarovalnica Triglav received the second *award of the Belgrade Stock Exchange* for best investor relations in the Adria region.
- **Healthy Workplaces Good Practice Award:** The award of the European Agency for Safety and Health at Work was received for the Triglav.smo programme.
- **Good practice in safety and health at work:** The Triglav.smo programme was awarded the main prize in the competition organised by the Ministry of Labour, Family, Social Affairs and Equal Opportunities of the Republic of Slovenia together with the National Network for Cooperation with the European Agency for Safety and Health at Work.
- **Marketing excellence:** Zavarovalnica Triglav was among the finalists for the Marketing Excellence Award in the category »Large B2C Companies« presented by the Marketing Association of Slovenia.
- **The »Vse bo v redu« website** won the *Best Digital Media Award* presented by POMP Forum 2015 and the WEBSI 2015 prize for the Winner of the People's Vote in the category of the best digital marketing projects. According to the Croatian Insurance Institute and the magazine *Svijet osiguranja*, the »Vse bo v redu« website was among the top five finalists for the best website in the insurance industry in South-East Europe and among the finalists for the *Netko Award*.
- **Several awards were received for communication quality of the Annual Report.** The 2015 Gold Quill Award of the International Association of Business Communicators (IABC) was awarded for the Annual Report in the Digital Communication Vehicles category. At the POMP Forum 2015, Zavarovalnica Triglav received *special praise of the jury* for the design in content marketing. The 2014 Annual Report received an award of Finance newspaper for the *best annual report among financial institutions for reporting on sustainable development and communication* as well as the *Gold Award* for the innovative use of communication solutions and the *Silver Award* for interactive edition of the Annual Report at the international MerComm Annual Report Competition – the ARC Awards.
- **The Planica 2015 Virtual Ski Flying project** won numerous awards. It won the *Grand Prix DIGGIT 2015* in the Digital Innovation category and the *Golden Award* in the Financial Services, Insurance and Banking category. The project also received the main award at the *European Excellence Awards* awarded by the magazine Communication Director, the international award at the *Digital Communication Awards 2015* in the Online Event and Live Communication category and the first place in the category of digital communication among

the best sponsorship and sports marketing projects within the framework of the SPORTO conference. Moreover, the project won the second place among the innovative digital projects at WEBSI 2015.

- The **Let's Clean Our Mountains Drive** won the second place in the category of socially responsible projects at WEBSI 2015.
- The **Drajv website** was among the finalists for the *Netko Award*, which is awarded by the Chamber of Commerce and Industry of Slovenia in cooperation with the Safer Internet Centre (Safe.si).

Commitments to external initiatives²⁶

The Company actively complies with the Insurance Code of the Slovenian Insurance Association that lays down the fundamental standard of professional business practice in the Triglav Group. Zavarovalnica Triglav voluntarily supports initiatives fostering business practices that are ethically, environmentally, socially and economically sustainable in the long term.

By upgrading its digital business, Zavarovalnica Triglav also applies the recommendations of the Slovene Consumers' Association for improving financial literacy. The online preventive content for the policyholders and the general public was considerably expanded with the "Vse bo v redu" website, aimed at promoting preventive action, reducing the risks to which the policyholders are exposed and promoting insurance literacy. The development of online services for policyholders is described in more detail under Section 11 [→ see 11.2.2 *Online operations (E-business)*]. Continuous improvement in the responsiveness of claim handling and a high level of flexibility of the claim procedure in the settlement of mass loss events are described under [→ Section 11.1].

With respect to ensuring compliance, the Company actively cooperates with the EICE (European Institute of Compliance and Ethics) and the AmCham Corporate Ethics and Transparency Committee. As one of the first Slovene signatories of the Declaration on fair business practices, Zavarovalnica Triglav committed to raising the awareness regarding the significance of fair business practices at the national level (influence on competitiveness and social welfare) and the implementation of the compliance programs modelled after international practices and standards of fair practice [→ more in Section 12.5 *Fair Business Practice*].

Membership in associations²⁷

Zavarovalnica Triglav actively participates in several insurance industry-related and other associations, including the Slovenian Insurance Association, the Chamber of Commerce and Industry of Slovenia, the Association of Employees' Councils of Slovenian Companies, the Supervisors Association of Slovenia, the Ethos anti-corruption working group operating within the UNGC Slovenia, the Marketing Association of Slovenia, the Public Relations Society of Slovenia, the Institute for the Development of Social Responsibility (IRDO) and the social responsibility network of Slovenia (MDOS). The Group's subsidiaries outside Slovenia are active members of industry associations and economic groupings in their relevant countries.

²⁶ GRI G4-15

²⁷ GRI G4-16

12.2 Key stakeholders²⁸

The Company strives for a fair and balanced cooperation and a two-way communication with its stakeholder groups, which include the shareholders, the insured or the policyholders, public authorities, supervisory bodies, suppliers, creditors, analysts, media and local and broader communities.

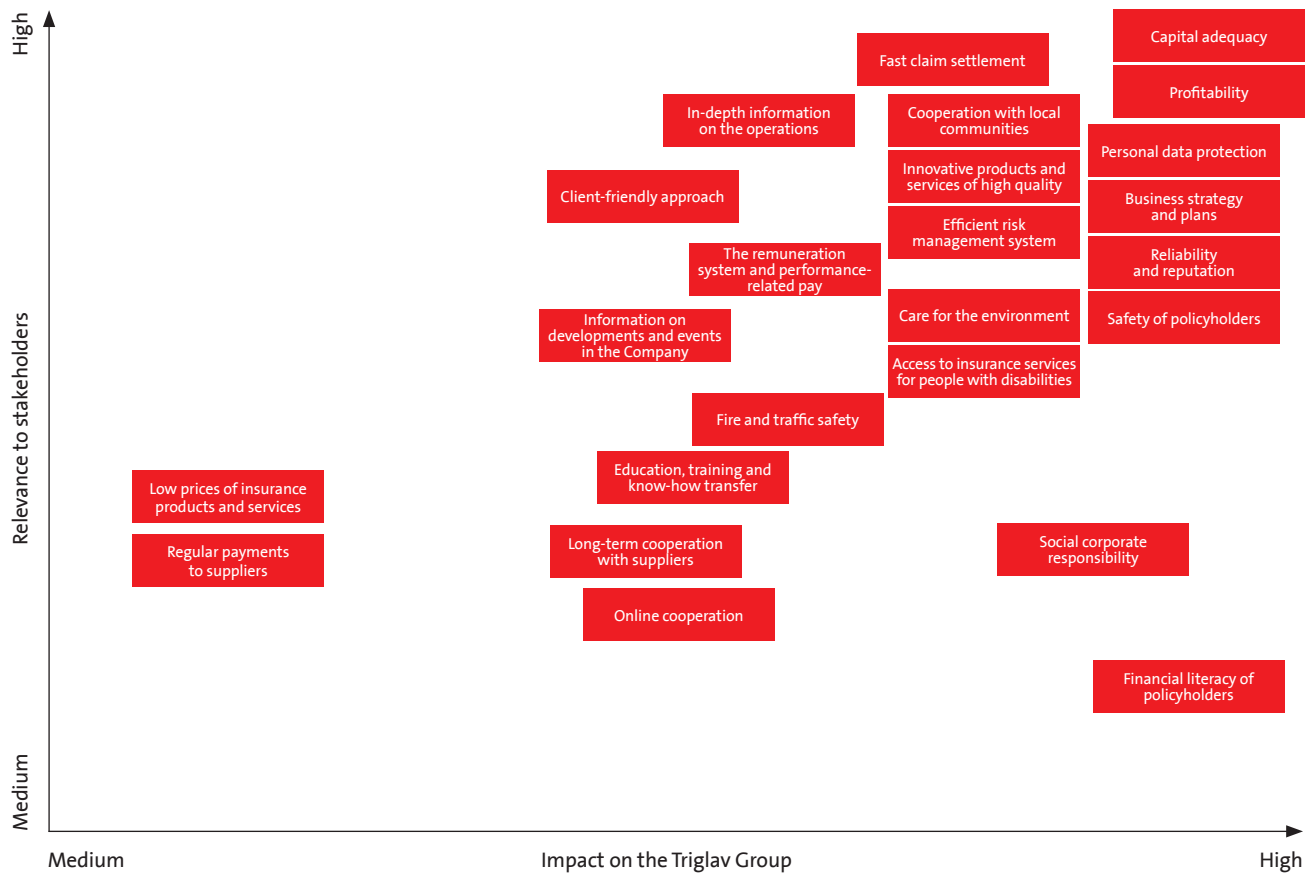
In pursuit of its mission, Zavarovalnica Triglav identifies and monitors the needs and interests of stakeholders through a web of mutual relationships at the strategic and operational levels, strengthening the understanding between individual stakeholder groups and the Company and enhancing mutual trust.

The table below shows the involvement of stakeholders and the key topics.

Stakeholders	Form of involvement	Key topic/interest
Clients/insured	- Personal contact with insurance agents and brokers - E-mail - Opinion polls - Websites - Blogs, social networks - Television, radio and newspaper ads - Collecting complaints and compliments - Mobile applications	- Fast payment of damages - A good ratio between the price and quality of insurance - Benefits for loyal clients - Reliability and trust in the Company - Low insurance premiums - Market experience - Friendly approach to clients - Innovative insurance products and services - Protection of personal data
Employees	- Personal contact - E-mail - Management participation (the Works Council and trade union representatives in the Supervisory Board) - Organisational climate measurement - Triglav.smo programme - In-house magazine Obzornik - In-house events, sports and recreational events for employees	- The remuneration system and performance-related pay - Career advancement system - Information about changes in the Company - Relationships among employees - The life-work balance - Education and additional training - Safety and health at work
Shareholders/ investors	- General Meetings of Shareholders - Notices via www.triglav.eu and on the SEOnet online portal (the Ljubljana Stock Exchange website) - E-mail - Interim and annual reports - Presentations for investors - Investors conferences, individual meetings	- In-depth information on the operations and financial position of the Group - Financial result/efficiency - Business strategy and plans - Dividend policy and returns - Corporate social responsibility
Regulators	- Insurance Supervision Agency (ISA) reports - Regular reviews by inspection and supervisory bodies - Audits by certified auditors	- Ensuring capital adequacy - Safety of policyholders and/or users of insurance services - Efficient risk management system - Compliance of insurance products and services - Complying with the obligations of a public company
Suppliers and creditors	- Public tenders and competitions - Meetings with suppliers - E-mail and electronic operations	- Long-term cooperation - Reliability of payments - Upgrading the existing cooperation - Delivery times, prices of services and goods - Delivery of environmentally friendly material - Paperless operations
Communities	- Entering into partnerships with non-profit organisations and educational institutions and execution of joint projects - Public tenders for allocation of sponsorship and donation funds - Cooperation with local decision-makers	- Traffic safety - Fire safety - Co-financing of cultural, sports and humanitarian projects - Infrastructure investments - Access to insurance services for people with various disabilities - Financial literacy
Media	- Press releases - Press conferences - Answers and explanations	Transparent information about the operations, events and changes in the Triglav Group



Relevance of content for shareholders and the Triglav Group



12.3 Responsibility to employees²⁹

The **human resource management policy** is based on the values of the Triglav Group. It focuses on recruiting and retaining highly qualified, responsible, committed and satisfied employees.

Strategic guidelines for human resource management

The strategic guidelines for human resource management are based on the strategic guidelines of the Triglav Group and Zavarovalnica Triglav. The aim is to ensure that the employees are competent, motivated and committed, thereby contributing to the common vision. The employees are provided opportunities of upgrading their knowledge and achieving their professional and personal goals, thereby continually fostering their potential.

- The recruitment process was adjusted to business process optimisation and organisational changes, while focusing on retaining key promising staff.
- In standardising the human resource management processes, focus is on building a coherent organisational culture and ensuring the transfer of good practices. Thus, employment agreements of two employees from the subsidiaries of the Triglav Group were extended so as to train them in line with the planned development activities for the key promising staff.
- To improve the recruitment process and make employee development more efficient, a new tool for measuring competences was acquired.
- A psychological and social support programme for employees with a holistic approach to distress was carried out systematically.

- The programmes for new leaders were upgraded with e-material.
- The planned intergenerational cooperation programme was implemented.
- The rules of the Ideja IN system were revised and the application for simplified submission of good ideas was introduced.
- Within the Triglav.smo programme, activities for health protection, satisfaction and commitment of employees were continued.
- Regular measurement of organisational climate was conducted and adequate corrective measures were taken.
- Job re-evaluation commenced, which is expected to be completed by 2017.

Recruitment policy

Employment opportunities and career development in the Group are based on:

- a carefully structured selection procedure of the best human resources;
- systematic identification of talents in employees and finding the right career opportunities for them;
- promoting managerial and professional development of employees and achievement of career goals in connection with personal goals;
- promoting lifelong learning and continued acquisition of new skills, know-how and experience;
- pursuing new opportunities for employees in the context of intergenerational cooperation, fewer work opportunities of employees, etc.



12.3.1 Recruitment and employee structure³⁰

As at the year-end, the total number of employees in the Triglav Group was 5,379 or 27 less than the year before, primarily due to the sale of Triglav Pojišt'ovna. The highest increase in the number of employees was recorded in Triglav, Upravljanje nepremičnin due to the merger of Slovenijales, in Triglav Osiguranje, Belgrade, Triglav

Osiguranje, Zagreb, TRI-LIFE, Zagreb and TRI-PRO BH, Sarajevo due to the strengthening of the internal sales network and in Skupna pokojninska družba (takeover of the company). Recruitment was carried out in line with the employment plan, business and strategic objectives and integrated cost management.

The number of employees in the Triglav Group

Subsidiaries of the Triglav Group	Number of employees			Difference 2015/2014
	2015	2014	2013	
Zavarovalnica Triglav d.d., Ljubljana	2,341	2,365	2,373	-24
Pozavarovalnica Triglav Re d.d., Ljubljana	46	45	42	1
Triglav, Zdravstvena zavarovalnica d.d., Koper	84	84	81	0
Skupna pokojninska družba d.d., Ljubljana	18			18
Triglav Osiguranje d.d., Zagreb	528	507	554	21
Triglav Osiguranje d.d., Sarajevo	243	246	243	-3
Triglav Pojišt'ovna a.s., Brno		126	121	-126
Lovčen Osiguranje a.d., Podgorica	253	271	264	-18
Triglav Osiguranje a.d.o., Belgrade	511	460	406	51
Triglav Osiguranje a.d., Banja Luka	83	78	80	5
Triglav Osiguruvanje a.d., Skopje	260	256	232	4
Lovčen životna osiguranja a.d., Podgorica	14	14	13	0
Triglav INT d.d., Ljubljana	24	21	4	3
Triglav Skladi d.o.o., Ljubljana	41	43	42	-2
Triglav Avtoservis d.o.o., Ljubljana	28	28	28	0
Triglav Svetovanje d.o.o., Domžale	81	74	81	7
Triglav, Upravljanje nepremičnin d.d., Ljubljana	149	22	1	127
Triglav Naložbe d.d., Ljubljana		5	6	-5
Slovenijales d.d., Ljubljana		125	125	-125
Golf Arboretum d.o.o., Volčji potok	11	10	10	1
TRI-LIFE d.o.o., Zagreb	26	1		25
Triglav Savetovanje d.o.o., Belgrade				0
TRI-PRO BH d.o.o., Sarajevo	41	25	19	16
Unis automobili i dijelovi d.o.o., Sarajevo	26	29	32	-3
Autocentar BH d.o.o., Sarajevo	43	52	53	-9
Sarajevostan d.d., Sarajevo	124	122	122	2
Triglav Auto d.o.o., Banja Luka				0
Lovčen Auto a.d., Podgorica	107	104	101	3
Avrigo d.o.o., Nova Gorica	205	205	201	0
Integral Notranjska d.o.o., Cerknica	16	16	16	0
Integral Zagorje d.o.o., Zagorje ob Savi	48	46	47	2
Integral Stojna Kočevje d.o.o., Kočevje	28	26	26	2
Alptours d.o.o., Bovec				0
Triglav nepremičnine d.o.o., Ljubljana			28	0
Total	5,379	5,406	5,351	-27

30 GRI G4-9, G4-10





The educational structure of employees improved as the number of employees with university degree or higher education increased, while the number of employees with a lower level of education declined.

Employees of the Triglav Group as at 31 December 2015 by level of education

Level of education	2015		2014		2013	
	Number	Percentage	Number	Percentage	Number	Percentage
Level I–IV	1,267	23.6	1,401	25.9	1,445	27.0
Level V	1,553	28.9	1,552	28.7	1,549	28.9
Level VI	622	11.6	593	11.0	593	11.1
Level VII	1,773	33.0	1,676	31.0	1,606	30.0
Masters and PhDs	164	3.0	184	3.4	158	3.0
Total	5,379	100.0	5,406	100.0	5,351	100.0

The number of full-time employees in Zavarovalnica Triglav was 2,252 (96.2%), while 89 (3.8%) were part-time employees.

Employees in Zavarovalnica Triglav as at 31 December 2015 by employment type (full-time, part-time)³¹

Type of employment	2015		2014		2013	
	Number	Percentage	Number	Percentage	Number	Percentage
Part-time	89	3.8	97	4.1	96	4.0
Full-time	2,252	96.2	2,268	95.9	2,277	96.0
Total	2,341	100.0	2,365	100.0	2,373	100.0

The number of employees in permanent employment in Zavarovalnica Triglav was 2,281 (97.4%), while 60 employees (2.6%) were employed for a fixed-term. The share of fixed-term employees increased by 0.3 percentage point.

Employees in Zavarovalnica Triglav as at 31 December 2015 by employment type³²

Type of employment agreement	2015		2014		2013	
	Number	Percentage	Number	Percentage	Number	Percentage
Fixed-term	60	2.6	55	2.3	59	2.5
Permanent	2,281	97.4	2,310	97.7	2,314	97.5
Total	2,341	100.0	2,365	100.0	2,373	100.0

Staff turnover³³

The staff turnover rate slightly increased to 3.9% (in 2014: 3.2%). The Company recruited 71 new employees, while 95 left. Among leavers, the main reason was retirement of staff in the oldest age group (above 56 years of age). The majority of the newly employed were aged between 26 and 30 years. Men prevailed both among newly recruited employees (60.6%) and among leavers (51.6%).

The number of newcomers and leavers in Zavarovalnica Triglav in 2015 by age

Age group	Newcomers		Leavers	
	Number	as a %	Number	as a %
20–25	7	9.9	2	2.1
26–30	19	26.8	7	7.4
31–35	16	22.5	10	10.5
36–40	8	11.3	7	7.4
41–45	14	19.7	9	9.5
46–50	5	7.0	6	6.3
51–55	2	2.8	3	3.2
56 and over	0	0.0	51	53.7
Total	71	100.0	95	100.0

The number of newcomers and leavers in Zavarovalnica Triglav in 2015 by gender

Gender	Newcomers		Leavers	
	Number	as a %	Number	as a %
Men	43	60.6	49	51.6
Women	28	39.4	46	48.4
Total	71	100.0	95	100.0

The average total years of work of employees in Zavarovalnica Triglav was 22.07 years, while the average years of work only in Zavarovalnica Triglav totalled 16.42 years.

31 GRI G4-10

32 GRI G4-10

33 GRI G4-LA1



In Zavarovalnica Triglav, both the share of employees over 46 years and the share of employees aged from 36 to 40 years increased. The average age of employees rose to 44.39 years (43.88 years in 2014).

Employees of Zavarovalnica Triglav as at 31 December 2015 by age³⁴

Age group	2015		2014		2013	
	Number	as a %	Number	as a %	Number	as a %
20–25	17	0.7	31	1.3	26	1.1
26–30	136	5.8	150	6.3	175	7.4
31–35	260	11.1	272	11.5	288	12.1
36–40	392	16.7	390	16.5	428	18.0
41–45	430	18.4	453	19.2	440	18.5
46–50	465	19.9	456	19.3	448	18.9
51–55	379	16.2	371	15.7	362	15.3
56 and over	262	11.2	242	10.2	206	8.7
Total	2,341	100.0	2,365	100.0	2,373	100.0

In terms of gender, the employee structure shows no significant changes in the long term and is comparable to the gender ratio in the Slovene general population.

Employees of Zavarovalnica Triglav as at 31 December 2015 by gender³⁵

Gender	2015		2014		2013	
	Number	Percentage	Number	Percentage	Number	Percentage
Men	1,145	48.9	1,150	48.6	1,159	48.8
Women	1,196	51.1	1,215	51.4	1,214	51.2
Total	2,341	100.0	2,365	100.0	2,373	100.0

As at the reporting date, 2,192 or 93.7% of all staff were employed under the collective agreement (94.0% in 2014). The remaining 6.3% were employees with individual agreements (149 employees).³⁶

Benefits are the same for all employees, be it permanent full-time employees, fixed-term employees or part-time employees.³⁷

The height of the basic salary of women is equal to the basic salary of men in all categories of employees, locations and activities.³⁸

The proportion of women in the highest management amounted to 27.3% (23.9% in 2014), in the middle management, 38.1% (42.1% in 2014). With one woman sitting on the Management Board of Zavarovalnica Triglav, the share of women was 20%.³⁹

The average age of the members of the Management Board is 41.6 years.⁴⁰ In Slovenia the management is local.⁴¹

34 GRI G4-LA12

35 GRI G4-LA12

36 GRI G4-L1

37 GRI G4-LA2

38 GRI G4-LA13

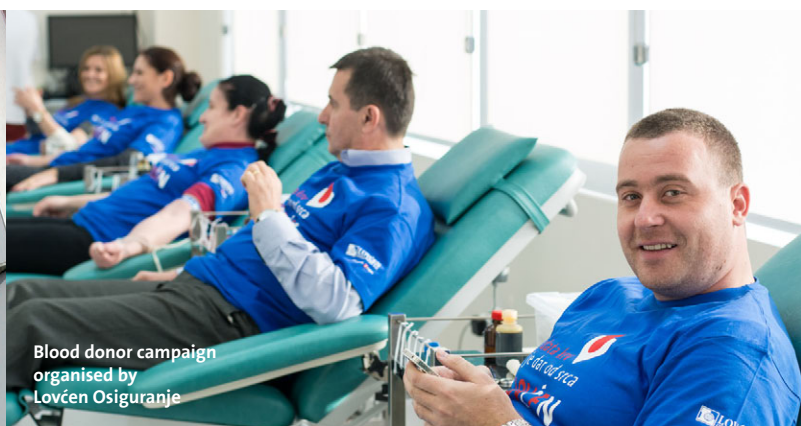
39 GRI G4-LA12

40 GRI G4-LA12

41 GRI G4-EC6



Zavarovalnica Triglav



Blood donor campaign
organised by
Lovćen Osiguranje



12.3.2 Staff training and development

12.3.2.1 Training⁴²

Various professional training programmes ensure that employees are highly qualified. In-house training represents the largest share, especially insurance training, sales training and communication workshops. Employees participated in computer and foreign language courses as well as in healthy lifestyle and personal growth workshops. Most training courses took the form of lectures and workshops, while education on mandatory topics and certain professional training courses were provided through e-learning. The share of e-learning is on the rise (see the tables below) as it is more adjustable.

Moreover, employees are able to attend external training courses in Slovenia and abroad. If there were more candidates interested in a specific topic, the seminar was organised in-house.

Scholarships continued to be provided to 15 students, while mandatory work practice/internship was offered to 32 students and pupils. The Company cooperated with faculties in the preparation of project assignments. Apart from that, presentations on Zavarovalnica Triglav and the insurance business were held.

13 employees completed traineeship. As an in-house group, 35 employees enrolled in the higher education study programme Bachelor of Science in Economics – specialisation in insurance. Full or partial funding of study was provided to 205 employees.

The number of training participants in Zavarovalnica Triglav in 2013–2015

Type of training	2015	2014	2013	Index	
				2015/2014	2014/2013
Scholarships	15	19	23	79	83
Work study	205	202	226	101	89
Probationers	13	14	10	93	140
Work experience	32	36	34	89	106
External training	430	477	536	90	89
In-house training (traditional)	8,336	6,909	7,457	121	93
In-house training (e-learning)	4,087	2,872	2,069	142	139
Total	13,118	10,529	10,355	125	102

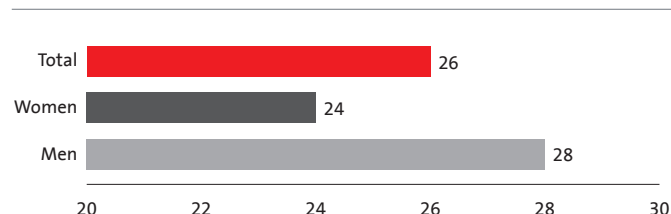
In 2015, the number of functional training hours was higher than the year before. More training courses were organised in-house, whereas the number of external training courses dropped.

The number of functional training hours in Zavarovalnica Triglav in 2013–2015⁴³

	2015	2014	2013	Index	
				2015/2014	2014/2013
Total number of functional training hours	60,940	51,631	63,458	118	81
Number of hours of in-house training (traditional)	51,812	41,725	53,355	124	78
Number of hours of in-house training (e-learning)	3,386	2,872	2,069	118	139
Number of hours of external training	5,742	7,034	8,034	82	88
Number of functional training hours per employee	26	22	27	118	81

Slightly more men participated in training courses. With regard to age, the majority of participants was aged between 26 and 45 years.

The average number of functional training hours in 2015 by gender⁴⁴

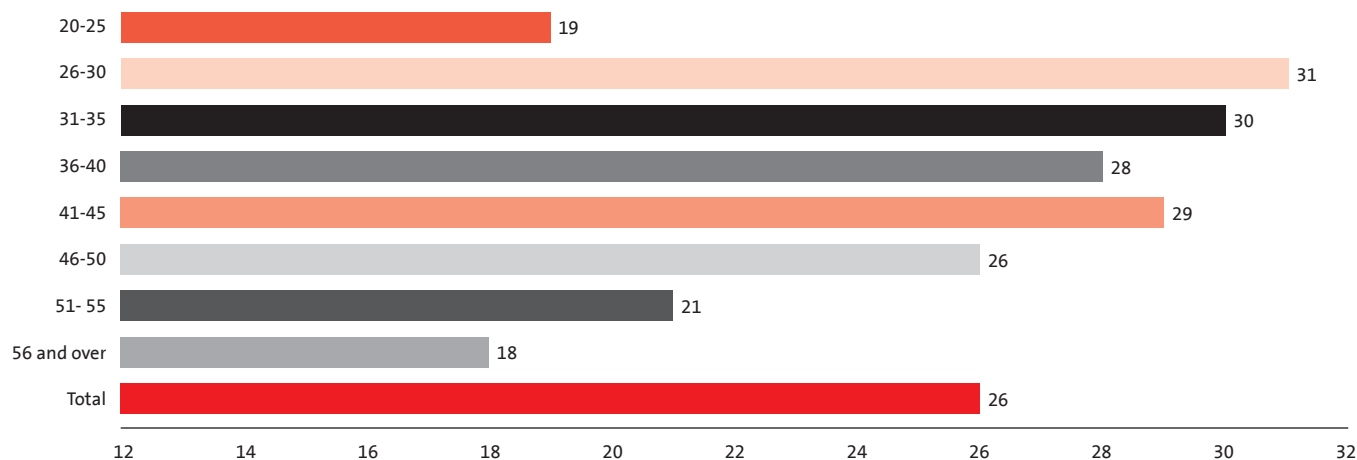


42 GRI G4-DMA

43 GRI G4-LA9

44 GRI G4-LA9

The average number of functional training hours in 2015 by age⁴⁵



Various forms of knowledge transfer were organised for the Triglav Group employees. In spring, employees from subsidiaries were once again invited to participate in a 10-day professional practice.

Cost-efficiency was taken into consideration in the performance of training courses. Despite reduced funding, many training programmes were implemented with the help of in-house lecturers.

Training costs of Zavarovalnica Triglav in 2013–2015

	2015	2014	2013	Index	
				2015/2014	2014/2013
Total costs*	791,985	854,682	1,286,069	93	66
Costs per employee	338	361	542	94	67
Costs per participant	60	81	124	74	65

* Data include both direct (scholarships, grants, tuition fees, work study costs, probationer pay and payments to trainers and lecturers) and indirect training costs (travel expenses in Slovenia and abroad, subsistence and overnight stay allowances related to training).

12.3.2.2 Management by objectives and annual development interviews⁴⁶

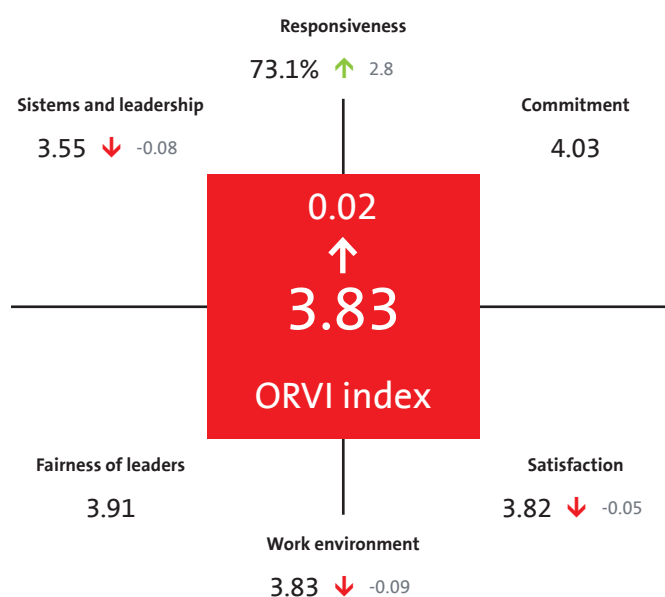
The majority or 70% of all employees are included in the management-by-objective system using the CIVODEU application. At annual interviews, employees set their objectives for the current year in cooperation with their superiors. Further interviews held every three months are aimed at re-defining the goals, revising expectations, assessing the achievement of set goals and determining work performance. Through monitoring and feedback, a personal relationship may be formed between a superior and employee, which contributes to better performance. Due to the nature of their work, insurance agents and call centre clerks are subject to other forms of remuneration.

12.3.2.3 Measurement of organisational climate (vitality)

The welfare of employees is monitored by continuously measuring the organisational climate, which enables the Company to respond to the needs identified in the survey. In Zavarovalnica Triglav, the organisational climate survey was conducted for the eighth time. In accordance with the new methodology, it is now called organisational vitality. The upgraded questionnaire (ORVI2015) provided an even better insight into the employees' welfare factors. In the reporting year, the questionnaire was completed by 73.1% of employees (70.4% in 2014).

The results of organisational vitality measurement are explained using four basic indexes (commitment, satisfaction, work environment, fairness of leaders, systems and management), which were combined into the aggregate ORVI index.

The image below also includes the responsiveness index, which however is no longer included in the overall assessment.



⁴⁵ GRI G4-LA9

⁴⁶ GRI G4-LA11

**Results of organisational vitality in Zavarovalnica Triglav**

Both new indexes, i.e. fairness of leaders and commitment, received the highest scores and contributed to a small improvement in the aggregate index (by 0.02 point). According to the results, most indexes slightly deteriorated; however, compared to the previous measurement, responsiveness to the survey increased (73.1% in 2015 compared to 70.4% in 2014).

Employees are highly committed and motivated to achieve good performance and consider their direct superiors to be open, honest and fair. Moreover, several other characteristics of superiors were positively assessed, such as willingness to cooperate, commitment to team effectiveness, efficient feedback and decision-making. Employees are quite satisfied with their closest co-workers. Organisational loyalty and a positive attitude remained high despite a slight drop.

Most room for improvement remains in the remuneration system, performance-related pay, career development, flow of information and cooperation outside the smallest organisational units.

The Management Board adopted measures to improve the lower-rated organisational vitality categories. The Human Resource Management Division met with the heads of units with the lowest scores as well as with those who received the highest scores in the management and fairness of leaders categories.

Results of the organisational climate in the Triglav Group

In 2015, the organisational climate was not measured in the insurance subsidiaries of the Triglav Group, except in Pozavarovalnica Triglav Re. A more comprehensive measurement is planned for 2016.

12.3.3 Safety and health at work⁴⁷

In the effort to continually improve safety and health at work, great importance is placed on preventive actions and early elimination of any hazards. The Company complies with the applicable legal regulations governing safety and health at work.

At the level of Zavarovalnica Triglav, the following programmes and measures are carried out:

- the »Protecting Health« programme that promotes health,
- the »Harmony of Life and Work: Triglav.smo« programme and
- the measures of the »Family-Friendly Enterprise« certificate.

The Safety Statement and Risk Assessment (the fundamental document in safety and health at work under the Safety and Health at Work Act) includes the risks assessed for a particular workplace as well as all identified and described hazards and harmful effects on the health of employees. The Statement also contains measures to reduce them.

In the e-classroom, employees complete obligatory training and take an exam in accordance with the legal regulations governing fire safety and safety and health at work.

Support to employees in the event of workplace violence⁴⁸

The employees who are in contact with clients are appropriately trained in how to respond in the event of violence, robbery or threats. Modern technical security measures were taken to protect both the employees and the business premises. Moreover, regulations and instructions ensuring a safe work environment were prepared.

Fire safety

The preventive measures in fire safety include carrying out regular training and education of employees, ongoing improvement of fire safety at all business locations and monitoring of on-site fire safety in accordance with the applicable statutory requirements.

Good practice in fire safety is disseminated to the Triglav Group, business partners and clients.

Injuries at work⁴⁹

The total number of accidents in 2015 increased, especially due to a large number of accidents on a business trip. Most exposed are employees who work in the field. The most common cause of their injuries were slips and road accidents.

Injuries at work in Zavarovalnica Triglav in 2013–2015

	2015		2014		2013		Index	
	Number	Percentage	Number	Percentage	Number	Percentage	2015/2014	2014/2013
At work	10	43.5	7	70.0	14	100.0	143	50
On business trips	13	56.5	3	30.0	0	0.0	433	0
Total	23	100.0	10	100.0	14	100.0	230	71

The number of lost work days due to injuries at work went up sharply in recent years due to an increased number of serious injuries, which require longer recovery and absence from work.

Lost work days due to injuries at work in Zavarovalnica Triglav in 2013–2015

	2015	2014	2013	Index	
				2015/2014	2014/2013
Lost work days due to injuries at work	814	118	103	689	115

Every accident at work which would render an employee unfit for work for more than three working days, every dangerous occurrence and every established occupational disease must be reported to the Labour Inspectorate of the Republic Of Slovenia. In 2015 one dangerous occurrence was recorded. Thus far no occupational diseases were identified.⁵⁰

Absenteeism⁵¹

The absenteeism rate in Zavarovalnica Triglav increased by 0.83 percentage point to 4.19 and was 0.13 percentage point above the national level reported for the Republic of Slovenia.

Temporary absence from work due to illness or injury is measured by the number of lost working days in a year. By law, sickness benefits are divided into two categories: those reimbursed by the employer (medical leave up to 30 days) and those reimbursed by the Health Insurance Institute of Slovenia (ZZZS) (medical leave

47 GRI G4-DMA

48 GRI G4-DMA

49 GRI G4-LA6

50 GRI G4-LA7

51 GRI G4-LA6



longer than 30 days, care for and/or accompanying a sick person). Compared to 2014, the share of work days lost due to sick leave reimbursed by Zavarovalnica Triglav rose by 0.45 percentage point,

while the share of work days lost due to sick leave reimbursed by the Health Insurance Institute of Slovenia was higher by 0.35 percentage point.

Absenteeism rates in Zavarovalnica Triglav and Slovenia by year and type of sick leave

Year	Paid by Zavarovalnica Triglav	Reimbursed by ZZZS	Rate of absenteeism in Zavarovalnica Triglav	Rate of absenteeism in Slovenia(1)
2010	2.23	1.58	3.81	4.17
2011	1.98	1.73	3.71	4.19
2012	1.90	1.66	3.56	4.06
2013	1.89	1.62	3.50	3.94
2014	1.87	1.51	3.37	3.80
2015	2.32	1.86	4.19	4.06

* Source: National Institute of Public Health, Records of temporary absence from work due to illness, injury, care and other causes, IVZ3

A healthy lifestyle and work balance are promoted in the context of the *Triglav.smo* programme under the internal brand »Protecting Health«. The Company invests in raising awareness about the importance of health, which all employees can enrich with the knowledge gained by attending various thematic workshops. Focus is on ergonomics, a safe and healthy work environment without violence and mobbing, management of psychosocial risks, a healthy lifestyle and care for a strong work-life balance.

12.3.4 Care for employee satisfaction⁵²

Triglav.smo programme

In addition to innovation, intergenerational cooperation and health promotion, the aim of the Triglav.smo programme aim is to ensure the satisfaction of all employees. The programme also includes the »Family-Friendly Enterprise« certificate. Together with the »Protecting Health« programme, the following was prepared for the employees:

- anti-stress and motivational workshops in all regional units of Zavarovalnica Triglav (»Relaxation is the key to good health« and »Motivate yourself!«);
- 12 running training workshops for regular exercising and efficient relaxation;
- annual visits of safety and health at work ambassadors to regional units, who encourage employees to follow the principles of ergonomics in arranging their workplace, to properly adjust their chair and arrange their desk (mouse, keyboard, monitor, etc.) and to provide advice on arranging their workspace (examples are available at http://www.triglav.si/files/varno_delo/);
- posters promoting the importance of correct sitting posture at the computer;
- healthy diet workshops (in all regional units and at several locations in Ljubljana);

- the possibility of purchasing locally produced fresh fruit and vegetables twice a month for employees in Ljubljana;
- the transfer of good practices in greeting the seasons to the Triglav Group (seasonal fruit for employees for a healthy start of the day);
- 13 workshops on quitting smoking using the Easyway method;
- 20 workshops on becoming familiar with and disseminating the family-friendly management guidelines for leaders within the framework of the »Family-Friendly Enterprise« certificate (fewer stressful situations in the work/family environment).

The good practice in health promotion of the *Triglav.smo* programme was presented at several conferences throughout Europe. In the 2014–2015 Healthy Workplaces Campaign launched by the European Agency for Safety and Health at Work (EU-OSHA), Zavarovalnica Triglav was recognised and awarded as a company with a good practice in psychosocial risk management. The Company was invited to participate in the closing event of the Healthy Workplaces Manage Stress Campaign in Bilbao, Spain.

»Family-Friendly Enterprise« certificate

Zavarovalnica Triglav has been the holder of the »Family-Friendly Enterprise« first certificate facilitating reconciliation of work and personal life since 2012. In 2016, the full certificate will be obtained.

Additional benefits for employees:

- Zavarovalnica Triglav pays 95% of its employees a supplemental pension insurance premium amounting to 4% of their gross salary;⁵³
- group accident insurance premium is paid for all employees;
- additional accident insurance for employees and their family members is available at favourable insurance terms and conditions;
- additional accident insurance is provided for all business trips;
- after one year of employment, all employees may opt for supplemental voluntary pension insurance and voluntary pension insurance;⁵⁴
- 79% of all employees took out the collective insurance package *Celostna zdravstvena oskrba* (comprehensive medical care).

52 GRI G4-DMA
53 GRI G4-EC3
54 GRI G4-EC3



Running workshop – preparations for the Triglav Run



The meeting of all Triglav Group employees

Parental leave or part-time work in Zavarovalnica Triglav in 2015⁵⁵

	Women	Men	Total
Maternity leave, child care leave	72	3	75
Father's leave of 15 days (in the period up to the child's age of six months)	0	42	42
Father's leave of 75 days (up to the child's age of three years)	0	5	5
Option to work part-time	26	0	26

All employees (of either gender) who used parental leave had the right to resume work or return to their position.

Return to work and retention rate after using parental leave in Zavarovalnica Triglav in 2015⁵⁶

	Women	Men	Total
The number of employees who returned to work after parental leave	72	3	75
The number of employees who returned to work after parental leave (by gender) and who stayed employed in the Company after 12 months	72	3	75
Return rate after parental leave	100%	100%	100%
Retention rate after parental leave	100%	100%	100%

Circumstance and work requirements permitting, working hours can be adapted to the needs and wishes of employees. 26 mothers worked part-time. 85 employees who were parents of first graders took advantage of a day's paid leave on the first school day. Employees can take unpaid leave in certain cases and in agreement with their superiors. In 2015, six employees took short unpaid leave.

Cooperation with employees – trade union

Two representative trade unions are active in Zavarovalnica Triglav. The Company concluded a special agreement and cooperates well with both of them. Before adoption, any act specifying the rights and obligations of workers is submitted to the trade unions to give their opinion.

In line with the Worker Participation in Management Act and the Agreement on Worker Participation in Management, the Company informs the Works Council of any changes in the Company's operations at least 10 days prior to adopting such a decision.⁵⁷

Care for employees outside the working hours

The variety of social and sports activities available to employees include the traditional Triglav Group Day – Our Day, Sports Games of Financial Organisations (ŠIFO) and gatherings with retired Triglav employees. In recent years, membership in the Mountaineering Association and the Sports Association has gained in popularity. As at the 2015 year-end, almost 37% of employees were members of the Sports Association (29% in 2014). This year, employees from subsidiaries in Slovenia also joined.

Promoting innovation and improvements

In December 2015, the new Rules on Consideration and Rewarding of Good Ideas came into force in Zavarovalnica Triglav. The concept of innovation was extended to include all useful proposals, innovations and improvements submitted by employees for consideration. The new Ideja IN application simplified submission and consideration of good ideas.

Violations on grounds of discrimination

In 2015, no formal cases of discrimination were recorded in Zavarovalnica Triglav.⁵⁸

The number of complaints and reports filed with respect to human rights and cases solved through formal complaint procedures

In 2015, the Code of the Triglav Group was upgraded and the Rules on Protecting Employees' Dignity at Work were revised. The composition of the committee changed from six to nine members. A completely new definition of the labour panel, who decides on a particular case at an operational level, was adopted. Preventive action and the resolution of conflicts in the earliest stage of development contributed to the fact that there was not even a single case of unacceptable or inappropriate behaviour, which would require a formal proceeding in line with the Rules.⁵⁹

55 GRI G4-LA3

56 GRI G4-LA3

57 GRI G4-DMA, G4-LA4

58 GRI G4-HR3

59 GRI G4-DMA, G4-LA16, G4-HR12



Access for disabled persons



Funding of anti-hail nets



12.4 Responsibility to clients

An integral part of the business concept and strategy is responsibility towards the policyholders, which puts clients at the centre of the Company's operations. The related topics are presented in several sections, particularly in [→ *Section 11. Development and sales activities*]. Responsibility towards policyholders means stability of the Company, responsiveness, transparency, intelligibility and accessibility of insurance products and services. Dynamic development in smart, connected services, mobile applications and claim settlement are presented in the aforementioned section. To point out a few highlights:

- **Promotion and rewarding of safe driving.** In 2015, Zavarovalnica Triglav was the first to offer usage-based insurance on the Slovene market. The DRAJV service improves and promotes safe driving of all users, not only of Zavarovalnica Triglav's policyholders [→ *see Section 11.2.2. Marketing Activities for more details*].
- **Upgrading of claim services.** The upgraded mobile application Triglav Škode was developed to offer assistance upon occurrence of a loss event, provide advice and begin the motor vehicle and home insurance claim settlement procedure already at the site of the occurrence. The process organisation in all insurance subsidiaries is being adapted to allow simple reporting (at all regional units, representative offices, certain contractual partners, the toll-free telephone number, online and mobile reporting) and quick settlement of claims [→ *see Section 11.1. Development activities for available solutions*]. In the event of mass claims, properly adjusted claim settlement procedures allow to take into account the circumstances in which the policyholders find themselves to an even greater extent [→ *for further details see Section 11.1. Development activities*].
- **Strengthening of prevention activities.** The previously mentioned widely used website [Vse bo v redu](#) (Everything Will Be Alright) came online, providing advice on prevention and promoting insurance literacy. Not only in-house and external advisers but also users participate in its operation. In cooperation with the Slovenian Environment Agency, the hail alert mobile application was updated and upgraded. The new application *Triglav Vreme* (Triglav Weather) will also be widely used and available to everyone in Slovenia. [→ *See Section 12.7.1.*]⁶⁰ for more details about prevention activities.
- **User experience is optimised,** analysed and enhanced by introducing improvements.
- Online operations were centralised, the websites of subsidiaries were redesigned and online operations were introduced for the client throughout the whole purchase cycle.
- **The modern channels are upgraded** to provide quick access to assistance and up-to-date information as well as to enable simple procedures for exercising the rights arising from insurance and for taking out insurance. Clients can receive information

on non-life and life insurance products by calling the **toll-free number 080 555 555**. The assistance and general information point is fully operational 24 hours a day and 365 days a year at the **special number 080 2864** (for calls from abroad +386 2222 2864). The www.triglav.si website acquaints clients about products and services, enables safe underwriting, quick reporting of claims, purchase of insurance policies and advice. Equal access to the range of products and services is also provided to computer literate movement-impaired policyholders. In all formats of information materials (web, print or audio-video editions), the Company strives for simplicity and clarity.⁶¹ The **i.triglav web office** provides policyholders access to their non-life, life and health insurance policies. In 2015, an online service for **supplemental voluntary pension insurance** for business users was developed [→ *see also 11.1.2*]. In Croatia, online access and management of life insurance policies were enabled.

- It is planned to include non-life insurance in the web office in Croatia in 2016. Transfer to other subsidiaries will be carried out gradually.

12.4.1 Access to insurance services for people with various disabilities⁶²

People with different types of impairment (visually, hearing or movement impaired) are able to completely independently access most (65%) of the Company's points of sale. Data on points of sale with independent access for handicapped persons are available at the Company's website: www.triglav.si. Where no automatic doors have been fitted yet, special signs and bells for assistance in opening doors are being installed. Own points of sale have been equipped with accessories for partially sighted persons (magnifying glasses), while regional units' head offices have FM devices enabling better communication with persons with hearing disabilities.

Zavarovalnica Triglav strives for its website to be in compliance at least with the requirements of the AA standard WCAG 2.0 for visually impaired persons.

In order to promote awareness about the needs of persons with disabilities, the Company cooperates with the Sports Federation for the Disabled of Slovenia. In addition, employees of Zavarovalnica Triglav voluntarily educate children at school sports days about the needs of persons who have a disability.

12.4.2 Responsibility to the natural environment through insurance products and services

Zavarovalnica Triglav promotes a responsible attitude to the natural environment and encourages locally grown food supply through insurance products and services, especially in agricultural insurance:

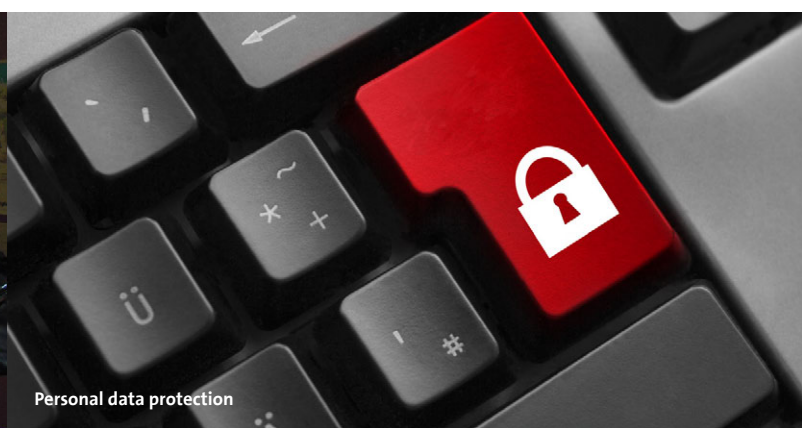
- The premium policy is designed to encourage policyholders to invest in **active protection from adverse weather conditions** through the use of anti-hail nets, greenhouses, tunnels, and irrigation and sprinkler systems for spring frost protection. The Company funds research on growing a more resistant planting material.⁶³

60 GRI G4-FS7, G4-DMA
61 GRI G4-FS14

62 GRI G4-FS14
63 GRI G4-FS8



Visit of school children
to the Nova Gorica
Regional Unit



Personal data protection

- Apart from that, funds were provided for the installation of multiple anti-hail nets in orchards across Slovenia.
- The Company participated in the **Agrobiznis Project** (under the auspices of Finance newspaper), which presents and promotes large and small agricultural producers and processors (self-sufficiency in food).
- In agricultural insurance, **electronic commerce** was introduced in the estimation of damage in the field, which is both user- and environment-friendly (paperless operations).
- The Company encourages **less intensive animal production**, which is not only environmentally friendlier but also involves fewer insurance risks. Cattle insurance (the main class of livestock insurance) was adapted to certain local specifics and small and medium-sized livestock farms to maintain agricultural production in less favoured areas (limiting agricultural factors).⁶⁴
- The stimulative premium policy for **young farmers** contributes to the promotion of young farmers setting up an agricultural holding, the preservation of settlement and larger land cultivation in the Slovene countryside. These goals are consistent with the interests of both the Common Agricultural Policy and the Slovene agricultural policy.⁶⁵
- By distributing promotional preventive items, the possibility of the **occurrence of damage in livestock production** is reduced (dermatological veterinary ointments and sprays, birth ropes).
- Individual target groups are informed about the importance of **prevention and risk management in agricultural production** and the need to protect domestic food production (the *Tla* (Soil) prize competition at the AGRA 2015 fair, including a free soil analysis by the Agricultural Institute of Slovenia, etc.).
- Active support is provided to the Slovene Rural Youth Association (ZPMS) for its annual **Young Innovative Farmer** competition (the general sponsor of the 9 competition held in 2015).
- Apart from that, the Company co-financed the purchase of diving equipment and a sonar for environmentally-friendly underwater bottom surveys as well as other prevention activities of the Slovenian Diving Association.

12.5 Fair business practice

By adopting of the Code of the Triglav Group (hereafter: the Code) in 2015, Zavarovalnica Triglav upgraded the Code of Good Business Practices of Zavarovalnica Triglav. The Code applies to all insurance and financial subsidiaries of the Triglav Group. Its key content was presented at two conferences on compliance organised for the Triglav Group, while the employees are regularly informed of its content.

Through the Code, the system for direct reporting of non-compliance was set up, regulated by a special internal document for **dealing with internal fraud and infringements of the Code of the Triglav Group**. In the first year, 3 reported suspected infringements of the ethical principles or values of the Code were considered, including suspected internal fraud. One reported case was resolved by issuing a warning with regard to non-compliance with the Code. The remaining two cases reported in the last quarter of 2015 are still pending.⁶⁶

Anti-corruption measures and personal data protection⁶⁷

In 2015, the Policy on Agreement Management was revised, which regulates the agreements concluded between Zavarovalnica Triglav and its contractual partners, laying down the following obligatory contractual provisions:

- an anti-corruption clause,
- a conflict of interest prevention clause,
- a clause on the protection of internal and other sensitive information,
- protection of business secrets and admissibility of disclosure due to access to public information and
- a personal data protection clause, by which a special personal data protection agreement has to be concluded with contractual partners who process these data in the name and on behalf of the Company.

Personal data protection once again received special attention. Among other things, regular training courses were held and awareness was raised among employees on the manner and importance of appropriate protection of not only their personal data but also the data of the clients and other stakeholders.⁶⁸ The Company received 5 requests from clients regarding their right of information in accordance with the Personal Data Protection Act (ZVOP-1) and processed them within the prescribed time limit. Out of 11 complaints received about an alleged infringement of the Act, 7 were justified. In 2015, the Information Commissioner did not bring any proceedings against Zavarovalnica Triglav nor impose a monetary fine or other sanctions.⁶⁹

Examples of corruption and measures taken⁷⁰

The Fraud Prevention, Detection and Investigation Department (FPDID) is in charge of insurance fraud in Zavarovalnica Triglav. Employees are encouraged to identify any cases of suspected fraud and report them by using the relevant application software. In addition, the Triglav Group employees receive training in fraud prevention and detection. Particularly the employees whose work involves insurance underwriting and claim settlement participate in the fraud prevention and detection training programme.

Advanced IT solutions continued to be developed so as to help prevent, detect and investigate cases of fraud. Identification of suspicious loss event reports was expanded, enabling investigators to conduct their investigations faster and more easily. Fraud was confirmed in 260 cases out of 470 reported cases of suspected fraud. The share of confirmed cases of fraud was 11% higher than in 2014.

In 2015, the Commission for the Prevention of Corruption did not bring any proceedings of external supervision against the Company; the proceeding that began in 2014 had not yet been completed by the end of 2015.⁷¹

The value of all contributions to political parties by recipient, the lobbying policy⁷²

Due to an over 25% share of state ownership in equity, Zavarovalnica Triglav is prohibited from financing political parties pursuant to the Political Parties Act.

Client communication and information⁷³

Zavarovalnica Triglav fully complies with the Consumer Protection Act and the special requirements with regard to client information when concluding distant contracts for financial services, including insurance contracts. The commitment to information of clients is further discussed in [→ *Section 11.1 Development activities*].

64 GRI G4-FS8

65 GRI G4-FS7

66 GRI G4-DMA, G4-SO3

67 GRI G4-DMA

68 GRI G4-HR2

69 GRI G4-SO8, G4-PR8

70 GRI G4-SO3, G4-SO5

71 GRI G4-SO8, G4-SO5

72 GRI G4-SO6

73 GRI G4-DMA, G4-PR3, G4-PR4

12.6 Client satisfaction⁷⁴

Satisfaction of clients is reflected in their complaints and compliments, which are analysed and resolved according to previously defined procedures. They also serve as the basis for introducing improvements and corrective measures. In the reporting year, 1,329 complaints were received or 9% less compared to the previous year. The majority of complaints were made with respect to the content (84.6%), most of which were related to non-life insurance (66%), 33% referred to life insurance and 1% to other segments. The most common reason for filing a complaint related to life insurance was the amount of insurance benefits and the insurance conclusion procedure, while with respect to non-life insurance most complaints were filed against the decision of the Company that there were no grounds for the payment of damages or insurance benefits. In the reporting year, 15.7% of total resolved complaints were founded and 11.6% were partly founded. Apart from that, 60 compliments were received (75 in 2014).

So as to determine client satisfaction and knowledge, the survey Insurance Monitor (international survey conducted annually since 2000), brand reputation measurements among residents (twice a year) and purchase factor measurements are used.

Corporate volunteering of Zavarovalnica Triglav's employees

Initiative
"Children of Triglav" Project
Corporate Voluntary Week "Giving Back to the Community", organised by the American Chamber of Commerce
Cooperation with the Sports Federation for the Disabled of Slovenia – the Paralympic Committee

12.7 Responsibility to the community

The Triglav Group is closely involved in the environment in which it operates and fulfils its corporate social responsibility through various prevention activities, voluntary work of employees and partnerships with the local community.

In **cooperation with local communities**, several projects and actions were carried out:⁷⁵ Within the framework of the Children of Triglav project, carried out for the fourth year, multi-purpose playground equipment was installed to the joy of the children in the Municipality of Hrastnik. Moreover, 15 playgrounds were renovated in the Municipality of Piran. Two corporate social responsibility projects – Children of Triglav and Let's Clean the Mountains – were connected, in the context of which a new children's playground was built beside the Dom v Tamarju mountain hut. In addition, since the start of the campaign 15 other playgrounds from Kobarid to Slovenska Bistrica were renovated.

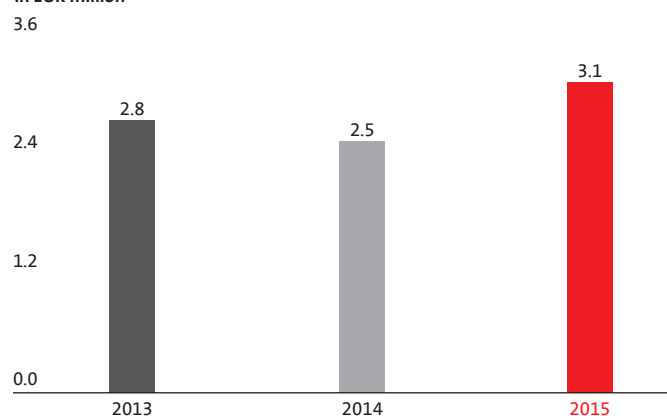
12.7.1 Preventive activities⁷⁶

Prevention activities aimed at reducing risks are an important guideline for sustainable operations of insurance companies. The activities are undertaken in line with internal documents and measures relating to the implementation of prevention activities.

In 2015, a total of EUR 3.1 million or 24% more than in the previous year was allocated to prevention activities of the Triglav Group and EUR 1.4 million or 7% more to those of Zavarovalnica Triglav. Most funds were spent on improving road safety, reducing the risks of fire and measures for greater protection from adverse effects of climate change. For the second consecutive year, a portion of funds allocated for corporate gifts was used for preventive actions across Slovenia.

Funds allocated for prevention activities of the Triglav Group in 2013–2015

in EUR million



⁷⁴ GRI G4-DMA, G4-PRS

⁷⁵ GRI G4-EC7, G4-SO1

⁷⁶ GRI G4-DMA



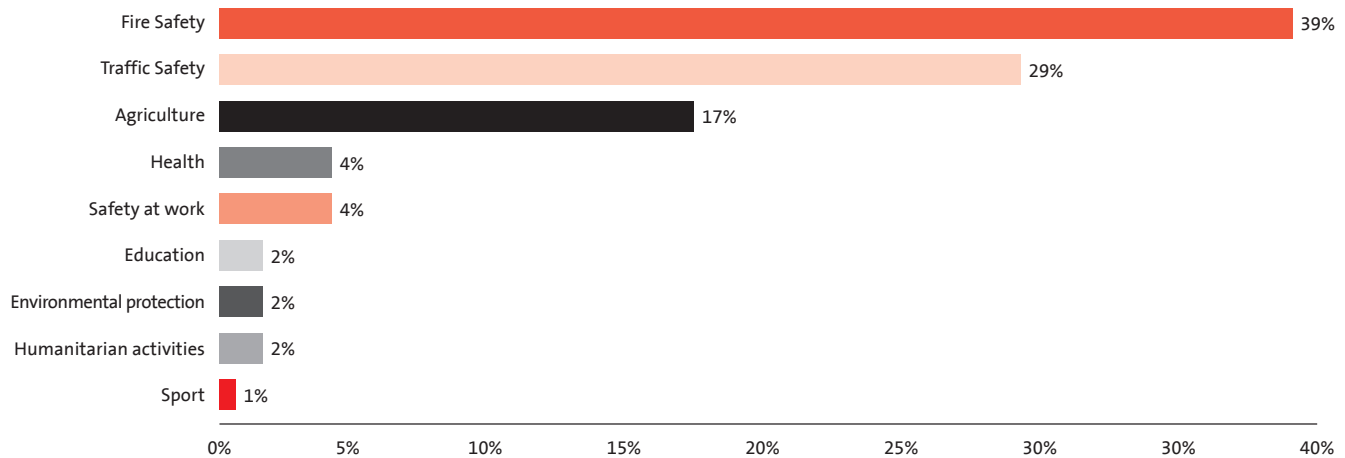
Children of Triglav – renovation of children's playground in Jesenice



Paralympic School Day



The share of Zavarovalnica Triglav's funds for prevention activities by purpose



Prevention projects⁷⁷

For better road safety:

- For the second time in a row, a painting competition was organised in cooperation with the Public Agency for Traffic Safety and Mladinska knjiga. Children from 100 Slovene kindergartens created their works of art on the topic of »Child passenger – safe in traffic«.
- In partnership with the Vozim Institute, the innovative workshops »I still drive – but I don't walk« were organised for secondary school students, who were also acquainted with the DRAJV application aimed at improving driving. At 100 workshops held in the 2014/2015 school year, 7,560 secondary school students heard personal stories of 15 speakers who were injured in a road accident. They also talked about how to responsibly behave in traffic as a young driver.
- Dangerous road sections continued to be equipped with the COPS@road warning system (Collision Preventing Safety System). In cooperation with Aktivna signalizacija Korun, 12 road sections were fitted with the COPS@road system in the past two years. In all road sections equipped with this system, traffic telemetry will be performed and road accident statistics monitored.
- The free mobile application DRAJV was developed to monitor driving and improve driving safety (the mobile application is described in detail under [→Section 11.2.2]).
- At the beginning of the new school year, more than 35-year-old tradition was continued by donating yellow neckerchiefs to more than 22,000 first graders. Together with the Public Agency for Traffic Safety, a series of videos on road safety was recorded for elementary schools. Zavarovalnica Triglav's mascot Kuža Pazi (Watch Out Doggy) reminded school children, parents and drivers of road safety in over 50 elementary schools and kindergartens.

- In collaboration with the Automobile Association of Slovenia (AMZS), driving safety training for beginner drivers was organised at the Safe Driving Centre in Vransko. In 2015, additional locations for driving safety training were added: the Blagomix Safe Driving Centre in Logatec and Španik in Murska Sobota. In total, 76 workshops were attended by 2,060 young drivers. Support for "AMZS family hours" continued to be provided.
- In the AMZS Safe Driving Centre in Vransko, educational and charity events »Motorcyclists for Motorcyclists« were organised, at which 261 motorcyclists refreshed their driver knowledge and tested their driving skills in various dangerous situations. The Company co-financed the purchase of motorcycling and road accident rescue equipment.
- Moreover, support was provided for the long-term ecological research study *Varna vrnitev* (Safe Return) aimed at increasing air traffic safety. The study will contribute to the reduction of claims for the damage incurred during take-off and landing due to bird strike as well as to the protection of biodiversity at the airport site and the surrounding areas.
- The subsidiary Triglav Osiguranje, Zagreb supported the preventive campaign »Don't Drink and Drive«.

Environmentally-oriented activities are presented in [→Section 12.9].

Other prevention projects

- Within the framework of the second **New Year's prevention campaign »For a Better Tomorrow«**, Zavarovalnica Triglav supported 31 prevention projects in local communities throughout Slovenia. The funds spent on New Year's corporate gifts in the past were donated to fire-fighters, civil protection, health care and road safety of children in all 12 regional units. Within two years, more than 50 prevention projects received support within the campaign.

77 GRI G4-DMA, G4-EC7



- At the opening and closing events of the sixth the **Let's Clean Our Mountains Drive**, members of the Mountain Rescue Association of Slovenia demonstrated to the mountaineers how to behave properly in the mountains and how to act in the event of an accident. The Mountain Guide application is available to mountaineers for free as is online planning of mountain paths with more than 4,000 peaks in Slovenia, which was upgraded in cooperation with the Alpine Association of Slovenia.
- In cooperation with the Kolenc Family Theatre, **workshops on internet risks and safety for children** were organised, thereby completing the online prevention project. In 2014 and 2015, performances were held at 48 elementary schools throughout Slovenia, attended by as many as 8,021 of elementary school children.
- Policyholders are financially encouraged to maintain and **improve anti-fire systems**, purchase fire alarms and the systems of access control/intruder detection. Investments are made in the maintenance and purchase of equipment for volunteer fire services. Triglav Osiguranje, Belgrade co-financed fire safety measures.

12.7.2 Sponsorship and donations⁷⁸

The good practice of public invitations to tender for distributing sponsorships and donations continued. As many as 2,132 applications were received for three tenders published on www.triglav.eu, of which 33.8% were approved.

The Company adhered to the revised Sponsorship and Donation Strategy and assessment of applications using the upgraded system, which allows more optimal selection and effectiveness of sponsorships in accordance with the predefined criteria.

The commissions considering the applications ensure that the partnerships are compliant with Zavarovalnica Triglav's brand identity and values.

Sponsorship and donation funds⁷⁹

The Triglav Group allocated EUR 3.2 million for sponsorships or 9% more than in 2014. The largest portion of the funds was spent on sports and recreation projects, followed by partnerships in culture, education, nature protection and health care.

EUR 311 thousand or 33% less than the year before was used for donations. Humanitarian projects received most funds. This amount includes the donation made to the »Everything Will Be Alright« Institute for corporate social responsibility projects. The activities of the Institute are discussed in greater detail below.

Amounts for sponsorships and donations of the Triglav Group in 2013–2015

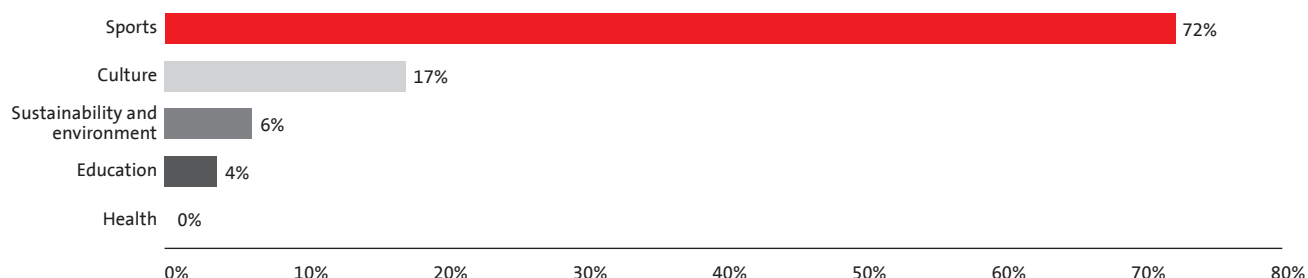
	2015	2014	2013	Index	
				2015/2014	2014/2013
Sponsorships	3,223,584	2,962,060	3,723,156	109	80
Donations	311,280	466,861	259,652	67	180

Amounts for sponsorships and donations of Zavarovalnica Triglav in 2013–2015

	2015	2014	2013	Index	
				2015/2014	2014/2013
Sponsorships	2,843,513	2,437,985	3,168,186	117	77
Donations	197,496	356,177*	189,820	55	188

* The amount includes, among others, the donation to remedy the damage caused by the floods in the Balkans in 2014.

Sponsorship structure of Zavarovalnica Triglav in 2015 by content



⁷⁸ GRI G4-DMA, G4-EC7

⁷⁹ GRI G4-EC1

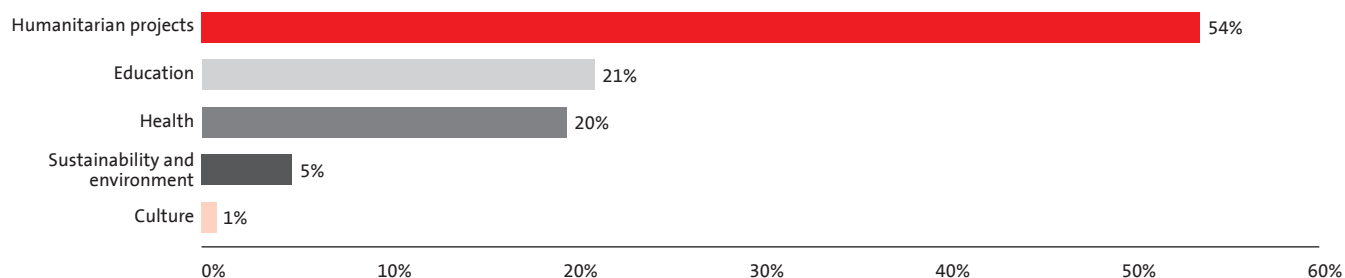


Sponsor of EuroBasket 2015 in Croatia



Sponsor of the Paralympic Committee of the Sports Federation for the Disabled of Slovenia

Donation structure of Zavarovalnica Triglav in 2015 by content



Major sponsorships and donations

As a **tradition**, Zavarovalnica Triglav is connected to sport and promotes a healthy lifestyle together with its partners. In addition to the support provided to top-level and recreational sport, special attention is paid to the development of young athletes.

- The Company is the **general sponsor of the Paralympic Committee** of the Sports Federation for the Disabled of Slovenia and of Basketball Federation of Serbia. The Group also supports the men's national basketball team of Serbia.
- Zavarovalnica Triglav continued its successful partnership with the Ski Association of Slovenia as the gold partner of the Nordic and biathlon national teams as well as the general sponsor of the World Cup Ski Jumping Finals in Planica.
- More than 3,000 Slovene children, large families and groups of persons with special needs were given the chance to watch the World Cup Ski Jumping Finals. In more than 30 years, almost 84,000 sports enthusiasts were taken to Planica. Visitors were able to experience ski jumping by wearing the Oculus Rift virtual reality headset (more than 1,700 virtual jumps).
- Zavarovalnica Triglav was the sponsor of the Ladies Ski Jumping World Cup in Ljubno, the Vitranc Cup in alpine skiing in Kranjska Gora and the Loka Cup international children's skiing competition.
- Furthermore, support is provided to top athletes, including Peter and Domen Prevc, Jakov Fak, Teja Gregorin, Vesna Fabjan, Žan

Košir, Rok Marguč, Klemen Bauer and the ultra-marathon runner David Kadunc.

- The Company provided over 2,000 children with the opportunity to watch the Biathlon World Cup in Pokljuka.
- Zavarovalnica Triglav sponsored EuroBasket 2015 and was the official insurer of the championship, which took place in Croatia.
- The traditional partnerships with the Union Olimpija, Krka Novo Mesto and Domžale basketball clubs continued, in addition to the Celje Pivovarna Laško Handball Club and the Ajdovščina Women's Handball Club.
- Moreover, support was provided to the Radovljica Swimming Club, ACH Volley Volleyball Club, the Volleyball Federation of Slovenia and the activities of other national federations and associations (hockey, tennis, table tennis, handball and canoe).
- Cycling clubs, events such as the Franja Marathon, the Adria Mobil and Sava Kranj cycling clubs also receive support.
- The Company supported the run of the triathlete Miro Kregar on the 170th anniversary of the birth of Jakob Aljaž, the 120th anniversary of erecting the Aljaž Tower on the summit of Mount Triglav and the 115th anniversary of Zavarovalnica Triglav. His 80-km run began at the birth house of Jakob Aljaž in Zavrh pod Šmarna gora and ended at the 2,864-meter-high Mount Triglav. Zavarovalnica Triglav was also the main sponsor of Bled Triathlon.
- The Triglav Group has been a sponsor of the Adriatic Water Polo League since 2011.

The subsidiaries of the Triglav Group support numerous sports activities in their environments:

The Triglav Group subsidiary	Sports sponsorship
Lovćen Osiguranje, Podgorica	■ Montenegro Olympic Committee ■ Podgorica Triathlon Club ■ Budućnost Female Handball Club ■ Karate Association, Podgorica
Triglav Osiguranje, Zagreb	■ Ice Hockey Club, Zagreb ■ Primorje Water Polo Club ■ Football »Oscar« (the award for the best Croatian football player)
Triglav Osiguruvanje, Skopje	■ Macedonian national basketball team ■ Vardar Handball Club
Triglav Osiguranje, Sarajevo	■ Velež Football Club ■ Sharkcup swimming competition ■ Spars 05 Youth Basketball Club
Triglav Osiguranje, Belgrade	■ BeoBasket Stars ■ Konstantin Youth Basketball Club
Triglav Osiguranje, Banja Luka	■ Jahorina Ski and Mountaineering Association





Culture

Music was brought closer to its fans through the traditional cooperation with the Cankarjev Dom Cultural and Congress Centre (season tickets for *the Music of the World*), the Ljubljana Festival, the Godibodi Festival, the Ljubljana Flow Festival and numerous other music festivals, evenings and events. In collaboration with the Slovene Youth Theatre and the Puppet Theatre, support was provided to performance art, while in cooperation with the Lent Festival support was granted to the Art Camp for children. The Company co-financed the programme of the Šiška Centre for Urban Culture.

With the support of Triglav Osiguranje, Belgrade, the largest festival of quality children's music *Čarolija* (Magic) took place, whilst Triglav Osiguranje, Skopje supported the activities of the Association for the Promotion of Film Culture Djifoni-M Skopje. Triglav Osiguranje, Sarajevo provided support to the International Festival of Secondary School Theatre Medija art – Juventafest, whereas Triglav Osiguranje, Zagreb supported the Archaeological Museum in Zagreb.

Education and training

- Zavarovalnica Triglav is the partner of the intergenerational centre »To Triglav to Change the World« (Na Triglav spreminjat svet). There, young people introduce the world of computers and other innovations to the elderly, while they share their language skills, playing of instruments and other skills with young people.
- In cooperation with the Mountain Rescue Association of Slovenia within the framework of the »Children Learn to Help« project (Otroci se učijo pomagati), awareness of children and young people is raised about safety in the mountains. As many as 1,169 pupils attended 53 workshops. Support was provided to the activities of Ljubljana-Matica Mountaineering Club and Bovec Mountaineering Club.

Humanitarian activity

Obsolete computer equipment for less demanding users was given to the Association for Sustainable Development *Duh časa* (The Spirit of Time). The upgraded computers were donated to families at risk.

In cooperation with Kinodvor Cinema and the Paediatric Clinic of the UMC Ljubljana, a film was screened for the children at the Paediatric Clinic, who were also entertained by the Watch Out Doggy mascot.

In the context of the Triglav Run, for the second consecutive year four Slovene maternity hospital were donated funds for the purchase of the necessary equipment. Thus in 2015, funds were donated to the Murska Sobota General Hospital, Kranj Gynaecology

and Obstetrics Hospital, Slovenj Gradec General Hospital and the Novo Mesto General Hospital.

Moreover, support was provided to organisations providing assistance to persons with physical and mental disabilities, institutes and associations improving the quality of life of the elderly and children, research and health organisations and many other institutions and associations that improve the quality of life in local communities.

Everything Will Be Alright Institute

In 2013, Zavarovalnica Triglav founded the »Everything Will Be Alright« Institute for the management and implementation of socially responsible activities with the help of external partners and employees. The Institute mostly provides help to the weakest members of the society and raises awareness on the importance of sustainable development. Its operation is based on the following three pillars: prevention activity to prevent loss events, support to young talents and remedying the consequences of natural disasters or loss events in Slovenia and abroad.

The main projects of the Everything Will Be Alright Institute are:

■ Support to young talents

Under the Young Hopes Project (Mladi upi), for the third year above-average talented young people received financial support on their path of development in sport, art and science, which they need in addition to hard work. In 2015, 112 applications in all three categories were received. The board of experts selected 11 recipients, while the public chose their favourite through online voting. The Everything Will Be Alright Institute and Pro Plus media company allocated a total of EUR 50 thousand to the winners, who are active in sport, literature, science, music and dance.

A series of free seminars were organised for all three generations of "young hopes", their trainers, mentors and parents. At the first **alumni event**, young people received useful tips on how to cope with stress.

The Young Hopes Project was presented at the Best of the Best competition held by the American Chamber of Commerce. It won in its category and ranked 2nd in the finals.

■ Remedying the consequences of natural disasters or loss events

Zavarovalnica Triglav provided support in remedying the consequences of catastrophic floods, which devastated the Balkans in May 2015. The Group's employees in Bosnia and Herzegovina, Croatia and Serbia were directly affected by the floods. The Institute donated EUR 150,000 to the flood-affected areas, which were divided among the flood-affected institutions in Croatia, Serbia and Bosnia and Herzegovina.

Other forms of humanitarian aid of the Triglav Group

Donation recipient	Purpose of aid
Slovenian Society for Dog Assisted Therapy <i>Tačke Pomagačke</i> (Helping Little Paws)	Promotion of reading literacy and communication skills of children with developmental disorders or after an accident
Tolmin Community Health Centre	Purchase of emergency medical equipment
Club of Special Sports, Banja Luka	Winter camp for persons with special needs
Organisation of Women of Skopje	Financial support to the SOS centre and the construction of the Centre for Assistance to the Victims of Domestic Violence
Nikšić General Hospital, Podgorica	Purchase of emergency medical equipment
Dr. Andrej Mohorovičić Elementary School, Zagreb	Co-financing of a desktop computer

Information on sponsorships and donations:

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Miklošičeva cesta 19, 1000 Ljubljana
E-mail: spozorstva@triglav.si



12.8 Responsibility to suppliers⁸⁰

In 2015, the purchasing process was automated and moved to the web. The Procurement Portal was introduced, which enables online tendering and contracting. The bidders submit their bids through e-tenders; online auction is also available. The portal provides for the traceability of the whole procurement process, automating the process and document flow.

The **supplier selection criteria** depend on the type of procurement. The obligatory criteria are the price and business cooperation. Other criteria depend on the type of procurement (existing experiences, delivery time, bidders' references, etc.). No special training courses for suppliers were necessary in 2015.⁸¹

Corporate social responsibility or sustainability criteria are also taken into account in the selection of suppliers. The conditions for taking part in the tender include complying with employment relationship obligations, providing a healthy and safe working environment and respecting international human right agreements and environmental legislation, which are all part of the General Purchase Terms and Conditions of Zavarovalnica Triglav.⁸²

Persons in charge of procurement communicate **with the suppliers**. The communication process (delivery time, complaints, payments) is managed by the same person. This is most suitable also for the suppliers, who thus always have a person they can contact for any inquiries.⁸³

Assessment of key suppliers is usually performed once a year or more often if necessary. In 2015, together with the Compliance Office, the risk assessment questionnaire was revised to account for a negative media image of a supplier, outstanding tax liabilities or any other proceedings brought before the court or the Commission for the Prevention of Corruption which may indicate unfair business practices of the supplier.

Locally oriented procurement⁸⁴

Zavarovalnica Triglav procures goods or services primarily on the local Slovene market, where most suppliers of goods and services can be found. Due to the relatively small size of Slovenia, the entire Slovene market can be considered a local market.

Efforts are made to include as many local suppliers as possible in the procurement process. In some cases, inclusion of local suppliers is not sensible (e.g. office supplies), as they are too small to ensure supply to all regional units.

Procurement of other Triglav Group subsidiaries is also locally oriented. They procure goods or services at their respective markets as well.

Enabling fair competition

The Company's operations comply with the Prevention of Restriction of Competition Act. Care is taken that the supplier selection procedures are transparent and compliant with fair competition rules. Agreements with Zavarovalnica Triglav include provisions on conflict of interest prevention and an anti-corruption clause.⁸⁵

Zavarovalnica Triglav was not informed of any legal actions filed against the Company before the Slovenian Competition Protection Agency for violating the competition protection laws.⁸⁶

Remuneration of insurance agencies and their sales staff

As at the end of the year, the Company cooperated with more than 400 partners registered as insurance agents, including exclusive and non-exclusive agencies selling both non-life and life insurance. Of these, 60 contractual partners sell life insurance and 230 contractors sell non-life insurance. In addition, the Company cooperates with 160 tourist agencies.

All candidates are required to pass a standardised selection process to be eligible for signing a contract. Real-time monitoring is used for the results of contractors. In case of agencies selling life insurance products, the commission rate depends on trends in the portfolio and the sustainability index for maintaining client loyalty. Contractors selling non-life insurance products are assessed on the basis of portfolio renewal and an increase in new policyholders, which is also linked to additional remuneration.

12.9 Responsibility to the natural environment⁸⁷

Protection of the environment in work processes

Zavarovalnica Triglav prepared a plan to raise employee awareness about a rational use of resources and waste management. The plan will be regularly implemented throughout the year with the support of internal media.

Electronic notification of earnings for employees was introduced, resulting in annual savings of approximately 300 kg of office paper. To reduce waste plastic packaging from beverage vending machines, all employees of Zavarovalnica Triglav have their own cup and water bottle. Employees in most regional units and at the headquarters can use bicycles for short-distance work-related travel.

In line with the purchasing policy, all (30) newly purchased company vehicles have low CO₂ emissions, which is in compliance with the guidelines of the European Commission, setting the maximum CO₂ emission target of 95 g/km by 2020.⁸⁸ The environmental criteria are part of the supplier selection process [→ see Section 12.8. Responsibility to suppliers].

Carbon footprint calculation⁸⁹

Systematic carbon footprint measurement in Zavarovalnica Triglav is being introduced to other companies of the Triglav Group. Thus, for the second time, carbon footprint measurement was conducted for the headquarters of four subsidiaries (see the table below).

Carbon footprint results in tonnes of CO₂ equivalent by Triglav Group subsidiary

Location	Carbon footprint		
	2015	2014	2013
Zavarovalnica Triglav*	4,930	5,107	5,419
Triglav Osiguranje, Sarajevo**	174	169	
Triglav Osiguranje, Belgrade**	471	421	
Lovćen Osiguranje, Podgorica**	195	165	
Triglav Osiguruvanje, Skopje**	372	159	

* The Company headquarters and the 12 regional units' head offices are included in the calculation.

** The headquarters are included in the calculation.

80 GRI G4-12

81 GRI G4-DMA

82 GRI G4-DMA, G4-EN32, G4-LA14, G4-HR10

83 GRI G4-DMA

84 GRI G4-DMA, G4-EC9

85 GRI G4-DMA

86 GRI G4-SO7

87 GRI G4-DMA

88 GRI G4-EN30

89 GRI G4-EN15, G4-EN16, G4-EN17, G4-DMA



The bulk of greenhouse gas emissions is accounted for by emissions due to electricity consumption and heating, followed by work-related transport.

Carbon footprint measurement was performed in all Zavarovalnica Triglav's locations for the third time, while all regional units' head offices and the Headquarters were included in the calculation of electricity consumption and energy used for heating and cooling.

The calculation was performed using the methodology based on the Greenhouse Gas Protocol. The greenhouse gas calculation included direct emissions from heating with natural gas and fuel oil at regional units' head offices and the Headquarters as well as the emissions due to the Company's vehicle fleet, which is exclusively used for work-related travel. Indirect emissions included electricity used for cooling, lighting, heating, the operation of electrical and

electronic equipment, as well as district heating emissions. Apart from that, emissions due to the use of paper and emissions due to work-related travel using employees' own vehicles or public transport (train, bus, plane) were taken into account. Commuting to/from work was not considered in the calculation. The introduced information system improved the quality and efficiency of collecting the data on energy consumption, discharges and waste [→ see *Use of Energy Products and Water for further details*].

The bulk of greenhouse gas emissions in Zavarovalnica Triglav is accounted for by emissions due to electricity consumption and heating, followed by work-related transport. Electricity consumption was reduced by 4.7%, whereas carbon footprint from heating increased by 16%.

Carbon footprint results of Zavarovalnica Triglav in tonnes of CO₂ equivalent by location

Location	Carbon footprint			Electricity consumption and heating in m ²		
	2015	2014	2013	2015	2014	2013
Headquarters	836	860	965	0.065	0.063	0.077
Ljubljana Regional Unit	1,826	1,878	1,863	0.090	0.092	0.099
Celje Regional Unit	315	324	392	0.051	0.051	0.057
Koper Regional Unit	77	89	88	0.074	0.076	0.085
Kranj Regional Unit	324	413	456	0.073	0.101	0.107
Krško Regional Unit	72	81	99	0.029	0.029	0.042
Maribor Regional Unit	119	155	164	0.044	0.046	0.064
Murska Sobota Regional Unit	308	336	339	0.083	0.084	0.092
Nova Gorica Regional Unit	236	179	235	0.053	0.034	0.052
Novo Mesto Regional Unit	140	141	140	0.081	0.082	0.083
Postojna Regional Unit	495	465	472	0.246	0.230	0.235
Slovenj Gradec Regional Unit	61	67	80	0.044	0.046	0.054
Trbovlje Regional Unit	121	119	126	0.080	0.072	0.079
Total	4,930	5,107	5,419	0.078	0.078	0.087

Total emissions due to exclusively work-related travel using the Company's vehicle fleet, public transport or employees' own vehicles accounted for 483 tonnes of CO₂ equivalent or 14.5% less than the year before.

Paper consumption is used to monitor environmental awareness and behaviour of employees in the office. CO₂ emissions due to office paper consumption are very low compared to other sources.

The average use of A4 printing and copy paper per employee a day

	2015	2014	2013
Average use of paper sheets per employee a day	27.7	27.6	27.1



6th season of the
"Let's Clean
Our Mountains" drive



Completion of the
"Let's Clean Our Mountains"
drive on Pokljuka

**Use of energy products and water⁹⁰**

By taking various organisational and investment measures, the use of energy products is planned to decrease by around 10% in the 2015–2018 period. This commitment is voluntary and is part of the efforts for the efficient use of all resources, as the insurance industry is not committed to adhere to the legislation regulating energy management.

In 2015, energy performance certificates were obtained and energy audits of some of the most important buildings were performed, while the rest will be audited in 2016, when significantly higher funds will be allocated to more extensive energy-saving building renovation. Since 2013 small investments have been made to improve the energy efficiency of the most critical buildings.

In 2016, the new information system will enable **automatic management of energy and environmental accounting**. The obtained data, including the findings of key energy audits, will serve as an important basis for taking appropriate measures.

Use of energy products in Zavarovalnica Triglav in 2013–2015

Energy product type	Use of energy products by year			Index	
	2015	2014	2013	2015/2014	2014/2013
Warm water (MWh)	2,900	2,211	2,857	131	77
Fuel oil (l)	16,550	35,441	57,446	47	62
Gas (m ³)	144,697	101,055	154,555	143	65
Electricity (MWh)	5,092	5,347	5,621	95	95

In the reporting period, 34,315 gigajoules (GJ) of electricity were used for heating, cooling, lighting and the operation of electrical and electronic equipment, assuming that 10 kWh of electricity are generated from one litre of fuel oil and 9.5 kWh from 1m³ of natural gas.

Zavarovalnica Triglav does not yet keep records of its energy consumption by energy source, but estimates its structure to be comparable to the structure of energy sources at the national level. According to the latest available data (from 2011), it is estimated that the largest energy source in Slovenia is nuclear energy (39%), followed by solid fuels (33%), while renewable sources of energy accounted for 24% of the total.⁹¹

Waste disposal policy

Paper, packaging and mixed municipal waste is collected separately in all regional units and most representative offices. At the Headquarters, where waste separation results have been monitored for several years, a continuing decline in the share of mixed municipal waste has been recorded. In 2015, more comprehensive data began to be captured in the remaining regional units of Zavarovalnica Triglav. Their waste separation results are significantly poorer than those for the Headquarters.

The quantity of waste in Zavarovalnica Triglav⁹²

Waste type	Zavarovalnica Triglav (in m ³)	Headquarters (in m ³)			Headquarters index	
	2015	2015	2014	2013	2015/2014	2014/2013
Mixed waste	856	28	23	47	122	49
Packaging	448	62	46	94	135	49
Paper	475	120	92	96	130	96
Total	1,779	210	161	237	130	68

In the reporting year, 7,643 kg of disused IT equipment was disposed of, including disused mobile phones. The equipment was handed over to the services responsible for waste management. 105 kg of IT equipment which was no longer used was given away. Toner and ink cartridges are disposed of separately. In the reporting year, 1,350.3 kg of empty cartridges were given to charity.

Care for the broader natural environment

In the sixth »Let's Clean Our Mountains« Drive, more than 70 mountain huts in the Julian Alps, the Kamnik-Savinja Alps, the Karavanke mountains and the Highlands were equipped with biodegradable rubbish bags. In six years, mountaineers carried more than 27 tonnes of waste into the valleys.

The activities jointly undertaken with the Mountain Rescue Association of Slovenia and the website for safe planning of mountain hikes are described in [→ Section 12.7.1. Prevention activities].

90 GRI G4-DMA, G4-EN3

91 Source: Ministry of Agriculture and the Environment, Slovenian Environment Agency, Environmental Indicators in Slovenia, http://kazalci.arso.gov.si/?data=indicator&ind_id=456

92 GRI G4-EN23



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Information on the Triglav Group as at 31 December 2015

Insurance

■ Zavarovalnica Triglav d.d.

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Website:	www.triglav.si , www.triglav.eu

■ Pozavarovalnica Triglav Re d.d.

Address:	Miklošičeva cesta 19, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 474 79 00
Fax:	++ 386 (1) 433 14 19
E-mail address:	mail@triglavre.si
Website:	www.triglavre.si
Activity:	Reinsurance
Equity stake of Zavarovalnica Triglav/ the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	4,950,000 EUR/4,950,000 EUR

■ Triglav, Zdravstvena zavarovalnica d.d.

Address:	Pristaniška ulica 10, 6000 Koper, Slovenia
Phone:	++ 386 (5) 662 20 00
Fax:	++ 386 (5) 662 20 02
E-mail address:	info@zdravstvena.net
Website:	www.zdravstvena.net
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/ the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	25,822,144 EUR/25,822,144 EUR

■ Skupna pokojninska družba d.d.

Address:	Trg republike 3, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 47 00 840, 080 80 87
Fax:	++ 386 (1) 47 00 853
E-mail address:	info@skupna.si
Website:	www.skupna.si
Activity:	Pension funds
Equity stake of Zavarovalnica Triglav/ the Triglav Group:	71.87%/71.87%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	71.87%/71.87%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	4,851,774 EUR/4,851,774 EUR

■ Triglav Osiguranje d.d., Zagreb

Address:	Antuna Heinza 4, 10000 Zagreb, Croatia
Phone:	++ 385 (1) 563 27 77
Fax:	++ 385 (1) 563 27 99
E-mail address:	centrala@triglav-osiguranje.hr
Website:	www.triglav.hr
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/ the Triglav Group:	- /99.86%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /99.86%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /28,033,946 EUR

■ Lovćen Osiguranje a.d., Podgorica

Address:	Ulica Slobode 13a, 81000 Podgorica, Montenegro
Phone:	++ 382 (20) 404 400, 404 410
Fax:	++ 382 (20) 665 281
E-mail address:	info@lo.co.me
Website:	www.lo.co.me
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/ the Triglav Group:	- /94.95%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /94.95%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /16,172,602 EUR



■ Triglav Osiguranje d.d., Sarajevo

Address:	Dolina 8, 71000 Sarajevo, Bosnia and Herzegovina
Phone:	++ 387 (33) 252 110
Fax:	++ 387 (33) 252 179
E-mail address:	info@triglav.ba
Website:	www.triglav.ba
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /68.94%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /78.71%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /2,928,826 EUR

■ Triglav Osiguranje a.d., Banja Luka

Address:	Trg srpskih junaka 4, 78000 Banja Luka, Bosnia and Herzegovina
Phone:	++ 387 (51) 215 262
Fax:	++ 387 (51) 215 262
E-mail address:	info@triglavrs.ba
Website:	www.triglavrs.ba
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /2,845,566 EUR

■ Triglav Osiguranje a.d.o., Belgrade

Address:	Milutina Milankovića 7a, 11070 Novi Beograd, Serbia
Phone:	++ 381 (11) 330 51 00
Fax:	++ 381 (11) 312 24 20
E-mail address:	office@triglav.rs
Website:	www.triglav.rs
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /99.88%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /99.88%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /14,539,234 EUR

■ Triglav Osiguruvanje a.d., Skopje

Address:	Bulevar 8-mi Septemvri br. 16, 1000 Skopje, Macedonia
Phone:	++ 389 (2) 510 22 22
Fax:	++ 389 (2) 510 22 97
E-mail address:	info@triglav.mk, pr@triglav.mk, osig@triglav.mk
Website:	www.triglav.mk
Activity:	Insurance
Equity stake of Zavarovalnica Triglav/the Triglav Group:	- /73.38%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	- /73.38%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	- /2,207,582 EUR

 Asset management

■ Triglav Skladi d.o.o.

Address:	Slovenska cesta 54, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 300 73 00
Fax:	++ 386 (1) 300 73 50
E-mail address:	info@triglavskladi.si
Website:	www.triglavskladi.si
Activity:	Management of mutual funds
Equity stake of Zavarovalnica Triglav/the Triglav Group:	67.50%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	563,345 EUR/834,585 EUR

■ Triglav, Upravljanje nepremičnin d.d.

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 474 44 40
Fax:	++ 386 (1) 231 77 85
E-mail address:	info@triglav-upravljanje.si
Website:	www.triglav-upravljanje.si
Activity:	Asset management
Equity stake of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	1,395,181 EUR/1,395,181 EUR



Other

■ Triglav INT, holdinška družba d.d.

Address:	Dunajska cesta 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 430 95 34
E-mail address:	triglavint@triglav-int.si
Activity:	Holding company
Equity stake of Zavarovalnica Triglav/ the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	137,498,008 EUR/137,498,008 EUR

■ Triglav Svetovanje, zavarovalno zastopanje d.o.o.

Address:	Ljubljanska cesta 86, 1230 Domžale, Slovenia
Phone:	++ 386 (1) 724 66 50
Fax:	++ 386 (1) 724 66 75
E-mail address:	info@triglav-svetovanje.si
Website:	www.triglav-svetovanje.si
Activity:	Insurance brokerage
Equity stake of Zavarovalnica Triglav/ the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	8,763 EUR/8,763 EUR

■ Triglav Avtoservis d.o.o.

Address:	Verovškova 60b, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 580 68 72
Fax:	++ 386 (1) 580 68 75
E-mail address:	info@triglav-avtoservis.si
Website:	www.triglav-avtoservis.si
Activity:	Maintenance and repair of motor vehicle
Equity stake of Zavarovalnica Triglav/ the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	43,663 EUR/43,663 EUR

■ Vse bo v redu, zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti

Address:	Miklošičeva cesta 19, 1000 Ljubljana, Slovenia
E-mail address:	vsebovredu@triglav.si
Website:	www.vsebovredu.si
Activity:	Humanitarian and charity activities
Equity stake of Zavarovalnica Triglav/ the Triglav Group:	100.00%/100.00%
Share of voting rights of Zavarovalnica Triglav/the Triglav Group:	100.00%/100.00%
Nominal value of equity stake held by Zavarovalnica Triglav/the Triglav Group:	100,000 EUR/100,000 EUR



14

Sales Network of the Triglav Group

Zavarovalnica Triglav, the parent company of the Triglav Group, has an extensive business network across Slovenia, through which it provides a range of insurance products. At the same time, it serves as the centre of the international business network of the Group and development of its core business lines.

The registered office of Zavarovalnica Triglav is where the management, developmental and coordinating functions are performed. A well-developed own sales network of 12 regional units and many contracted points of sales makes Zavarovalnica Triglav's insurance services readily accessible throughout Slovenia. Zavarovalnica Triglav's own sales network is expanded by insurance agencies. Moreover, contracts for selling insurance products are concluded with companies carrying out motor vehicle roadworthiness tests, leasing companies, banks and travel agencies. The Company also successfully cooperates with numerous insurance brokerage firms.

Recently, the focus has been on expanding cooperation with contractual partners who remedy the damage incurred by the policyholders.

The accessibility of insurance products and services is improved by upgrading the web portal and developing mobile applications.

14.1 Insurance

■ Zavarovalnica Triglav d.d., Ljubljana, Headquarters – registered office

Branch offices:

- | | |
|-------------|------------------|
| ■ Celje | ■ Murska Sobota |
| ■ Koper | ■ Nova Gorica |
| ■ Kranj | ■ Novo mesto |
| ■ Krško | ■ Postojna |
| ■ Ljubljana | ■ Slovenj Gradec |
| ■ Maribor | ■ Trbovlje |

■ Pozavarovalnica Triglav Re d.d., Ljubljana – registered office

■ Triglav, Zdravstvena zavarovalnica d.d., Koper – registered office

Triglav, Zdravstvena zavarovalnica has its agencies in all 12 regional units of Zavarovalnica Triglav and health insurance outlet as its registered office.

■ Skupna pokojninska družba d.d., Ljubljana – registered office

■ Triglav Osiguranje d.d., Zagreb – registered office

Regional branches:

- | | |
|----------|----------|
| ■ Zagreb | ■ Jadran |
| ■ Sjever | |

Branch offices:

- | | |
|--------------|---------|
| ■ Varaždin | ■ Pula |
| ■ Koprivnica | ■ Split |
| ■ Osijek | ■ Zadar |

■ Triglav Osiguranje d.d., Sarajevo – registered office

Branch offices:

- | | |
|------------|----------------|
| ■ Sarajevo | ■ Travnik |
| ■ Bihać | ■ Goražde |
| ■ Tuzla | ■ Brčko |
| ■ Mostar | ■ Banja Luka |
| ■ Zenica | ■ Tomislavgrad |

■ Triglav Osiguranje a.d.o., Banja Luka – registered office

Branch offices:

- | | |
|--------------|---------------------------|
| ■ Banja Luka | ■ Gradiška |
| ■ Doboj | ■ Istočno Sarajevo – Pale |
| ■ Prijedor | ■ Bijeljina |

Outlets:

- | | |
|-----------------|-------------------|
| ■ Laktaši | ■ Brod |
| ■ Mrkonjić Grad | ■ Novi Grad |
| ■ Teslić | ■ Kozarska Dubica |
| ■ Derventa | ■ Kostajnica |
| ■ Modriča | ■ Prnjavor |
| ■ Srbac | ■ Zvornik |
| ■ Vlasenica | |

■ Lovćen Osiguranje a.d., Podgorica – registered office

Branch offices:

- | | |
|-------------|----------------|
| ■ Podgorica | ■ Pljevlja |
| ■ Nikšić | ■ Bijelo Polje |
| ■ Berane | ■ Kotor |

Outlets and agencies:

- | | |
|---------------|---------------|
| ■ Andrijevisa | ■ Rožaje |
| ■ Bar | ■ Mojkovac |
| ■ Ulcinj | ■ Budva |
| ■ Danilovgrad | ■ Tivat |
| ■ Kolašin | ■ Herceg Novi |
| ■ Tuzi | ■ Cetinje |
| ■ Žabljak | ■ Šavnik |
| ■ Plav | ■ Plužine |

■ Triglav Osiguranje a.d.o., Belgrade – registered office

Branch offices:

- | | |
|------------|--------------|
| ■ Belgrade | ■ Subotica |
| ■ Novi sad | ■ Šabac |
| ■ Kruševac | ■ Kragujevac |
| ■ Niš | ■ Čačak |
| ■ Valjevo | ■ Jagodina |
| ■ Kikinda | ■ Vranje |

Outlets and agencies:

- | | |
|--------------|-------------|
| ■ Bor | ■ Vršac |
| ■ Bečej | ■ Lazarevac |
| ■ Novi Pazar | ■ Leskovac |
| ■ Negotin | ■ Prokuplje |
| ■ Pančevo | |

■ Triglav Osiguruvanje a.d., Skopje – registered office

Branch offices:

- | | |
|-------------|-------------|
| ■ Skopje | ■ Kičevo |
| ■ Ohrid | ■ Radoviš |
| ■ Gostivar | ■ Kočani |
| ■ Tetovo | ■ Štip |
| ■ Kumanovo | ■ Kavadarci |
| ■ Veles | ■ Strumica |
| ■ Gevgelija | ■ Struga |
| ■ Prilep | ■ Bitola |

Agencies:

- | | |
|-----------------------|-------------------|
| ■ Skopje 2 | ■ Vinica |
| ■ Bitola | ■ Sv. Nikole |
| ■ Kumanovo | ■ Dolno Palčište |
| ■ Tetovo (3 agencies) | ■ Debar |
| ■ Kratovo | ■ Makedonski Brod |
| ■ Kriva Palanka | ■ Rosoman |
| ■ Negotino | ■ Valandovo |
| ■ Resen | ■ Demir Hisar |
| ■ Kočani | ■ Zajas, Kičevo |
| ■ Kruševo | ■ Velešta |
| ■ Berovo | ■ Vrapčište |
| ■ Delčevo | ■ Petrovec |
| ■ Makedonska Kamenica | ■ Plasnica |
| ■ Struge | |

14.2 Asset management

- Triglav Skladi d.o.o., Ljubljana – registered office
- Triglav, Upravljanje nepremičnin d.d., Ljubljana – registered office

14.3 Other

- Triglav INT, holdinška družba d.d., Ljubljana – registered office
- Triglav Svetovanje, zavarovalno zastopanje d.o.o., Domžale – registered office
- Triglav Avtoservis d.o.o., Ljubljana – registered office



15

Performance Indicators of Zavarovalnica Triglav

15.1 Growth of gross written premium (Index)

Gross written premium growth for the current year*100

Gross written premium for the preceding year

No.	Insurance class	Gross written premium			Growth index	
		2015	2014	2013	2015/2014	2014/2013
1	2	3	4	5	6=3/4*100	7=4/5*100
1	Accident insurance	29,255,847	30,519,274	31,743,528	96	96
2	Health insurance	-	-	-	-	-
3	Land motor vehicle insurance	94,134,045	96,884,072	98,923,647	97	98
4	Railway insurance	2,972,106	2,354,281	2,416,656	126	97
5	Aircraft insurance	896,584	579,659	672,232	155	86
6	Marine insurance	341,035	293,062	319,649	116	92
7	Cargo insurance	5,153,901	4,997,542	4,348,910	103	115
8	Fire and natural disaster insurance	53,800,144	53,591,152	53,802,711	100	100
9	Other damage to property insurance	68,504,409	68,414,874	68,655,943	100	100
10	Motor TPL insurance	88,848,154	94,239,979	99,900,722	94	94
11	Aircraft liability insurance	728,616	833,043	601,159	87	139
12	Marine liability insurance	354,939	341,687	339,416	104	101
13	General liability insurance	29,178,517	28,919,122	29,601,460	101	98
14	Credit insurance	24,009,921	23,152,992	21,165,261	104	109
15	Suretyship insurance	1,605,357	1,343,269	1,379,439	120	97
16	Miscellaneous financial loss insurance	1,900,466	2,735,997	2,634,851	69	104
17	Legal expenses insurance	786,043	831,956	867,803	94	96
18	Travel assistance insurance	7,674,638	7,305,116	7,206,330	105	101
19	Total non-life insurance (No. 1-18)	410,144,721	417,337,076	424,579,717	98	98
20	Life insurance	86,778,846	85,640,550	87,779,232	101	98
21	Wedding insurance or birth insurance	-	-	-	-	-
22	Unit-linked life insurance	73,332,570	73,907,907	76,720,215	99	96
23	Tontine	-	-	-	-	-
24	Capital redemption insurance	14,613,360	14,281,171	14,700,068	102	97
25	Income protection insurance due to accident or illness	-	-	-	-	-
26	Total life insurance (No. 20-25)	174,724,777	173,829,628	179,199,515	101	97
27	Total (No. 19+26)	584,869,497	591,166,704	603,779,231	99	98



15.2 Net written premium as % of gross written insurance premium

$\frac{\text{Net written premium} \cdot 100}{\text{Gross written premium}}$							
		Written premium 2015		Written premium 2014		Net written premium as % of gross written premium	
No.	Insurance class	Net	Gross	Net	Gross	2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Accident insurance	28,086,339	29,255,847	29,506,852	30,519,274	96	97
2	Health insurance	-	-	-	-	-	-
3	Land motor vehicle insurance	84,998,905	94,134,045	88,516,511	96,884,072	90	91
4	Railway insurance	2,439,754	2,972,106	1,842,176	2,354,281	82	78
5	Aircraft insurance	461,519	896,584	-226,191	579,659	51	-39
6	Marine insurance	497,310	341,035	661,268	293,062	146	226
7	Good in transit insurance	3,456,945	5,153,901	3,250,419	4,997,542	67	65
8	Fire and natural disaster insurance	31,608,334	53,800,144	32,508,674	53,591,152	59	61
9	Other damage to property insurance	52,029,548	68,504,409	54,152,632	68,414,874	76	79
10	Motor TPL insurance	82,520,440	88,848,154	88,532,525	94,239,979	93	94
11	Aircraft liability insurance	175,808	728,616	-101,808	833,043	24	-12
12	Marine liability insurance	313,355	354,939	314,072	341,687	88	92
13	General liability insurance	22,504,288	29,178,517	22,811,259	28,919,122	77	79
14	Credit insurance	20,869,092	24,009,921	20,410,188	23,152,992	87	88
15	Suretyship insurance	1,085,623	1,605,357	756,774	1,343,269	68	56
16	Miscellaneous financial loss insurance	426,747	1,900,466	1,161,787	2,735,997	22	42
17	Legal expenses insurance	741,703	786,043	790,204	831,956	94	95
18	Travel assistance insurance	7,246,588	7,674,638	6,957,753	7,305,116	94	95
19	Total non-life insurance (No. 1-18)	339,462,301	410,144,721	351,845,095	417,337,076	83	84
20	Life insurance	86,392,096	86,778,846	85,298,124	85,640,550	100	100
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	73,332,570	73,332,570	73,907,907	73,907,907	100	100
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	14,613,360	14,613,360	14,281,171	14,281,171	100	100
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	174,338,026	174,724,777	173,487,202	173,829,628	100	100
27	Total (No. 19+26)	513,800,327	584,869,497	525,332,297	591,166,704	88	89



15.3 Movements in gross claims paid (Index)

Gross claims paid for the current year*100

Gross claims paid for the preceding year

No.	Insurance class	Gross claims paid			Growth index	
		2015	2014	2013	2015/2014	2014/2013
1	2	3	4	5	6=3/4*100	7=4/5*100
1	Accident insurance	11,717,779	12,453,544	13,046,847	94	95
2	Health insurance	-	-	-	-	-
3	Land motor vehicle insurance	68,680,036	70,177,154	75,177,449	98	93
4	Railway insurance	2,483,724	2,668,384	2,839,468	93	94
5	Aircraft insurance	9,749	11,850	293,594	82	4
6	Marine insurance	195,829	288,393	228,019	68	126
7	Good in transit insurance	966,564	1,259,685	512,316	77	246
8	Fire and natural disaster insurance	20,014,645	27,339,319	23,054,160	73	119
9	Other damage to property insurance	34,030,148	46,216,052	36,002,909	74	128
10	Motor TPL insurance	53,024,333	53,437,723	61,274,615	99	87
11	Aircraft liability insurance	826,584	619,837	418,418	133	148
12	Marine liability insurance	30,004	244,755	130,708	12	187
13	General liability insurance	12,442,543	12,704,747	17,908,848	98	71
14	Credit insurance	10,743,184	12,683,852	13,191,018	85	96
15	Suretyship insurance	358,672	487,874	119,705	74	408
16	Miscellaneous financial loss insurance	2,061,401	1,024,222	1,329,316	201	77
17	Legal expenses insurance	9,056	7,996	6,941	113	115
18	Travel assistance insurance	7,509,087	7,146,036	6,227,024	105	115
19	Total non-life insurance (No. 1-18)	225,103,340	248,771,423	251,761,355	90	99
20	Life insurance	87,417,374	88,851,229	92,008,771	98	97
21	Wedding insurance or birth insurance	-	-	-	-	-
22	Unit-linked life insurance	61,546,797	67,329,106	50,173,446	91	134
23	Tontine	-	-	-	-	-
24	Capital redemption insurance	8,926,090	10,106,467	21,038,059	88	48
25	Income protection insurance due to accident or illness	-	-	-	-	-
26	Total life insurance (No. 20-25)	157,890,261	166,286,802	163,220,276	95	102
27	Total (No. 19+26)	382,993,601	415,058,225	414,981,632	92	100



15.4 Average claim paid

Gross claims paid Number of claims		in EUR					
No.	Insurance class	Gross claims paid	Number of claims	Gross claims paid	Number of claims	Average claim paid	
		2015	2015	2014	2014	2015	2014
1	2	3	4	5	6	7 = 3/4	8 = 5/6
1	Accident insurance	11,717,779	16,830	12,453,544	17,811	696	699
2	Health insurance	-	-	-	-	-	-
3	Land motor vehicle insurance	68,680,036	95,724	70,177,154	98,319	717	714
4	Railway insurance	2,483,724	166	2,668,384	168	14,962	15,883
5	Aircraft insurance	9,749	2	11,850	1	4,874	11,850
6	Marine insurance	195,829	38	288,393	62	5,153	4,651
7	Good in transit insurance	966,564	2,952	1,259,685	2,698	327	467
8	Fire and natural disaster insurance	20,014,645	12,087	27,339,319	13,603	1,656	2,010
9	Other damage to property insurance	34,030,148	51,814	46,216,052	60,803	657	760
10	Motor TPL insurance	53,024,333	19,582	53,437,723	19,880	2,708	2,688
11	Aircraft liability insurance	826,584	3	619,837	4	275,528	154,959
12	Marine liability insurance	30,004	5	244,755	13	6,001	18,827
13	General liability insurance	12,442,543	2,797	12,704,747	2,963	4,449	4,288
14	Credit insurance	10,743,184	4,111	12,683,852	4,917	2,613	2,580
15	Suretyship insurance	358,672	70	487,874	58	5,124	8,412
16	Miscellaneous financial loss insurance	2,061,401	422	1,024,222	466	4,885	2,198
17	Legal expenses insurance	9,056	12	7,996	22	755	363
18	Travel assistance insurance	7,509,087	35,627	7,146,036	33,885	211	211
19	Total non-life insurance (No. 1-18)	225,103,340	242,242	248,771,423	255,673	929	973
20	Life insurance	87,417,374	36,397	88,851,229	40,948	2,402	2,170
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	61,546,797	23,069	67,329,106	27,190	2,668	2,476
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	8,926,090	2,453	10,106,467	2,214	3,639	4,565
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	157,890,261	61,919	166,286,802	70,353	2,550	2,364
27	Total (No. 19+26)	382,993,601	304,161	415,058,225	326,026	1,259	1,273



15.5 Loss ratio

Gross claims paid Gross written premium						in EUR	
No.	Insurance class	Gross				Loss ratio	
		Written premium 2015	Claims paid 2015	Written premium 2014	Claims paid 2014	2015 7=4/3	2014 8=6/5
1	2	3	4	5	6	7=4/3	8=6/5
1	Accident insurance	29,255,847	11,717,779	30,519,274	12,453,544	0.40	0.41
2	Health insurance	-	-	-	-	-	-
3	Land motor vehicle insurance	94,134,045	68,680,036	96,884,072	70,177,154	0.73	0.72
4	Railway insurance	2,972,106	2,483,724	2,354,281	2,668,384	0.84	1.13
5	Aircraft insurance	896,584	9,749	579,659	11,850	0.01	0.02
6	Marine insurance	341,035	195,829	293,062	288,393	0.57	0.98
7	Good in transit insurance	5,153,901	966,564	4,997,542	1,259,685	0.19	0.25
8	Fire and natural disaster insurance	53,800,144	20,014,645	53,591,152	27,339,319	0.37	0.51
9	Other damage to property insurance	68,504,409	34,030,148	68,414,874	46,216,052	0.50	0.68
10	Motor TPL insurance	88,848,154	53,024,333	94,239,979	53,437,723	0.60	0.57
11	Aircraft liability insurance	728,616	826,584	833,043	619,837	1.13	0.74
12	Marine liability insurance	354,939	30,004	341,687	244,755	0.08	0.72
13	General liability insurance	29,178,517	12,442,543	28,919,122	12,704,747	0.43	0.44
14	Credit insurance	24,009,921	10,743,184	23,152,992	12,683,852	0.45	0.55
15	Suretyship insurance	1,605,357	358,672	1,343,269	487,874	0.22	0.36
16	Miscellaneous financial loss insurance	1,900,466	2,061,401	2,735,997	1,024,222	1.08	0.37
17	Legal expenses insurance	786,043	9,056	831,956	7,996	0.01	0.01
18	Travel assistance insurance	7,674,638	7,509,087	7,305,116	7,146,036	0.98	0.98
19	Total non-life insurance (No. 1-18)	410,144,721	225,103,340	417,337,076	248,771,423	0.55	0.60
20	Life insurance	86,778,846	87,417,374	85,640,550	88,851,229	1.01	1.04
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	73,332,570	61,546,797	73,907,907	67,329,106	0.84	0.91
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	14,613,360	8,926,090	14,281,171	10,106,467	0.61	0.71
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	174,724,777	157,890,261	173,829,628	166,286,802	0.90	0.96
27	Total (No. 19+26)	584,869,497	382,993,601	591,166,704	415,058,225	0.65	0.70



15.6 Operating expenses as % of gross written insurance premium

Operating expenses*100
Gross written premium

		in EUR					
No.	Insurance class	Operating expenses	Gross written premium	Operating expenses	Gross written premium	Operating expenses as % of gross written insurance premium	
		2015	2015	2014	2014	2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Accident insurance	9,740,942	29,255,847	9,994,928	30,519,274	33	33
2	Health insurance	-	-	-	-	0	0
3	Land motor vehicle insurance	26,187,256	94,134,045	26,555,561	96,884,072	28	27
4	Railway insurance	345,121	2,972,106	314,803	2,354,281	12	13
5	Aircraft insurance	185,819	896,584	167,969	579,659	21	29
6	Marine insurance	210,477	341,035	208,924	293,062	62	71
7	Good in transit insurance	1,321,568	5,153,901	1,189,592	4,997,542	26	24
8	Fire and natural disaster insurance	17,436,777	53,800,144	17,495,557	53,591,152	32	33
9	Other damage to property insurance	22,918,700	68,504,409	23,403,702	68,414,874	33	34
10	Motor TPL insurance	26,663,652	88,848,154	27,556,030	94,239,979	30	29
11	Aircraft liability insurance	217,254	728,616	193,623	833,043	30	23
12	Marine liability insurance	230,714	354,939	212,588	341,687	65	62
13	General liability insurance	9,660,560	29,178,517	9,507,686	28,919,122	33	33
14	Credit insurance	5,526,264	24,009,921	5,184,989	23,152,992	23	22
15	Suretyship insurance	508,804	1,605,357	528,981	1,343,269	32	39
16	Miscellaneous financial loss insurance	633,169	1,900,466	650,284	2,735,997	33	24
17	Legal expenses insurance	451,010	786,043	433,360	831,956	57	52
18	Travel assistance insurance	5,814,060	7,674,638	4,882,457	7,305,116	76	67
19	Total non-life insurance (No. 1-18)	128,052,147	410,144,721	128,481,035	417,337,076	31	31
20	Life insurance	17,489,328	86,778,846	17,496,849	85,640,550	20	20
21	Wedding insurance or birth insurance	0	0	0	0	0	0
22	Unit-linked life insurance	13,414,318	73,332,570	14,752,209	73,907,907	18	20
23	Tontine	0	0	0	0	0	0
24	Capital redemption insurance	2,010,372	14,613,360	1,962,824	14,281,171	14	14
25	Income protection insurance due to accident or illness	0	0	0	0	0	0
26	Total life insurance (No. 20-25)	32,914,018	174,724,777	34,211,882	173,829,628	19	20
27	Total (No. 19+26)	160,966,165	584,869,497	162,692,917	591,166,704	28	28



15.7 Acquisition costs as % of gross written insurance premium

Acquisition costs*100 Gross written insurance premium		in EUR					
No.	Insurance class	Acquisition costs 2015	Gross written premium 2015	Acquisition costs 2014	Gross written premium 2014	Acquisition costs as % of gross written insurance premium 2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Accident insurance	940,715	29,255,847	962,317	30,519,274	3.2	3.2
2	Health insurance	-	-	-	-	-	-
3	Land motor vehicle insurance	2,954,520	94,134,045	2,664,834	96,884,072	3.1	2.8
4	Railway insurance	23,386	2,972,106	1,900	2,354,281	0.8	0.1
5	Aircraft insurance	28,017	896,584	9,473	579,659	3.1	1.6
6	Marine insurance	11,219	341,035	4,931	293,062	3.3	1.7
7	Good in transit insurance	317,211	5,153,901	247,056	4,997,542	6.2	4.9
8	Fire and natural disaster insurance	2,162,768	53,800,144	2,038,588	53,591,152	4.0	3.8
9	Other damage to property insurance	2,543,694	68,504,409	2,363,072	68,414,874	3.7	3.5
10	Motor TPL insurance	3,435,502	88,848,154	3,571,443	94,239,979	3.9	3.8
11	Aircraft liability insurance	24,790	728,616	17,661	833,043	3.4	2.1
12	Marine liability insurance	10,402	354,939	7,337	341,687	2.9	2.2
13	General liability insurance	1,789,846	29,178,517	1,602,819	28,919,122	6.1	5.5
14	Credit insurance	611,091	24,009,921	527,660	23,152,992	2.6	2.3
15	Suretyship insurance	1,234	1,605,357	1,063	1,343,269	0.1	0.1
16	Miscellaneous financial loss insurance	108,391	1,900,466	118,849	2,735,997	5.7	4.3
17	Legal expenses insurance	90,411	786,043	75,773	831,956	11.5	9.1
18	Travel assistance insurance	239,931	7,674,638	224,815	7,305,116	3.1	3.1
19	Total non-life insurance (No. 1-18)	15,293,129	410,144,721	14,439,588	417,337,076	3.7	3.5
20	Life insurance	4,128,619	86,778,846	3,364,682	85,640,550	4.8	3.9
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	3,019,451	73,332,570	3,900,377	73,907,907	4.1	5.3
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	108,735	14,613,360	76,678	14,281,171	0.7	0.5
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	7,256,804	174,724,777	7,341,736	173,829,628	4.2	4.2
27	Total (No. 19+26)	22,549,933	584,869,497	21,781,324	591,166,704	3.9	3.7

15.8 Investment return as % of average balance of investments (from the starting and ending balance for the year)

Investment return*100 (starting balance for the year + ending balance for the year)/2		in EUR					
No.	Investments	Investment return 2015	Average balance of investments 2015	Investment return 2014	Average balance of in investments 2014	Investment return as % of average balance of investments 2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Asset backing liabilities	22,441,397	729,918,762	44,753,200	742,112,525	3.1	6.0
2	Guarantee fund backing traditional life insurance - <i>zajamčeni</i>	41,900,194	735,971,471	41,283,182	715,484,156	5.7	5.8
3	Guarantee fund backing SVPI	6,439,218	180,206,803	28,044,231	165,118,395	3.6	17.0
4	Guarantee fund backing SVPI during the annuity payout period	1,522,855	28,378,521	1,609,897	21,982,916	5.4	7.3
5	Guarantee fund backing unit-linked insurance	14,226,995	448,196,166	42,163,129	436,326,070	3.2	9.7
6	Investments not financed from insurance technical provisions	-12,067,824	283,249,950	-13,054,645	256,274,358	-4.3	-5.1
7	TOTAL	74,462,835	2,405,921,673	144,798,994	2,337,298,420	3.1	6.2



15.9 Net claims provisions as % of net premium income

Net claims provisions*100							
Net premium income							
		Net claims provisions	Net premium income	Net claims provisions	Net premium income	in EUR	
		Net claims provisions	Net premium income	Net claims provisions	Net premium income	Net claims provisions as % of net premium income	
No.	Insurance class	31 Dec. 2015	2015	31 Dec. 2014	2014	2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Accident insurance	30,017,014	28,410,670	33,152,258	30,063,727	106	110
2	Health insurance	-	-	-	-	-	-
3	Land motor vehicle insurance	18,389,007	85,997,983	18,267,361	89,260,192	21	20
4	Railway insurance	4,973,546	2,418,811	5,523,980	1,887,519	206	293
5	Aircraft insurance	124,170	179,890	35,731	104,071	69	34
6	Marine insurance	659,225	494,005	655,285	665,267	133	98
7	Good in transit insurance	1,400,766	3,291,240	1,058,193	3,207,099	43	33
8	Fire and natural disaster insurance	13,805,374	31,998,275	14,342,216	32,138,326	43	45
9	Other damage to property insurance	25,070,974	53,581,019	26,840,981	56,400,923	47	48
10	Motor TPL insurance	184,492,030	84,170,564	186,414,634	90,359,167	219	206
11	Aircraft liability insurance	312,226	72,234	638,191	58,906	432	1,083
12	Marine liability insurance	47,276	309,284	193,997	303,653	15	64
13	General liability insurance	124,747,807	22,571,890	132,474,529	23,088,981	553	574
14	Credit insurance	3,945,598	19,900,385	3,900,192	19,487,045	20	20
15	Suretyship insurance	1,463,687	755,461	1,527,121	658,725	194	232
16	Miscellaneous financial loss insurance	779,336	658,908	1,036,148	903,653	118	115
17	Legal expenses insurance	128,654	752,105	174,340	803,946	17	22
18	Travel assistance insurance	2,129,799	7,144,078	2,454,047	6,832,873	30	36
19	Total non-life insurance (No. 1-18)	412,486,488	342,706,800	428,689,203	356,224,073	120	120
20	Life insurance	19,196,400	86,387,506	19,043,975	85,314,040	22	22
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	0	73,332,570	0	73,907,907	0	0
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	0	14,613,360	0	14,281,171	0	0
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	19,196,400	174,333,436	19,043,975	173,503,117	11	11
27	Total (No. 19+26)	431,682,888	517,040,236	447,733,179	529,727,190	83	85



15.10 Gross profit/loss for the year as % of net written premium

Gross profit/loss*100 Net written premium							
						in EUR	
No.	Insurance	Gross profit/ loss 2015	Net written premium 2015	Gross profit/ loss 2014	Net written premium 2014	Gross profit/loss as % of net written premium 2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	46,668,861	339,462,301	42,301,412	351,845,095	13.8	12.0
2	Life insurance	21,764,636	174,338,026	15,194,657	173,487,202	12.5	8.8
3	Total	68,433,497	513,800,327	57,496,069	525,332,297	13.3	10.9

15.11 Gross profit/loss for the year as % of average equity

Gross profit/loss*100 (equity starting balance for the year + equity ending balance for the year)/2							
						in EUR	
No.	Insurance	Gross profit/ loss 2015	Average equity balance 2015	Gross profit/ loss 2014	Average equity balance 2014	Gross profit/loss as % of average equity 2015	2014
1	2	3	4	5	6	7=3/4 *100	8=5/6 *100
1	Non-life insurance	46,668,861	426,676,431	42,301,412	424,429,377	10.9	10.0
2	Life insurance	21,764,636	110,603,938	15,194,657	97,465,960	19.7	15.6
3	TOTAL	68,433,497	537,280,369	57,496,069	521,895,337	12.7	11.0

15.12 Gross profit/loss for the year as % of average assets

Gross profit/loss*100 (assets starting balance for the year + assets ending balance for the year)/2							
						in EUR	
No.	Insurance	Gross profit/ loss 2015	Average assets balance 2015	Gross profit/ loss 2014	Average assets balance 2014	Gross profit/loss as % of average assets 2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	46,668,861	1,201,215,921	42,301,412	1,208,842,214	3.9	3.5
2	Life insurance	21,764,636	1,524,027,935	15,194,657	1,448,094,833	1.4	1.1
3	Total	68,433,497	2,725,243,856	57,496,069	2,656,937,047	2.5	2.2

15.13 Gross profit/loss for the year per share

Gross profit/loss Number of shares							
						in EUR	
No.	Insurance	Gross profit/ loss 2015	Number of shares 2015	Gross profit/ loss 2014	Number of shares 2014	Earnings per share 2015	2014
1	2	3	4	5	6	7=3/4	8=5/6
1	Non-life insurance	46,668,861	15,837,448	42,301,412	15,837,448	3.0	2.7
2	Life insurance	21,764,636	6,897,700	15,194,657	6,897,700	3.2	2.2
3	Total	68,433,497	22,735,148	57,496,069	22,735,148	3.0	2.5



15.14 Net profit/loss for the year as % of the average equity

Net profit/loss*100
(equity starting balance for the year +
equity ending balance for the year)/2

		in EUR					
		Net profit/loss	Average equity balance	Net profit/loss	Average equity balance	Net profit/loss as % of average equity	
No.	Insurance	2015	2015	2014	2014	2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	40,333,067	426,676,431	32,453,149	424,429,377	9.5	7.7
2	Life insurance	18,172,752	110,603,938	13,159,432	97,465,960	16.4	13.5
3	Total	58,505,818	537,280,369	45,612,581	521,895,337	10.9	8.7

15.15 Available capital of the insurance company as % of net written insurance premium

Available capital*100
Net written premium

		in EUR					
		Available capital	Net written premium	Available capital	Net written premium	Available capital of the insurance company as % of net written insurance premium	
No.	Insurance	31 Dec. 2015	2015	31 Dec. 2014	2014	2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	211,784,907	339,462,301	267,447,222	351,845,095	62.4	76.0
2	Life insurance	88,358,345	174,338,026	97,155,227	173,487,202	50.7	56.0
3	Total	300,143,252	513,800,327	364,602,448	525,332,297	58.4	69.4

15.16 Available capital of the insurance company as % of minimum capital

Available capital*100
Minimum capital

		in EUR					
		Available capital	Minimum capital	Available capital	Minimum capital	Available capital of the insurance company as % of minimum capital of the insurance company	
No.	Insurance	31 Dec. 2015	31 Dec. 2015	31 Dec. 2014	31 Dec. 2014	2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	211,784,907	67,271,984	267,447,222	69,913,487	314.8	382.5
2	Life insurance	88,358,345	51,855,791	97,155,227	50,923,871	170.4	190.8
3	Total	300,143,252	119,127,775	364,602,448	120,837,357	252.0	301.7

15.17 Available capital of the insurance company as % of insurance technical provisions

Available capital*100
Insurance technical provisions

		in EUR					
		Available capital	Insurance technical provisions	Available capital	Insurance technical provisions	Available capital of the insurance company as % of insurance technical provisions	
No.	Insurance	31 Dec. 2015	31 Dec. 2015	31 Dec. 2014	31 Dec. 2014	2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	211,784,907	569,160,270	267,447,222	587,907,708	37.2	45.5
2	Life insurance	88,358,345	1,386,627,807	97,155,227	1,368,254,170	6.4	7.1
3	Total	300,143,252	1,955,788,076	364,602,448	1,956,161,878	15.4	18.6



15.18 Available capital as % of receivables from reinsurance and reinsurers' share of insurance technical provisions

Available capital*100

Receivables from reinsurance and
reinsurer's share of insurance technical
provisions

in EUR

No.	Insurance	Available capital	Receivables from reinsurance	Available capital	Receivables from reinsurance	Available capital as % of receivables from reinsurance and reinsurers' share of insurance technical provisions	
		31 Dec. 2015	31 Dec. 2015	31 Dec. 2014	31 Dec. 2014	2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	211,784,907	69,916,902	267,447,222	75,232,980	303	355
2	Life insurance	88,358,345	18,493	97,155,227	-1,093,850	477,803	-8,882
3	Total	300,143,252	69,935,394	364,602,448	74,139,130	429	492

15.19 Net written premium as % of average balance of equity and insurance technical provisions

Net written premium*100

Average balance of equity and insurance
technical provisions

in EUR

No.	Insurance	Net written premium	Average balance of equity and insurance technical provisions	Net written premium	Average balance of equity and insurance technical provisions	Net written premium as % of average balance of equity and insurance technical provisions	
		2015	2015	2014	2014	2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	339,462,301	1,106,133,575	351,845,095	1,117,976,952	30.7	31.5
2	Life insurance	174,338,026	1,488,100,359	173,487,202	1,413,575,909	11.7	12.3
3	Total	513,800,327	2,594,233,934	525,332,297	2,531,552,861	19.8	20.8

15.20 Net written premium as % of average equity balance

Net written premium*100

Average equity balance

in EUR

No.	Insurance	Net written premium	Average equity balance	Net written premium	Average equity balance	Net written premium as % of average equity balance	
		2015	2015	2014	2014	2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	339,462,301	426,676,431	351,845,095	424,429,377	79.6	82.9
2	Life insurance	174,338,026	110,603,938	173,487,202	97,465,960	157.6	178.0
3	Total	513,800,327	537,280,369	525,332,297	521,895,337	95.6	100.7

15.21 Average balance of net insurance technical provisions as % of net premium income

Average balance of net insurance technical
provisions*100

Net premium income

in EUR

No.	Insurance	Average balance of net insurance technical provisions	Net premium income	Average balance of net insurance technical provisions	Net premium income	Average balance of net insurance technical provisions as % of net premium income	
		2015	2015	2014	2014	2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	578,533,989	342,706,800	592,872,588	356,224,073	168.8	166.4
2	Life insurance	1,377,440,989	174,333,436	1,316,049,632	173,503,117	790.1	758.5
3	Total	1,955,974,977	517,040,236	1,908,922,220	529,727,190	378.3	360.4



15.22 Equity as % of net unearned premium

Equity*100 Net unearned premium							
						in EUR	
No.	Insurance	Equity 31 Dec. 2015	Net unearned premium 2015	Equity 31 Dec. 2014	Net unearned premium 2014	Equity as % of net unearned premium 2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	416,857,921	136,630,194	436,494,941	139,874,693	305.1	312.1
2	Life insurance	113,702,351	417,422	107,505,526	412,831	27,239.0	26,041.0
3	Total	530,560,272	137,047,615	544,000,467	140,287,524	387.0	388.0

15.23 Equity as % of liabilities

Equity * 100 Liabilities							
						in EUR	
No.	Insurance	Equity 31 Dec. 2015	Liabilities 31 Dec. 2015	Equity 31 Dec. 2014	Liabilities 31 Dec. 2014	Equity as % of liabilities 2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	416,857,921	1,174,656,552	436,494,941	1,227,775,291	35.5	35.6
2	Life insurance	113,702,351	1,533,101,808	107,505,526	1,514,954,062	7.4	7.1
3	Total	530,560,272	2,707,758,359	544,000,467	2,742,729,353	19.6	19.8

15.24 Net insurance technical provisions as % of liabilities

Net insurance technical provisions*100 Liabilities							
						in EUR	
No.	Insurance	Net insurance technical provisions 31 Dec. 2015	Liabilities 31 Dec. 2015	Net insurance technical provisions 31 Dec. 2014	Liabilities 31 Dec. 2014	Net insurance technical provisions as % of liabilities 2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	569,160,270	1,174,656,552	587,907,708	1,227,775,291	48.5	47.9
2	Life insurance	1,386,627,807	1,533,101,808	1,368,254,170	1,514,954,062	90.5	90.3
3	Total	1,955,788,076	2,707,758,359	1,956,161,878	2,742,729,353	72.2	71.3



15.25 Net mathematical provisions as % of net insurance technical provisions

Net mathematical provisions*100

Net insurance technical provisions

						in EUR	
		Net mathematical provisions	Net insurance technical provisions	Net mathematical provisions	Net insurance technical provisions	Net mathematical provisions as % of net insurance technical provisions	
No.	Insurance	31 Dec. 2015	31 Dec. 2015	31 Dec. 2014	31 Dec. 2014	2015	2014
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	-	569,160,270	-	587,907,708	-	-
2	Life insurance	1,364,323,055	1,386,627,807	1,347,810,649	1,368,254,170	98.4	98.5
3	Total	1,364,323,055	1,955,788,076	1,347,810,649	1,956,161,878	69.8	68.9

15.26 Gross written insurance premium as % number of permanent staff

Gross written insurance premium for the current year

Average number of staff

						in EUR	
		Gross written premium	Average number of staff	Gross written premium	Average number of staff	Gross written insurance premium per employee	
No.	Insurance	2015	2015	2014	2014	2015	2014
1	2	3	4	5	6	7=3/4	8=5/6
1	Non-life insurance	410,144,721	1,782	417,337,076	1,787	230,215	233,507
2	Life insurance	174,724,777	458	173,829,628	476	381,555	365,257
3	Total	584,869,497	2,240	591,166,704	2,263	261,161	261,212

Risk Management

Risk Management

- Adaptation of the integrated risk management system in both Zavarovalnica Triglav and the Triglav Group to Solvency II requirements was completed.
- At any given time in 2015, the available capital ensured compliance of Zavarovalnica Triglav and the Triglav Group with the capital requirements in accordance with the new legislation. The capital adequacy of Zavarovalnica Triglav and the Triglav Group remains sufficiently high also in accordance with the new Solvency II regulations.
- Comprehensive and conservative risk management was continued.

As of 1 January 2016, the new **Solvency II** legislation came into effect, which has introduced a new concept of governance of insurance undertakings and groups, structured into three main areas or pillars:

- The required level of capital must reflect the profile of risks to which an individual insurance undertaking or group is exposed in the course of its business.
- An effective risk management system has to be set up, which is able to identify and assess the impact of business decisions on the risk profile, capital and financial position of the company.
- Detailed reporting to the supervisory agency and the public is prescribed about the risks to which the insurance undertaking is exposed and the assessed capital adequacy.

In 2015, in Zavarovalnica Triglav, the parent company of the Triglav Group, the following planned development activities and the preparations for the entry into force of the amendments to the legislation were completed in the context of the Solvency II project:

- In the context of the first pillar, the capital adequacy calculations of Zavarovalnica Triglav and the Triglav Group in the quantitative area were made on 31 December 2014 and 30 September 2015. To this end, not only the regular calculation process of insurance technical provisions for the purpose of capital adequacy was set up but also the valuation process of investments and other balance sheet items in accordance with Solvency II requirements. In 2015, an upgraded own risk and solvency assessment (ORSA) was conducted for both Zavarovalnica Triglav and the Triglav Group. It was found that Zavarovalnica Triglav and the Triglav Group had sufficient capital, which at any given time in the previous year ensured them compliance with Solvency II capital requirements.
- A risk management system adapted to the Solvency II requirements was established, which is able to identify and assess the impact of business decisions on the risk profile, capital and financial position of the Company, thereby improving the performance of the Company and ensuring compliance with legislative requirements. In the upgrade process, internal risk management documents by risk type were revised, specifying the competences, responsibilities and methods of individual risk type measurement and monitoring. The changed relationship between the risks and profitability of particular products was taken into account in the formation of the Company's portfolio, which is adequately balanced and guarantees long-term, financially stable and profitable operations. The risk management system of the Triglav Group enables a comprehensive overview of the risk concentration within the Group and the risks related to intra-group transactions.

- Reporting to the supervisory bodies was provided for, which changed in particular in the part relating to the capital adequacy of insurance undertakings and insurance groups as well as to annual reporting on own risk assessment. Due to higher requirements with respect to reporting and requirements regarding the data quality, investment in software (particularly the establishment of a data warehouse) was increased and standardised reporting to the decision-making bodies introduced, which enables fast and centralised access to information about risks. In the reporting year, the Company fulfilled all the requirements of the regulator related to reporting and started to prepare new required regulatory reports and public disclosures on solvency and financial standing.

The application module of the corporate governance of the Company was affected by Solvency II. Based on the new governance principles, the Management established a solid and reliable governance system which ensures a transparent organisational structure with well defined and consistent internal relationships with respect to liability, efficiency of information transfer to the organisational structure and decision-making processes of integrated key governance functions. The latter include the risk management function, the compliance function, the internal audit function and the actuarial function. The governance system of an insurance undertaking is based on an effective risk management system with a clear risk management strategy, written rules, processes, measures to ensure regular operations, which are consistent with its systems, as well as sources and procedures, including a contingency plan.

The System and the Governance Policy of Zavarovalnica Triglav and the Governance Policies of Zavarovalnica Triglav's Subsidiaries define the main guidelines for the governance and management of the Company, taking into account the set strategic objectives and values of the Group. As mentioned in Section Governance Policy, these two documents represent the basis for the setting up and implementation of a robust and reliable governance system. The latter is based on an efficient risk management system and enables the implementation of the business strategy of the Company.

1

Risk Management System

Described below is the system and the risk and capital management processes; the latter are used to recognise the basic types of risks, which the Triglav Group faces.

1.1. Risk management policy and control system⁹³

The objective of the comprehensive risk management system, a fundamental part of the governance system in the Triglav Group, is to ensure the achievement of the Group's strategic objectives, its mission and vision. The underlying documents of this system are the **Risk Underwriting and Management Strategy** (hereinafter: the Strategy) and the **Risk Appetite Statement** (hereinafter: the Risk Appetite) of Zavarovalnica Triglav and the Triglav Group. They define the main strategic elements of the system and represent the basis for subordinate risk management documents, policies, methodologies and instructions.

The Strategy clearly defines a comprehensive risk management system within the Triglav Group and the guidelines for underwriting particular risk types, quantified in the Risk Appetite. This strategic document quantitatively defines the level to which the Group is able and willing to expose itself in individual risk segments, taking into account its strategic objectives and capital strength. On the basis of these documents, the internal risk management documents of several subsidiaries in the Group were revised.

The risk management system of the Group is based on the "Three Lines of Defence" model.

The first line of defence consists of the Management Board and the business functions, which actively manage concrete business risks through their business decisions and are primarily responsible for risk identification and underwriting.

The second line of defence is composed of business functions and decision-making bodies forming the risk management system, which includes exposure identification, measurement and monitoring as well as the exposure limit system.

The third line of defence includes the internal audit function. This function executes and is in charge of the processes and activities connected to regular efficiency reviews of the internal control environment in individual functional areas. Moreover, it is responsible for the effectiveness of the risk management system.

The key functions in Zavarovalnica Triglav are organised as independent organisational units, which carry out their duties and responsibilities independently from one another and from the other organisational units of the Company. All four key functions cooperate with one another and regularly exchange information necessary for their operation. They are performed at the Company level and provide for the transfer of minimum standards in their respective area to the subsidiaries of the Group. At least the tasks, responsibilities, processes and reporting obligations of every key function are regulated in detail in their internal documents.

The three lines of defence in risk management



The risk management chart according to the "Three Lines of Defence" model

The risk management function is in charge of providing support to the decision-making bodies and other functions in effective implementation of the risk management system, exercising control over the risk management system, monitoring the general risk profile, developing risk measurement methodologies and risk valuation models, performing the underlying risk analyses, reporting on risk exposures, and undertaking capital adequacy valuation using the standard Solvency II formula and other capital models. In accordance with the Solvency II legislation, the risk management function also performs own risk and solvency and financial standing assessment and prepares risk disclosures for publication.

The compliance function operates within the internal control system in line with the adopted policy. It monitors compliance of the Company's operations with the regulations and any other commitments and informs the Management and Supervisory Boards thereof. Furthermore, the compliance function assesses the compliance risks of the Company's operations and the potential impact of any changes in the legal environment on the operations, advises on coordination, as well as assesses the appropriateness and effectiveness of the procedures and measures to adapt the Company's operations to changes in the legal environment.

The actuarial function primarily coordinates and calculates the insurance technical provisions:

- to ensure the appropriateness of the methods and models used as well as the assumptions made in the calculation of insurance technical provisions;
- to assess the appropriateness, sufficiency and quality of data required for the calculation of insurance technical provisions;
- to verify the appropriateness of the overall underwriting risk policy; to express an opinion whether the amount of the premium of individual products is sufficient to cover all the obligations arising from these insurance contracts; to examine the adequacy of reinsurance.

Furthermore, the actuarial function actively participates in the introduction and implementation of the risk management system, particularly in the development, application and monitoring of the appropriateness of capital requirement calculation models and in conducting own risk and solvency assessment. It performs its duties in accordance with the applicable legal provisions, its policy and standards. In the context of the second line of defence, the main task of actuarial function holders is to regularly monitor the implementation of the actuarial function in the area for which it is responsible and to inform the Supervisory Board and the Management Board of any major findings, as set out in the internal document.

The internal audit function performs constant and comprehensive control over the operations of the Company by increasing the benefits for the operations. This is achieved by assessing the adequacy and effectiveness of the Company's governance, risk management and control procedures in an impartial, systematic and methodical manner and by making recommendations for their improvement. Apart from that, the internal audit function provides advice in agreement with the Management Board and the management of functional areas, cooperates with external auditors and the other supervisory bodies, monitors the implementation of internal and external auditors' recommendations, participates in the performance of internal audits in other Group members, maintains the quality and provides for continuous development of internal auditing in Zavarovalnica Triglav, as well as transfers the know-how and good practices to other Group members. The internal audit function periodically reports on its activities and findings to the Management Board, the Audit Committee and the Supervisory Board. In their work, internal

auditors must be impartial and must avoid any conflict of interest. Furthermore, they are not allowed to perform any development and operational tasks that could cause a conflict of interest and weaken their objectivity, nor do they decide on activities in the areas subject to internal auditing. The Internal Audit Department is in charge of the internal audit business processes.

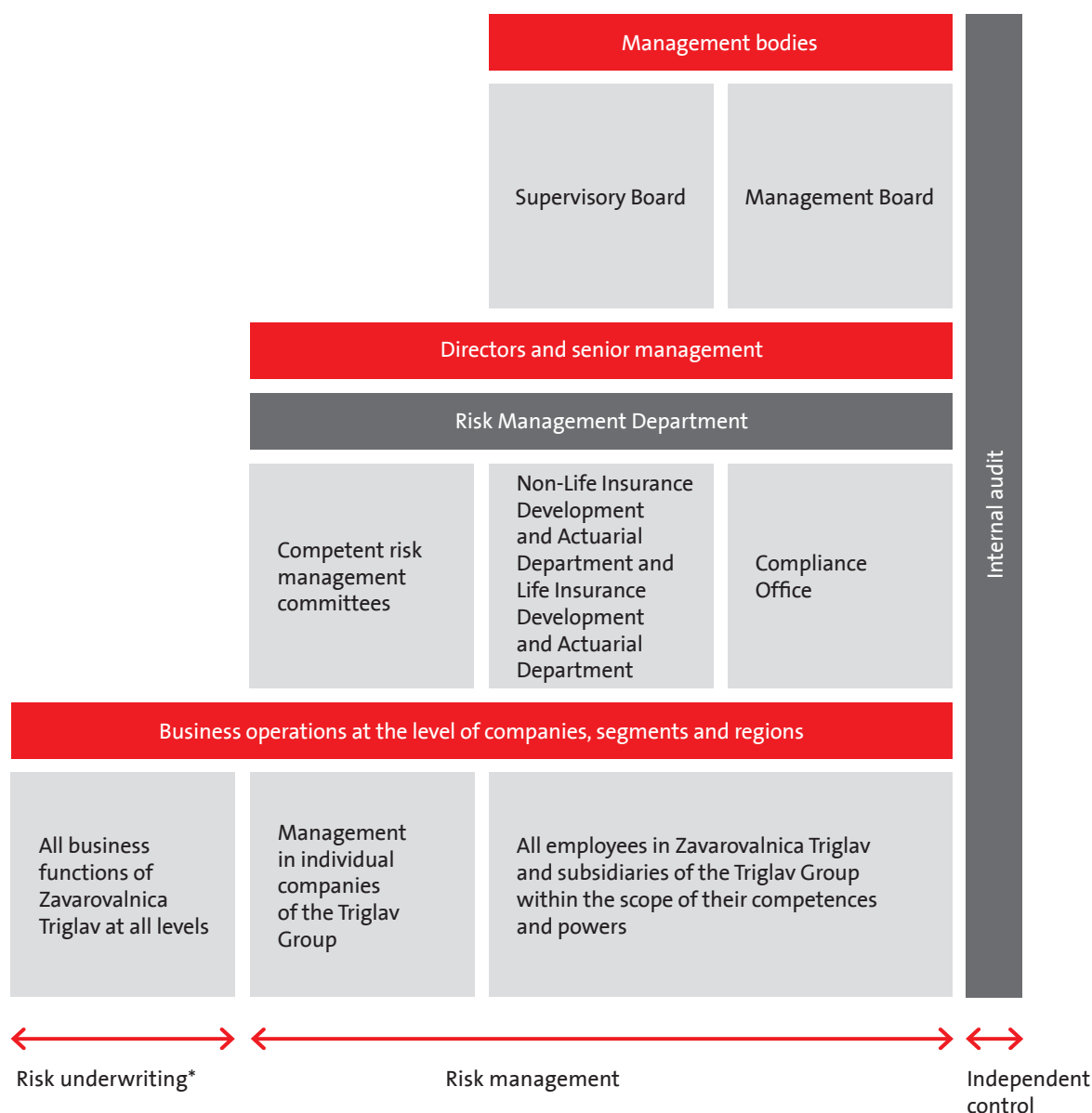
Within the scope of their powers and responsibilities, **the Supervisory Board** gives consent to the Management Board with respect to written rules of the risk management system at the highest level, which includes discussing and giving approval to the Strategy, the Risk Appetite and other most important subordinate internal policies. The Supervisory Board is regularly briefed on the Company's risk profile at its sessions.

The Management Board is legally bound to set up a comprehensive and effective risk management system that reduces the occurrence of unpredictable consequences. Furthermore, the Management Board strives for the Company's optimal profitability or profitability of its operations based on the adopted Risk Appetite.

The business functions in Zavarovalnica Triglav and individual subsidiaries are responsible for risk underwriting and identification in their work area in accordance with the guidelines of the Management Board, as well as for risk management within the allowed exposure limits. The Triglav Group seeks to establish an integrated risk management system, whose organisational characteristic is that it is reflected in all business processes as a culture. Its goal is to identify all the risks arising in the operations of the Group by type of risk, business function, process, activity and employee. The risk management system is continually adapted to both the operations of the Group and the external environment. Its foundation was designed to provide a competitive advantage and generate added value, as the core activity of the Group is connected with underwriting the risks of the insured in return for the insurance premium and with additional risks arising from investing activities.

The second line of defence of the risk management system includes committees and other bodies, the Risk Management Department, the Non-Life Insurance Development and Actuarial Department, the Life Insurance Development and Actuarial Department and the Compliance Office. The main purpose of the committees is to provide support for the Management Board in the performance of regular monitoring, coordination and information activities related to risk management.

The decision-making bodies participating in the integrated corporate risk management process and the three lines of defence



* Risk underwriting (see the figure) is treated as a phenomenon or the occurrence of risks in the operations of the Company.

The Management Board appoints the committees, which have an advisory role, or grants them certain decision-making rights. The competences and powers of the committees are defined in the respective rules of procedure approved by the Management Board. The committees are an integral part of the risk management system of the Company and can be involved in the matters related to the risk management system, insurance products, etc. at the level of both Zavarovalnica Triglav and the Triglav Group.

The Risk Management Committee's main task is to assist the Management Board in assessing exposure to business risks, identifying major risks and weaknesses in the internal control environment of the Company, controlling risk exposure and verifying whether risk exposure is compliant with the Risk Appetite, as set out in the Strategy of the Triglav Group and the Business Plan of Zavarovalnica Triglav. Apart from that, the Committee assists in risk identification and management as well as in fostering the risk culture by individual areas within the Company and the Group. The Committee also verifies the efficiency of the risk management

functions and ensures that the Company not only has an appropriate infrastructure but also adequate resources and systems that allow for a satisfactory level of business risk management. The Risk Management Department is in charge of the setting up and continuous operation of the integrated risk management system in accordance with the requirements of the Strategy, the guidelines and decisions of the Risk Management Committee and any other decision-making bodies, as well as regulatory requirements and internal policies. Moreover, the Risk Management Department is the administrator of key processes of the risk management function at the level of both Zavarovalnica Triglav and the Triglav Group. The Department prepares risk exposure analyses and proposes risk management measures based on their results. In addition to the Risk Management Committee, the Risk Management Department provides support to other committees at the second line of defence of the risk management system.

The Assets and Liabilities Committee is the committee whose key goal is the creation of a balanced asset and liability management

strategy of the Company, aimed at achieving the strategic objectives in line with the applicable legal and implementing regulations, by taking into account the Risk Appetite, risk exposure limits and any other restrictions that affect the asset and liability management process.

The Insurance Committee is an integral part of the Company's and subsidiaries' risk management systems, which monitors and identifies non-life underwriting risks and develops the non-life underwriting risk management system. The basic purpose of the Committee is to monitor and optimise the level and concentration of assumed risks and to propose limits or an optimal transfer of assumed risks to reinsurance, taking into account both the Risk Appetite of the Group and the risks arising from counterparty exposure in the event of transfer of non-life underwriting risks. The Non-Life Insurance Development and Actuarial Department and the Life Insurance Development and Actuarial Department are the administrators of key processes of the actuarial function. Furthermore, the actuarial departments actively participate in the implementation of the risk management system, particularly in the development, application and monitoring of the appropriateness of capital requirement calculation models and in conducting own risk assessment.

The Operational Risk Committee supervises the establishment of an appropriate, integrated operational risk management system and its operation, approves internal documents related to operational risk management, monitors the business continuity system, the recovery system, the information protection management system, the data quality management system, the prevention, detection and investigation system of external and internal fraud and unauthorised activities, as well as approves the outsourcing system and the operational (human resource) risk management system. The Committee also monitors the recommendations of the Internal Audit Department and their realisation, which affects the structure of the operational risk management system.

The Compliance and Ethics Committee deals with important or more complex issues related to ensuring compliance of the Company's operations with regulations, internal rules and any other commitments of the Company, as well as with the views of the supervisory or any other state bodies. Moreover, the Committee discusses the issues involving ethical dilemmas or those related to codes or other ethical standards, which could have a significant impact on the reputation of the Company. The Compliance Office is the holder of the compliance function processes.

In Group members, the risk management system is established based on its structure in the controlling company in line with the principles laid down in the Minimum Risk Management Standards, taking into account the size, complexity and business profile of a particular subsidiary.

The Triglav Group applies the following two concepts to its risk management model:

- risk management at the level of an individual subsidiary or the parent company and
- centralised risk management at the Group level.

This means that risk management for individual subsidiaries of the Group takes place in subsidiaries themselves. Risk management at the Group level is executed by the Risk Management Department of Zavarovalnica Triglav in cooperation with the Subsidiary Management Department, the holding company Triglav INT and the subsidiaries. Particularly important are effective

communication and quality exchange of data and information (time availability, methodological consistency, accounting verifiability, integrity).

The Risk Management Department plays the main role in the Group's subsidiaries in the performance of tasks, coordination and introduction of both the risk management system and the risk management culture. The tasks of the risk management function include the calculation of capital requirements and own risk assessment. Complex and integrated processes and organisational units demand efficient operation of the committees at the second line of defence in the execution of tasks. The central role is played by the Risk Management Committee.

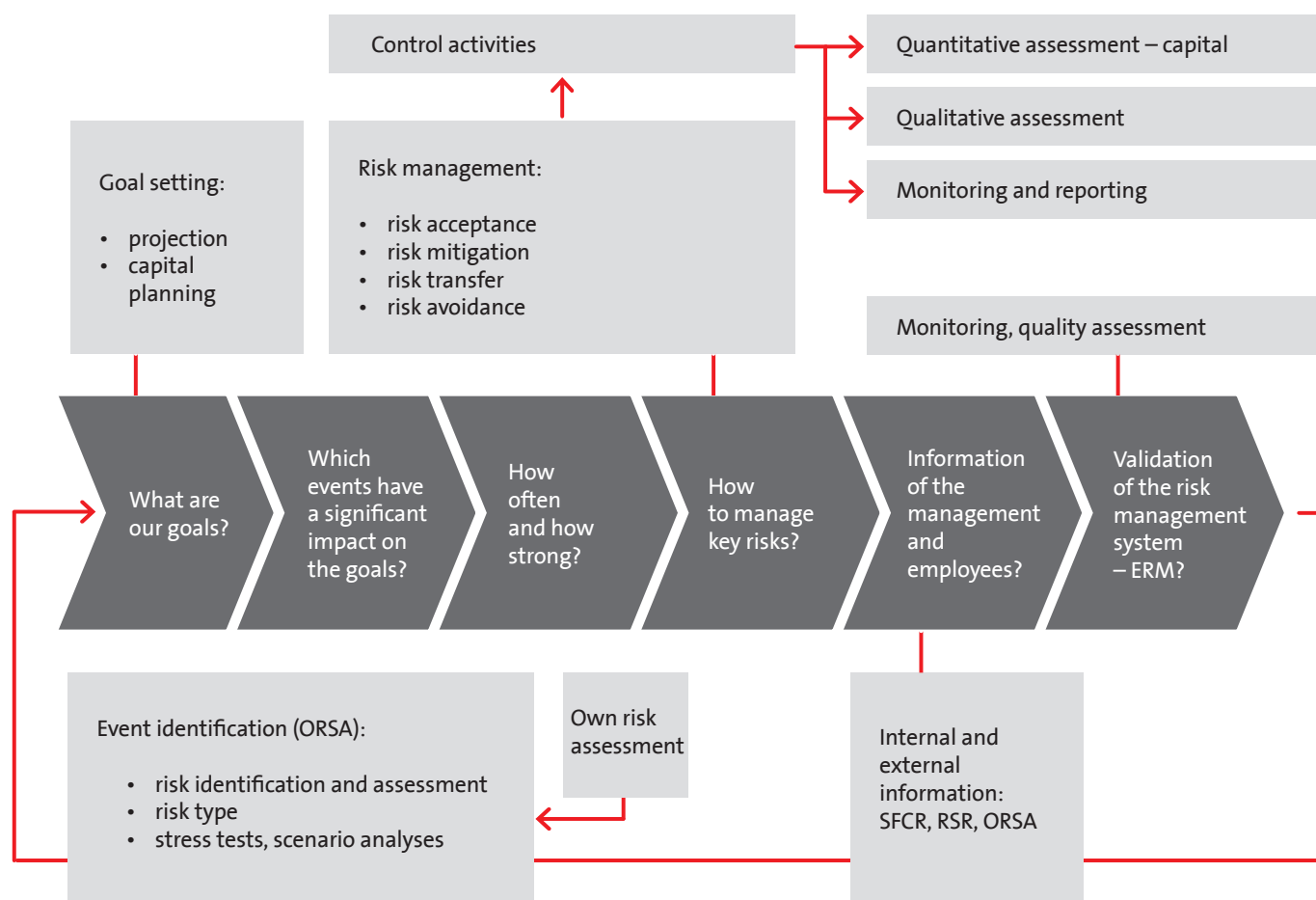
1.2 Own risk and solvency assessment

The risk management system of the Group is set up to ensure timely identification of all major risks. There is a standardised set of procedures, which provides for the understanding of the consequences of realised potential risks, the effects of interdependence of risks and the risk management methods of individual risks. The main building blocks of comprehensive risk management in the Company are the Strategy of the Triglav Group and the Business Plan of Zavarovalnica Triglav.

First, through the annual own risk and solvency assessment (ORSA), the most important events that could materially impact the achievement of objectives in the future are identified on the basis of the strategic objectives of the Company. The events that could have a negative impact on the performance of the Company are identified already in the strategic planning process for a specific period, especially those affecting the achievement of the planned key indicators and guidelines in the Risk Appetite.

Taking into account the restrictions in the Risk Appetite, the identified events having a material impact on strategic and business objectives represent the risks, which are then appropriately classified, assessed and analysed, particularly by impact and probability of occurrence. Based on the analysis, the Management Board adopts a decision on the risk management method (accept, transfer, mitigate or avoid). The catalogue is updated if new assumed risks arising from business decisions are identified. Furthermore, control activities are undertaken, which involve risk monitoring, measuring, management as well as adaptation of the reporting system. It is important that all employees involved in the comprehensive risk management system are kept informed and the process conclusions and results documented.

Risk management process of Zavarovalnica Triglav and the Triglav Group



The findings are included in the regular risk report, the Own Risk and Solvency Assessment Report and the Solvency and Financial Condition Report (SFCR), which will be published separately as of 2017. The Company also documents any deficiencies identified in the risk management system cycle, including proposals for improvements, and prepares measures and recommendations for its upgrade.

Prevention activities in risk management are based on the following two approaches: **decomposition** (e.g. product) and **diversification** (e.g. investment) of individual risk types. In risk exposure, the **limit system** is also used.

The goal of the asset-liability management process is to ensure an optimal return on investments with respect to the nature of insurance liabilities and the acceptable level of risks. Thus, the result of such an optimisation are the investment policies of guarantee funds and asset backing liabilities, which specify the strategic asset allocation for every investment portfolio. These policies are approved by the Assets and Liabilities Committee. In addition to the underwriting and financial risks, the Company identifies and manages a range of other risks, such as operational and non-financial risks. The Triglav Group strives for a comprehensive management of both systematic and unsystematic risks.

1.3 Capital management

At any given time, the Triglav Group and Zavarovalnica Triglav must have sufficient capital, which allows them to assume a specific, measurable quantity of acceptable risks for the Group or the Company. Capital is the **first criterion for assessing the solvency** of an insurance undertaking. The primary goal of capital management

is to guarantee the required and suitable capital adequacy level on both a consolidated and individual basis. In setting the level of acceptable risk, generation of appropriate profit for owners has to be ensured. In 2015 as well as in previous years, the Company was a safe and profitable financial institution, having an adequate capital level.

As required by the applicable legislation (the Insurance Act (ZZavar-1), the Commission Delegated Regulation (EU) 2015/35), the amount of available capital is measured regularly to make sure it is in line with the regulatory capital requirements for individual insurance subsidiaries and for the Group. Insurance subsidiaries of the Triglav Group maintain a surplus of available capital in excess of the capital requirements for their core business and for covering potential losses, as laid down in local legislation. This surplus provides protection against losses due to unforeseen unfavourable events and capital requirements. In addition to current capital adequacy levels, the Company plans and assesses the future capital and capital adequacy levels. In doing so, it monitors the effects of the environment on capital adequacy and provides for optimal capital allocation of Zavarovalnica Triglav, individual Group members and the Triglav Group. In order to evaluate solvency needs, the capital adequacy ratios of insurance-technical provisions for each insurance company in the Group are regularly monitored.

Capital adequacy is an essential part of the credit rating. Decisions concerning capital management are supported by the results of the capital models, based on which the credit ratings are assigned. The Company's and the Group's capital adequacy models are assessed by the credit rating agencies Standard & Poor (hereinafter: S&P) and A.M. Best. Credit rating is discussed in greater detail in [→ Section 5.3].

1.4 Risk types

Risk means the inability to correctly predict future events or the inability to fully control the actual events in relation to the expected. The external factors cause deviations from the planned activities, which impact performance. Moreover, risk is the inability to predict future business results with certainty. Risk is therefore the probability that the actual business result will be different than expected.

The main risk types are described below, whereas the risk management methods are described in greater detail in Section 2.

The basis for defining the risk appetite is identification of risks assumed by the Company and the Group. The risk identification process is ongoing, involving all functional areas in accordance with their respective powers and responsibilities. Its purpose is to ensure the inclusion of all risk types in the risk management system, to set up the risk exposure measurement process and to achieve uniform risk management and understanding at all management levels of the Company.

In its operations, the Company assumes the following major risks in accordance with the legislation and its business model:

- **Underwriting risk** is the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions taken into account in the calculation of insurance technical provisions. Through risk underwriting, the Company is exposed to the premium risk, the risk of insurance technical provisions and the catastrophe risk.
- **Financial risks** comprise primarily market risk, liquidity risk and credit risk.
 - **Market risk** is the risk of loss or of adverse changes in the financial situation of an insurance undertaking, resulting from fluctuations in the level and in the volatility of market prices

of assets, liabilities and financial instruments. These include interest risk, equity risk, real property price risk, credit spread risk and concentration risk.

- **Liquidity risk** is the risk that the Company is unable to realise its investments and other assets in order to settle its financial obligations when they fall due or the obligations arising from major losses.
- **Credit risk** is the risk of loss due to a counterparty's default. The Company is exposed to the credit risk primarily through investing in debt securities and performing its insurance operations (the reinsurance credit risk, the credit risk of receivables).
- **Operational risk** is the risk of loss arising from inadequate or failed internal processes (or products), personnel or systems, or from external events and their impact.
- In terms of performance of the Company, **the major non-financial risks** include strategic risks, the reputation risk, and legal risks.
 - *Strategic risk* is the risk of loss due to adverse business decisions, improper implementation of adopted strategic decisions and insufficient responsiveness to changes in the business environment.
 - *Reputation risk* is the risk of loss arising from a negative image held regarding the insurance undertaking by its clients, business partners, the public, investors, owners and supervisors.
 - *Legal risks* mean the possibility of loss arising from non-performance of contractual obligations by the counterparty by reason of established legal deficiencies or inconsistencies in a contractual document or legal restrictions in particular business environments, which were unknown or insufficiently taken into account at the time of conclusion of the transaction.

Overview of main risks

Overview of the main risks of Zavarovalnica Triglav and the Triglav Group

Underwriting risks

- The risk arising from the risk underwriting process
- Insurance product development and pricing risk
- The risk arising from changes in claims experience
- Risk of insurance-technical provisions
- Risk of changed policyholder behaviour and general changes in the external economic environment

Financial risks

- Asset liability management risk
- Interest risk
- Price risk (equity risk)
- Liquidity risk
- Currency risk
- Credit risk

Operational risk

- The risk of loss arising from inadequate or failed internal processes
- The risk of loss arising from inadequate or failed personnel behavior
- The risk of loss arising from inadequate or failed systems
- The risk of loss arising from external events

Non-financial risks

Strategic risks

- The risk arising from achieving strategic objectives
- Risks arising from the external environment

Reputation risk

Legal risks

1.5 Future challenges in risk management

The performance of the Company depends on a number of external, global and long-term factors. In order to ensure sustainable and profitable growth, great attention in the strategy is paid to constant improvement of the risk management system. In the strategic planning process, potential risks are recorded, whose impact on the achievement of the planned objectives may be examined through various scenarios in the own risk and solvency assessment process (ORSA).

In this respect, the key future challenges of the Triglav Group are to raise the minimum standards of key risk management, measurement and reporting in the Group's subsidiaries and to improve the own risk and solvency assessment process in every insurance subsidiary to the level of Zavarovalnica Triglav, taking into account the size, complexity and business profile of individual subsidiaries.

2

Disclosures and Risk Management

Risk is defined as the threat or possibility that an action or event will adversely or beneficially affect the company's ability to achieve its strategic objectives. Risk management is therefore a very important part of the corporate governance of the Triglav Group, all business processes and the awareness and work guidelines of employees.

The risk management system incorporates:

- a clear organisational structure of risk management functions and committees in charge of the system; and
- a well-defined system of risk management competences and powers.

Risk management is integrated into the entire business process of the Group. It is harmonised with the strategy of the Triglav Group and is one of the activities that contribute to the achievement of the Group's strategic objectives. The integrated risk management system ensures that the typical existing and recurring risks are identified, measured, managed, controlled and reported on an on-going basis.

2.1. Internal controls and risk management in relation to accounting reporting

Internal controls are guidelines and procedures established by Zavarovalnica Triglav as the parent company of the Group and implemented at all levels in order to manage the risks related to financial reporting. The purpose of internal control is to ensure reliability of financial reporting and compliance with the applicable laws and other external and internal regulations.

The accounting control system is based on the principles of truthfulness and appropriate sharing of responsibilities, checking the performance of transactions, keeping of up-to-date records, compliance of books of account with the actual situation, separation of the records from the performance of transactions, professionalism of accountants and their independence. Accounting controls are closely linked to IT controls, which, inter alia, restrict and control access to the data and applications and ensure completeness and accuracy of data capturing and processing. The risks related to the consolidated financial statements of the Triglav Group are managed by directing and controlling the implementation of activities within the framework of the accounting function in subsidiaries and by auditing the

annual financial statements of all Triglav Group subsidiaries. Internal controls are increased by unifying the information systems in subsidiaries.

The appropriateness of established and operating internal IT controls is checked by IT specialists on an annual basis as part of the regular annual audit of financial statements. The audit of the financial statements of the controlling company and the consolidated financial statements of the Triglav Group is performed by the audit firm Ernst & Young Revizija, poslovno svetovanje d.o.o. The external auditor reports on its findings to the Management Board, the Supervisory Board and the Audit Committee of the Supervisory Board. The transactions of Zavarovalnica Triglav with the audit firm and the transactions of the Group subsidiaries with individual audit firms are presented in the notes to the financial statements in [[→ Section 5.3](#)].

2.2. Capital and capital adequacy management

Capital management in the Company is a continuous process, which enables the adoption of business decisions that not only ensure competitive advantages but also maintain the successful business model and market position in the long term. Capital management is centralised at the Triglav Group level by ensuring optimal and cost-effective capital allocation through capital concentration in the parent company.

In line with the applicable legislation, the amount of available capital for meeting the statutory capital requirements at the level of individual insurance subsidiaries of the Group was regularly calculated in the reporting year. In parallel, capital adequacy was monitored in accordance with the model of the credit rating agency S&P and the methodology of Directive 2009/38/EC (Solvency II), which in Slovenia officially came into effect with the Insurance Act (ZZavar-1) on 1 January 2016. Different capital adequacy measurements provide the safety of operations, while also being useful as the basis for optimising the operations as well as for active capital management and allocation in line with the strategic objectives and the owners'/stakeholders' interests.

As in previous years, Zavarovalnica Triglav complied with the regulatory capital adequacy requirements throughout 2015.

	2015		2014	
	Non-life insurance	Life insurance	Non-life insurance	Life insurance
Zavarovalnica Triglav				
Tier 1 capital	281,398,554	88,601,674	314,788,018	89,761,437
Guarantee fund	22,423,995	17,285,264	23,304,496	16,974,624
Available capital	211,784,907	88,358,345	267,447,222	97,155,227
Minimum capital requirement	67,271,984	51,855,791	69,913,487	50,923,871
Available capital surplus	144,512,923	36,502,554	197,533,735	46,231,356
Minimum capital requirement to available capital ratio (in %)	315	170	383	191

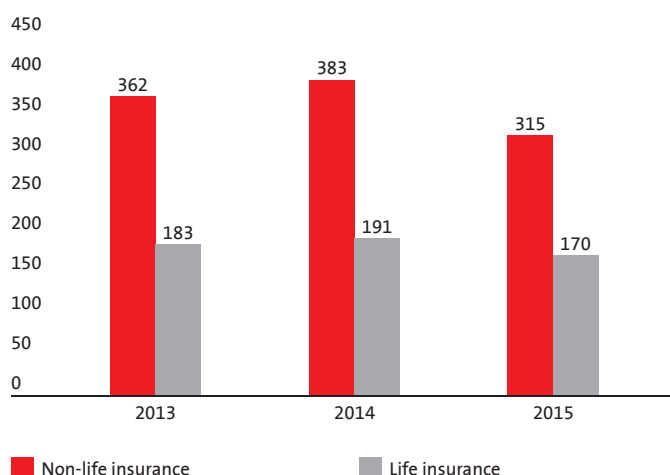
in EUR



The amount of, and primarily the fluctuations in, the available capital of the Group subsidiaries depend on several factors, such as the structure and nature of services, the volume of premiums, assets and liabilities, market interest rates and other capital market parameters. Every Triglav Group member continually monitors its capital adequacy and keeps a certain amount of available capital above the capital requirement for maintaining core business and covering potential losses. This surplus provides a high level of protection against losses due to unforeseen unfavourable events. In addition to current capital adequacy levels, the Triglav Group also monitors the maintenance of planned capital adequacy levels and capital adequacy as such. In doing so, it monitors the effects of the environment on capital adequacy and provides for optimal capital allocations of the Group and group members.

In order to evaluate solvency needs, the capital adequacy ratios of insurance-technical provisions for each insurance company in the Group are regularly monitored. Decisions concerning capital management are supported by the results of the capital models, based on which the credit ratings are assigned. The credit rating of Zavarovalnica Triglav and the Triglav Group is evaluated by the rating agencies S&P and A.M. Best. As at the reporting date, Zavarovalnica Triglav was assigned an "A-" long-term credit rating with a positive medium-term outlook.

Capital adequacy ratio of Zavarovalnica Triglav



In Zavarovalnica Triglav, the minimum required capital to available capital ratio in non-life insurance as at 31 December 2015 was 315% (vs. 383% as at 31 December 2014). On the same day, the minimum required capital to available capital ratio in life insurance was 170% (vs. to 191% as at 31 December 2014).

The reasons for the decrease in the capital adequacy ratio in non-life insurance in 2015 compared to the previous year were mainly the reduction in the available capital due to the dividend payments (EUR 50.4 million), reduction of subordinated debt or improved structure of Tier 1 capital (EUR 8.6 million) and higher investments in subsidiaries of EUR 14.2 million. The amount of subordinated debt decreased due to discounting and redemption from investors. Compared to the previous year, the minimum capital was slightly lower, mostly due a decrease in net claims provisions by 3.8%.

In life insurance, the ratio was also lower in 2015 compared to the previous year, as the available capital decreased due to the dividend payments (EUR 6.4 million), the subordinated debt (EUR 4.0 million) and additional purchase of shares of a subsidiary (EUR 3.7 million). The minimum capital for non-life insurance increased by 1.83% predominantly as the result of higher provisions for life insurance.

In parallel, capital adequacy was monitored in accordance with the Solvency II methodology, which differs from the existing method in the very methodology used for capital and capital adequacy measurement as well as in the governance system of the Company. The Solvency II capital requirements reflect the level of risks to which the Company is exposed. Under Solvency II, two capital requirements are measured: solvency capital requirement (SCR) and minimum capital requirement (MCR). The available (economic) capital, which represents the difference between the market value of assets and the market value of liabilities, is appropriate to cover these capital requirements. A significant impact on capital adequacy calculation on the liabilities side of the balance sheet has the market value of insurance technical provisions, which consists of the best estimate of future insurance liabilities and the risk margin. For the purposes of Solvency II, the balance sheet is revalued in a market consistent way; consequently, the regulatory balance sheet does not equal the balance sheet in accordance with IFRS.

The table below shows the unaudited current best estimate of the solvency ratio under the Solvency II Directive requirements as at 30 September 2015 based on the methodological requirement known at the time of the calculation.

	The Triglav Group		Zavarovalnica Triglav	
	30 Sept. 2015	31 Dec. 2014	30 Sept. 2015	31 Dec. 2014
Solvency ratio (in %)*	300	298	367	323

* In accordance with the Solvency II methodology, the capital requirements are regularly calculated only at the annual level. The table is unaudited.



According to the analysis of the transition of capital measurement from Solvency I to Solvency II, a corresponding increase in the available capital was seen in 2014 and in the first nine months of 2015 at the level of both the Triglav Group and Zavarovalnica Triglav. The added value or the economic value of the capital is generated through appropriate risk management in the core insurance business (the increase in the best estimate of insurance technical provisions and the increase in the value of investments).

The Solvency II market concept of asset and liability valuation under uncertain macroeconomic circumstances introduces an expected greater variability in the net value of financial institutions or capital.

In order to ensure a comprehensive and effective approach to capital management following the entry into force of the Solvency II Directive, the Company established the capital management criteria based on the regulatory requirements, the economic capital requirements, the requirements of credit rating agencies, the good practices of foreign insurers, the business and organisational structure and the specifics of the macroeconomic and political environments in which the Group operates. Taking into account not only the target return on equity, the planned volume of business and foreseen capital needs in the Slovene and strategic markets but also the experiences and guidelines of the insurance sector, the Company defined the dividend policy criteria and the capital management guidelines, including a set of activities aimed at ensuring the necessary capital strength.

The capital management strategic objectives and the dividend policy criteria are shown in the following figure:

> 300%	Excess capital adequacy	▪ The possibility of increased risk appetite ▪ The possibility of more aggressive growth in the volume of operations and consideration of possible changes to the business strategy ▪ The possibility of increasing the share of dividend payments ▪ The possibility of excess capital payout (capital reduction)
250%–300%	Target capital adequacy	▪ The payment of dividends within the target range of 30–50% of consolidated net profit of the Triglav (payout ratio of 30–50%) ▪ Maintenance of the applicable risk appetite ▪ Room for growth in the volume of operations in line with the applicable business strategy
200%–250%	Sub-optimal capital adequacy level	▪ Analysis of possible measures to prepare a capital adequacy improvement plan ▪ Assessment of possible selective reduction in the volume of operations ▪ Changes to the plans for expanding operations ▪ The possibility of reducing the share of dividend payments (a lower payout ratio)
150%–200%	Warning capital adequacy level	▪ The preparation of the plan and the implementation of measures aimed at improving capital adequacy ▪ The implementation of measures for selective reduction in the volume of operations ▪ Strict limitation of the expansion of operations ▪ Reduction in the share of dividend payments
< 150%	Insufficient capital adequacy	▪ Assessment of the possibility of issuing subordinated capital instruments ▪ Implementation of the restructuring plan ▪ No dividend payments ▪ Consideration of the possibility to increase capital

2.3. Underwriting risks

The Group assumes the underwriting risks in all insurance companies when performing transactions, which represent its core business. The main objective of underwriting risk management is to achieve and maintain the size and quality of the insurance portfolio that provides for stable and safe operations while generating maximum returns. The Company strives for optimal management of the ratio of assumed risks and generated return (the difference between the benefits and the costs of risk management measures) not only in the management of underwriting risks but also of other risks. Therefore, the risk appetite limits were defined, taking into account:

- the long-term strategic guidelines in line with the Strategy and
- the business-financial plans approved by the management bodies.

Insurance operations are performed via four key processes, through which underwriting risks are monitored, assessed and balanced: **product development**, underwriting, underwriting risk transfer, claim settlement. The risk appetite limits are considered in the product development process by setting the underwriting criteria and the premium amount. The primary responsibility for the **active management of underwriting risk** lies with departments that are involved in core business activity. Clearly structured competences and powers include segregation of duties, underwriting limits and an authorisation system. Moreover, a range of actuarial techniques is used in underwriting risk management. The Company also conducts regular performance monitoring, verifications of insurance technical provisions and optimisation of reinsurance schemes. Basic tool for managing underwriting risk is a high quality risk assumption process that limits assumed risk to acceptable levels. Reinsurance is one of the main tools used in underwriting risk management in terms of **risk transfer**. The annual planned reinsurance programme includes calculated own shares by individual insurance class, the maximum coverage table prepared based on own shares, and procedures, bases and criteria for determining the maximum possible loss with regard to individual underwritten risks. The choice of suitable reinsurers depends to a great extent on their credit rating. **By resolving and settling claims**, the Triglav Group fulfils its obligation to the policyholders. The Company strives for rapid claim settlement and payment so as to provide financial security to the clients who experienced a loss event. At the same time, its aim is to ensure stable operations and control loss events, which includes determining the appropriate bases of claims and controlling the amount to be paid out. The Company set up procedures to process the claims and assess the damage in proportion to the amount, nature and complexity. This also includes the assessment of not yet reported claims.

Risk appetite defines the level of risk and the potential loss arising from this risk that the Company is able to accept in the course of its business operations without jeopardizing the attainment of its business and strategic goals. The underwriting risks are managed through the relevant procedures and segregation of duties and powers.

Every type of insurance has its own specific risks, which the Triglav Group duly identifies and manages. In the context of direct insurance operations, the Company is predominantly faced with traditional underwriting risks, which are divided into:

- **non-life insurance** underwriting risks and,
- **life insurance** underwriting risks.

Both types of underwriting risks are presented separately.

2.3.1. Non-life insurance underwriting risks

Non-life insurance underwriting risks include premium risk, provision risk, non-life catastrophe risk, lapse risk and the risks related to the volume of new business, product development risks, underwriting process risks, expense risk, external macroeconomic environment risk and claim settlement risk. As the reinsurance company Triglav Re and the health insurance company Triglav, Zdravstvena zavarovalnica are also part of the Triglav Group, non-life insurance underwriting risks also include the risks related to the performance of active reinsurance operations and the risks associated with health insurance.

Premium risk is the risk that the written premium will be insufficient to meet future obligations arising from concluded insurance policies. In quantitative terms, it is monitored through combined ratios, which measure the actual claims and expenses arising from concluded insurance policies in relation to the expected claims and expenses calculated in the premium (Sections 2, 3, 4 and 8 of the Management Report). The combined ratio in non-life insurance was 92.8% in 2015 at the Triglav Group level (96.3% in 2014). According to the results of changes in the combined ratio, in 2015 the underwriting process at the Group level was properly executed and premium risk well managed. Premium rates for non-life insurance were high enough considering reasonable actuarial expectations regarding the movement of the amount of benefits or claims ratios and expenses or expense ratios and the rational behaviour of all market participants. More specifically, premium risk only includes the risks related to the usual claims. In terms of risk and event, the risk of major claims is considered as catastrophe risk, which is presented in a separate paragraph of this [→ *section 2.3.3*].

Provision risk, including claims risk, is the risk that the actual claims arising from insurance will significantly deviate from the foreseen claims included in insurance technical provisions, or that the insurance technical provisions will be higher than they would be if all the relevant information were known in advance. Separately and in more detail, the risks of subrogation, non-life insurance annuity and appraisal costs can be considered. Provision risk is monitored by regularly monitoring the claims experience by individual insurance class, calculating the run-off analysis and promptly adjusting the insurance technical provisions to the new findings based on the analyses performed. The described methodological appropriateness of provisions for individual insurance classes [→ *see Section 2.6 of the Accounting Report*] is verified by regularly performing the liability adequacy test based on the balance as at the last day of the business year. Special attention in the creation of insurance technical provisions for non-life insurance is paid to incurred but not reported (IBNR) claims. The results of the triangle method as the adequacy test of insurance technical provisions for loss events characterised by late claim reporting show that the level of formed insurance technical provisions was appropriate as at the 2015 year-end at the level of both the Triglav Group and Zavarovalnica Triglav [→ *see Section 2.6.2 of the Accounting Report*]. Other adequacy tests of insurance technical provisions for non-life insurance produced similar results.

Lapse risk and the risks related to the volume of new business represent the uncertainty and deviations from the planned level of lapses, the level of future renewal of existing insurance and the volume of new insurance policies taken out. Both risks are usually the result of realised reputational risk, strategic risk, technological progress risk and macroeconomic risks. These risks are discussed in detail below.

Triglav, Zdravstvena zavarovalnica operates within the Triglav Group and provides supplemental voluntary **health insurance** governed by the Health Care and Health Insurance Act. As a result, in addition to the previously mentioned non-life insurance underwriting risks, the Group is exposed to strategic risk, political risk and the risk of changes in legislation, which is related to significant changes in health legislation in Slovenia.

With regard to regulating the reinsurance coverage in the Triglav Group, Pozavarovalnica Triglav Re plays an important role as it assumes the underwriting risks based on reinsurance agreements concluded with individual subsidiaries of the Group. Triglav Re concludes outward reinsurance agreements (retrocession agreements) for a portion of the risks it reinsures in order to better control its exposure and to protect its own assets, while indirectly protecting the assets of the Group's insurance subsidiaries.

2.3.2. Life insurance underwriting risks

The life insurance portfolio includes traditional, unit-linked and pension insurance policies. Additional insurance can be added to unit-linked and traditional insurance policies. **Life insurance underwriting risks** are all underwriting risks covered by life insurance policies as well as some underwriting risks related to these risks and life insurance policies. The Company underwrites mortality, longevity and morbidity risks, as well as disability risk, accidental death risk, permanent total incapacity for work risk, critical illness or injury risk, medical expense risk, daily benefit risk, etc. within additional insurance.

Mortality risk is the risk that the actual future mortality rate will be higher than expected. This difference will affect:

- the amount of calculated premium,
- the level of insurance technical provisions,
- the amount and type of risk transfer (reinsurance, co-insurance) and
- the difference between the actual and the expected result of the Company.

Mortality risk can arise from:

- inappropriate risk assessment in the underwriting process (which mainly arises from information asymmetry between the policyholder and the insurance),
- incorrectly estimated level, trend or volatility of future mortality rates for a particular homogeneous risk group (e.g. the lack of empirical data) and
- future catastrophic events that affect mortality (e.g. a pandemic), as well as other sources leading to an incorrect estimate.

Moreover, mortality risk includes its opposite, i.e. **longevity risk**, which is closely monitored primarily in annuity or pension insurance.

As in the case of mortality risk similar also applies to the other abovementioned underwriting risks covered by life insurance policies.

Life insurance policies are also associated with the **risk of policy changes** (required by the policyholder), i.e. the difference between the future realised and expected surrenders, capitalisation and any other changes to policies. The types of impacts on this risk are similar to those on mortality risk. The risk of policy changes may arise from changes in the general economic environment, which affects policyholders' behaviour, and in any other sources leading to an incorrect estimate.

Life expense risk is the risk that the future actual life insurance expenses will differ from the expected. (Recently, in the insurance industry expense risk is no longer considered an operational risk but a separate risk category or an integral part of underwriting risks, as in Solvency II for example.) This risk is reflected in inappropriately calculated premium, insufficient insurance technical provisions and in the difference between the actual and expected results of the Company. Expense risk may arise from miscalculations and incorrect allocation of actual expenses (the inadequacy of the cost model) and incorrectly estimated level, trend or volatility of expenses.

Appropriate risk equalisation, which is the basic principle on which the insurance industry functions, is achieved through sufficiently large homogeneous risk groups, which constitute the entire portfolio of the above risks. An important component here is efficient and correct classification of risks in underwriting, based on which a specific risk is assessed and classified into an appropriate group, which is the condition for appropriate management of that risk. Therefore, new findings related to individual risks are taken into account in underwriting. Also considered are the know-how and procedures of reinsurers who assume a portion of risks.

Premium risk and the risk of insufficient insurance technical provisions are managed in the context of the actuarial cycle, where deviations of the realised effects compared to the estimated are periodically checked. In the event any deviations outside the set parameters are detected, appropriate action is taken, e.g. adapting the basis or parameters of an insurance product, appropriately adjusting the parameters for the calculation of insurance technical provisions, etc.

The adequacy of provisions is regularly tested using the liability adequacy test (LAT) and calculating the "realistic" provisions set based on the present value of the best estimate of future expected contractual and other cash flows. The test is performed at least once a year based on the balance as at the last day of the business year [→ see Section 2.6 of the Accounting Report]. Based on these assumptions and the data used, the test results for 2015 show that an adequate level of insurance technical provisions for life insurance was formed at the level of both the Triglav Group and individual subsidiaries, with the exception of an identified shortfall in the guarantee fund backing supplemental voluntary pension insurance, for which additional other insurance technical provisions were created.

A part of life insurance risk management is the transfer of a corresponding portion of risks to reinsurers under the adopted reinsurance programme, which is also part of regular checks in the context of the actuarial cycle.

Traditional life insurance policies with a savings component and a guaranteed interest rate are exposed to asset-liability mismatch risk, where the assets are insufficient to cover the liabilities. Similar risks due to a special guarantee for the return arise from the SVPI policies during the savings period. These risks are described in detail among the financial risks in [→ Section 2.4.1].

Contractual financial options and guarantees are embedded in a number of policies, therefore the risks related thereto are assessed in the context of regular portfolio valuation.



2.3.3. Underwriting risk concentration

Underwriting risk concentration occurs due to the concentration of an insurance operation in a geographic area, or an industry or an insurance peril. It may also occur as a result of a correlation between individual insurance classes.

Insurance risk concentration is managed with adequate re-insurance schemes, which are based on the tables of maximum net retained lines. Even a single event in a business segment or industry may have a material impact on re-payment capacity.

The aim of underwriting risk concentration management is establishing efficient procedures for reducing risk and limiting losses arising from underwriting risk concentration at the level of Zavarovalnica Triglav and the Triglav Group.

Particular attention is paid to events with a low frequency and a high impact, for example storms, hail, floods and glaze in 2014. The reinsurance protection for natural events has been used twice since 2010. Zavarovalnica Triglav's catastrophe reinsurance programme is designed as excess of loss reinsurance with four layers and is thus protected against a possible increased occurrence of natural disasters in a particular year. Past events have shown that the reinsurance scheme is suitable, as the Company has been able to discharge its obligations arising from insurance contracts without exposure to increased liquidity or capital adequacy risk.

Over the past years, Zavarovalnica Triglav has actively adapted its business to **climate change** by tailoring its products and exercising greater prudence in the process of risk underwriting. In the future reinsurance schemes of this kind are likely to become increasingly costly and coverage increasingly narrower. Experience from previous years suggests that the number of such natural events will continue to rise in the future, and consequently damages relating to climate changes, therefore the reinsurance protection programme will be adapted accordingly. These disasters predominantly affect the fire, technical and car insurance classes (comprehensive car insurance) as well as crop insurance.

2.3.3.1. Geographical and sectoral concentration

The Triglav Group conducts its business operations primarily in Slovenia and former Yugoslav countries. The Group also provides "fronting" services, ceding most of the business to foreign insurance companies. On the basis of previous experience, the Group believes that all potential risk concentrations have suitable reinsurance cover.

The table below summarises the consolidated gross written premium in the countries in which the insurance companies of the Group operate.

The table shows that the Group's main exposure is in Slovenia, as almost 83% of premium income is generated on the Slovene market.

	The Triglav Group				Zavarovalnica Triglav			
	Gross written premium (in EUR)		Share (%)		Gross written premium (in EUR)		Share (%)	
	2015	2014	2015	2014	2015	2014	2015	2014
Slovenia	760,924,325	733,329,897	82,79	82,56	586,260,945	592,619,451	100.00	100.00
Croatia	45,168,268	41,953,165	4,91	4,72				
Montenegro	30,433,416	27,739,908	3,31	3,12				
Czech Republic	9,636,056	21,992,410	1,05	2,48				
Bosnia and Herzegovina	23,671,756	21,788,403	2,58	2,45				
Serbia	28,238,446	22,844,533	3,07	2,57				
Macedonia	21,043,998	18,598,287	2,29	2,09				
TOTAL	919,116,265	888,246,603	100,00	100,00	586,260,945	592,619,451	100.00	100.00

2.3.3.2. Low-frequency and high severity risk

In this segment, the threat of earthquakes represents the biggest potential risk for the Group. Reinsurance protection against earthquakes and other natural disasters is regulated accordingly. Thus far, no earthquakes of catastrophic proportions have been recorded. The earthquake models available to the Company show that earthquakes with a return period of 1000 years and an implied 20% margin of error in estimating the amount of potential claims do not represent a greater threat than the other natural disasters Zavarovalnica Triglav faces almost every year.

The table below shows the earthquake model for the Company's portfolio for 2015.

The results of the model for the Triglav Group do not differ significantly.

Return period in years	2015	
	Share of total exposure in %	Gross claims in EUR
100	0.30	61,137,000
250	0.65	132,463,500
500	1.20	244,548,000
1000	2.57	523,740,300



Under the own risk and solvency assessment in 2015, a major earthquake in Ljubljana was assessed as an example of an extremely catastrophic event, which in terms of impact corresponded to the earthquake that hit Ljubljana in 1895. Slovenia lies in an earthquake-prone area. Even though earthquakes in Slovenia are of low magnitude, their effects could be quite severe due to relatively shallow hotspots. The analysis showed that the Company is well reinsured. Moreover, taking into account the insurance claims and effects on the performance of the Company, it would survive an event with such an impact on capital adequacy calculation based on Solvency II and internally set limits, which still allow normal operations of the Company.

Another potentially catastrophic loss occurrence could arise from the nuclear peril that Zavarovalnica Triglav has assumed from the Slovenian Nuclear Pool. Such a loss occurrence is characterised by an extremely low frequency, as no major loss event has been reported in 25 years, and the correlation between such a potential loss event and the arising liabilities is low or null. There were no such significant low frequency and high severity events in 2015.

The following table shows the assumption of individual capacities of reinsurance risks arising from the nuclear threat by Group companies.

	Assumed capacity in EUR	
	2015	2014
Zavarovalnica Triglav d.d.	7,500,000	7,500,000
Pozavarovalnica Triglav Re d.d.	1,400,000	1,200,000
Triglav Osiguranje d.d., Zagreb	650,000	650,000
TOTAL AFTER THE EVENT	9,550,000	9,350,000

2.3.3.3. Underwriting risk concentration by other insurance classes

In terms of gross written premiums, the Group is most active in **car insurance** (as shown in [→ *Section 4.1 of the accounting part of the Report*]). In the Group's portfolio, motor liability insurance accounted for the bulk of this insurance class. As motor liability insurance is characterised by high risk dispersion, this segment does not entail any underwriting risk concentration for the Group. A potential danger of risk type concentration exists in comprehensive motor vehicle insurance. However, it is covered by a catastrophe reinsurance programme, which has proved to be adequate in recent years.

The concentration of **life insurance** underwriting risks is low, as the life insurance risk portfolio is well dispersed by all relevant criteria and due to the fact that most policies originate from geographically dispersed retail sale. Any risk concentration in the portfolio is reduced by transferring a portion of the risks to reinsurers based on an appropriate reinsurance programme. The risk sum insured in the event of death is less than EUR 60,000 for 82.4% of the whole life insurance portfolio and less than EUR 35,000 for 99.9% of other life insurance portfolio. For additional accidental death insurance, the sum insured is lower than EUR 50,000 and represents 98.3% of the respective portfolio, while for additional disability insurance the sum insured is less than EUR 100,000 for 98.2% of the respective portfolio. Both sums insured represent the stipulated retention in line with the reinsurance agreement for most insurance policies.

As one of three insurance companies in Slovenia to offer **supplemental health insurance**, with a 23% market share, and one of two reinsurers in the country, holding 43% of the market, the Group consequently is exposed to an insurance concentration risk in these two lines of business in the reporting period. As regards the reinsurance portfolio, the Group manages the reinsurance portfolio concentration risk by the international geographical spread of inwards reinsurance risks and with the adequate retrocession of outwards reinsurance risks.

2.4. Financial risk and sensitivity analysis

In the assets and liabilities management of guarantee funds assets backing liabilities, in reinsurance operations and in all funding operations within the scope of capital management, the Group is exposed to the following financial risks:

- market risks related to the core operating activities of the Group members, equity and interest rate risks, currency risk and property risk;
- liquidity risk and
- credit risk.

Financial risks are managed on the basis of clearly defined competences and powers, which include exposure limits and reporting processes at the level of the Group and its individual members. The investment policies of individual Group members are approved by the Assets and Liabilities Committee (ALCO) at the Group level. In the formulation of policies, the Committee considers the nature of insurance, the strategic objectives of the Group and the characteristics of local financial markets. The Committee regularly monitors the exposure of individual Group members against the set investment limits.

The investment policies of individual guarantee funds and assets backing liabilities take into account the nature of the liabilities of the Group's individual insurance companies. The Company strives to achieve the highest possible return rates and the lowest capital requirements given the risk profile of any instrument. This approach to efficient capital management allows the Company to focus its capital allocation on the activities that will generate the maximum return on equity for its owners at an acceptable risk. The Company's investment policies are regularly updated and adapted to developments and changes on financial markets, striving for an optimum relationship between return, risk and capital requirements and consistency with the strategic objectives of the Triglav Group and obligations of its members.

In terms of financial assets, the prevailing category was debt securities of EMU countries with 31.99%, followed by the investments in financial sector with 26.75%. Compared to 2014, the first category decreased by almost 7 percentage points, whilst the latter was up by for just over 2 percentage points.

Similar changes as at the Group level can also be observed in Zavarovalnica Triglav. In terms of financial assets, the prevailing category remains EMU sovereign bonds with 34.67%, followed by investments in the financial sector with a share of 25.54%.

The breakdown of the financial assets portfolio of the Triglav Group and Zavarovalnica Triglav is shown in the table below by various main criteria (activity, sector, instrument, economic and political groupings).



	in EUR		in EUR	
The Triglav Group	31 Dec. 2015	Percentage* (%)	31 Dec. 2014	Percentage* (%)
(Raw) materials	39,903,046	1.39	20,359,622	0.77
Communications	72,783,489	2.53	42,946,143	1.62
Cyclical activities	56,858,231	1.98	34,476,965	1.30
Non-cyclical activities	110,151,737	3.83	61,224,718	2.31
Highly diversified activity – conglomerates	4,247,498	0.15	1,094,774	0.04
Energy	79,367,616	2.76	53,733,708	2.03
Finance	769,192,640	26.75	649,877,642	24.57
Manufacturing	78,272,576	2.72	40,938,146	1.55
Technology	10,995,858	0.38	2,418,028	0.09
Goods and services of public interest	72,792,755	2.53	65,300,168	2.47
EMU countries	919,995,746	31.99	1,021,146,233	38.60
EU countries (except EMU)	159,144,526	5.53	170,190,679	6.43
Other countries	75,137,143	2.61	62,046,397	2.35
Small businesses and households	4,759,693	0.17	5,050,408	0.19
No sector**	421,864,522	14.67	414,606,086	15.67
TOTAL	2,875,467,076	100.00	2,645,409,717	100.00

Zavarovalnica Triglav	31 Dec. 2015	Percentage* (%)	31 Dec. 2014	Percentage* (%)
(Raw) materials	19,514,846	0.90	16,697,510	0.76
Communications	53,396,079	2.45	39,158,087	1.79
Cyclical activities	35,790,198	1.65	28,430,463	1.30
Non-cyclical activities	84,190,079	3.87	53,973,974	2.46
Highly diversified activity – conglomerates	1,652,160	0.08	1,094,774	0.05
Energy	45,110,991	2.07	32,502,593	1.48
Finance	555,645,741	25.54	509,671,996	23.26
Manufacturing	46,031,930	2.12	35,416,782	1.62
Technology	10,369,535	0.48	1,842,447	0.08
Goods and services of public interest	60,159,451	2.77	57,813,354	2.64
EMU countries	754,248,535	34.67	941,437,671	42.96
EU countries (except EMU)	94,898,979	4.36	68,164,524	3.11
Other countries	19,380,979	0.89	20,123,224	0.92
Small businesses and households	1,053,800	0.05	895,246	0.04
No sector**	393,949,322	18.11	384,373,951	17.54
TOTAL	2,175,392,625	100.00	2,191,596,596	100.00

* Percentages are calculated on the basis of carrying amounts.

** Including investments in regional financial funds.

The detailed structure of the quality of debt securities in the portfolio of the Triglav Group and Zavarovalnica Triglav is shown in the sub-section on credit risks.

2.4.1. Market risk and asset-liability management of insurance portfolios

In assets and liabilities management, Zavarovalnica Triglav is most exposed to interest rate and equity risks on the assets side. To a lesser extent, the Company is also exposed to the regulatory risk of changes in the minimum standard for setting the applicable technical interest rate for calculating mathematical provisions on the existing insurance portfolio and to currency risks.

The aim of market risk management is to ensure an appropriate profitability of the investment portfolio while maintaining an acceptable level of risk defined in the Risk Appetite.

Among other things, the exposure to market risks is determined by the net balance of assets and liabilities. The Company manages market risks by applying several techniques, such as optimum strategic asset allocation with regard to the nature of liabilities and the effect of the external economic environment, regular monitoring of the current ratios of guarantee funds and assets backing liabilities and regular monitoring of capital adequacy on the basis of models. These techniques also include hedging against certain risks with derivative financial instruments, which is used exclusively for risk reduction. The Company's life insurance

portfolio includes unit-linked insurance policies, where most of the financial risk is borne by the policyholders; however, the very nature of these insurance policies and policyholders' views entail a reputation risk exposure.

One of the central tools used for managing market risk is the diversification applied to the entire portfolio of Zavarovalnica Triglav (this includes diversification across various industries, across different types of securities as well as across issuers of geographically diverse origin). Concentration risk at the level of the Triglav Group is managed by analysing the results of capital models. On the basis thereof, measures are proposed in the form of exposure limits set for individual business segments or changes in investment policy statements.

Appropriate and advanced investment policies (described in Section 2, 7 and 11 of the Management Report) are another tool for successful market risk management. The application of pre-set limits allows the Company to optimize its portfolio with a view to minimising capital requirements and market risk while attaining the target profitability guaranteeing the fulfilment of all obligations and generating a surplus return. Furthermore, the Company also conducts a range of different stress tests, sensitivity analyses and cash-flow matching, which serve as a basis for the elaboration of investment policies.

The goal of the asset-liability management process is to ensure an optimal return on investments with respect to the nature of insurance liabilities. Therefore, the process of optimising asset-



liability management takes into account the static nature of insurance liabilities as an input parameter and aims at improving investment policies by optimising the ratio between the market sensitivity of the balance sheet and the return on assets.

By means of the optimisation process, investment policies are determined for guarantee funds and assets backing liabilities, specifying the strategic asset allocation for every portfolio. These policies are approved by the Assets and Liabilities Committee, which also regularly monitors the current ratios for all guarantee funds and assets backing liabilities.

2.4.2. Interest rate risk

Interest rate risk is the risk of changes in market interest rates affecting the value of interest-sensitive assets, as well as the risk that interest-sensitive assets and interest-sensitive liabilities reach their maturity at different times and at different values. Interest rate risk is managed by undertaking a thorough analysis

of the credit ratings of securities issuers for each investment. The Company also uses interest rate risk sensitivity analyses, in which all interest-sensitive financial assets are included.

Exposure of the Group companies to reinvestment risk arises for interest-sensitive assets yielding coupons in the period up to maturity, depending on the structure of the individual instruments.

The interest rate risk sensitivity analysis includes all financial assets exposed to interest rate risk, i.e. debt securities, classified into “measured at fair value through profit and loss” and “available-for-sale” categories and derivative financial instruments. The share of debt securities in the total portfolio is shown in the detailed overview of financial assets per groups of assets in [→ Section 3.6 in the accounting part of the Report].

The table below shows the carrying amounts of debt securities as the most important interest rate-sensitive financial investments by sectoral breakdown for the Triglav Group and Zavarovalnica Triglav.

	The Triglav Group		Zavarovalnica Triglav	
	in EUR			
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Debt securities issued by states	1,167,257,286	1,243,675,784	847,746,971	1,008,943,897
Debt securities issued by financial institutions	377,058,528	313,411,226	322,557,139	278,178,360
Debt securities issued by companies	470,577,303	298,591,083	330,059,084	260,010,200
Composite securities	25,096,280	42,685,539	25,096,280	42,685,539
TOTAL	2,039,989,397	1,898,363,632	1,525,459,474	1,589,817,995

The table below shows a sensitivity analysis of the Group's portfolio to interest rate risk and its impact on comprehensive income and the income statement of the Triglav Group and Zavarovalnica Triglav.

	The Triglav Group				Zavarovalnica Triglav			
	in EUR							
	31 Dec. 2015		31 Dec. 2014		31 Dec. 2015		31 Dec. 2014	
	+100 bp	-100 bp	+100 bp	-100 bp	+100 bp	-100 bp	+100 bp	-100 bp
Debt securities issued by states	-46,428,397	46,428,397	-55,569,901	55,569,901	-36,400,283	36,400,283	-50,359,731	50,359,731
Debt securities issued by financial institutions	-13,923,959	13,923,959	-10,457,792	10,457,792	-12,236,565	12,236,565	-9,040,428	9,040,428
Debt securities issued by companies	-19,229,330	19,229,330	-15,664,906	15,663,933	-15,731,019	15,731,019	-14,271,677	14,271,677
Composite securities	441,358	441,358	-680,756	680,756	-441,358	441,358	-680,756	680,756
Other	153,372	-153,372	0	0	153,372	-153,372		
TOTAL	-79,869,672	79,869,672	-82,373,355	82,372,382	-64,655,852	64,655,852	-74,352,593	74,352,593
Impact on comprehensive income	-69,953,129	69,953,129	-70,370,539	70,369,566	-58,733,375	58,733,375	-62,364,008	62,364,008
Impact on the income statement	-9,890,022	9,890,022	-12,002,820	12,002,820	-5,922,477	5,922,477	-11,988,585	11,988,585

The table above shows that it is the positive and negative changes in interest rates that have the strongest impact on the securities issued by states. The latter accounted for the bulk of the investment portfolio of the Group or Zavarovalnica Triglav.



2.4.3. Equity risk

Equity risk is the risk of fluctuation in share prices, which affects the carrying value of securities within the Group's portfolio that are sensitive to such fluctuations.

The Group manages the equity risk of securities in the portfolio through exposure limits as well as through geographical and sectoral diversification. It invests most of its assets within the European Union, and spreads the investments to other geographic areas only in order to hedge the risks and the profitability of its equity portfolio. To a large extent, the portfolio consists of debt securities and this diversification results in a slightly lower equity risk. An important factor affecting any investment decision is

also the liquidity of shares. The subsidiary portfolios follow the applicable investment policies. Due to the diverse market-related (development of capital markets) and local statutory limitations in the strategic markets of the Triglav Group, each subsidiary of the Group in this region pursues an investment policy that is adapted to its individual market. The portfolios of these subsidiaries contain a smaller share of equity securities compared to the portfolios of other subsidiaries and collectively they represent only a small percentage of the Group's portfolio.

The equity portfolio structure by geographical exposure to issuers is shown in the table below.

	The Triglav Group		Zavarovalnica Triglav	
	in EUR			
	2015	2014	2015	2014
Equities in the EU	309,775,324	307,008,656	240,007,693	243,314,424
Equities in the USA	845,168	0		
Equities in emerging markets	59,359,263	51,827,706	50,680,122	49,737,908
Global equities*	236,072,765	186,549,223	203,287,023	184,180,469
TOTAL	606,052,520	545,385,585	493,974,838	477,232,801

* Globally diversified equity investments

The amounts shown are based on the carrying amount of the equity portfolio of the Triglav Group and Zavarovalnica Triglav.

The largest part of the portfolio of the Group consists of shares of issuers originating from the EU, worth EUR 309.7 million in total as at the reporting date. These are followed by globally diversified investments in shares with a total value of EUR 236.1 million and shares in emerging markets with a total value of EUR 59.3 million in third place. Compared to 2014, investments in shares of all issuers significantly increased at the Group level, especially global

investment diversification in shares, which was higher by almost EUR 50 million. As at the reporting date, Zavarovalnica Triglav's investments in shares of EU issuers decreased by just over EUR 3 million compared to the preceding year.

The equity portfolio's sensitivity to equity price fluctuations and its impact on the comprehensive income and/or the income statement of the Group and Zavarovalnica Triglav is shown in the table below.

	The Triglav Group				Zavarovalnica Triglav			
	in EUR							
	31 Dec. 2015		31 Dec. 2014		31 Dec. 2015		31 Dec. 2014	
	10%	-10%	10%	-10%	10%	-10%	10%	-10%
Equities in the EU	30,977,532	-30,977,532	32,013,415	-32,013,415	24,000,769	-24,000,769	24,331,442	-24,331,442
Equities in the USA	84,517	-84,517	0	0	0	0		
Equities in emerging markets	5,935,926	-5,935,926	5,182,772	-5,182,772	5,068,012	-5,068,012	4,973,791	-4,973,791
Global equities*	23,607,277	-23,607,277	18,654,924	-18,654,924	20,328,702	-20,328,702	18,418,047	-18,418,047
Total	60,605,252	-60,605,252	55,851,111	-55,851,111	49,397,484	-49,397,484	47,723,280	-47,723,280
Impact on equity	16,136,108	-16,125,272	13,740,172	-13,733,155	11,017,666	-11,006,625	9,140,011	-9,132,994
Impact on the income statement	44,469,134	-44,479,970	40,798,388	-40,805,405	38,379,818	-38,390,859	38,583,269	-38,590,286

* Globally diversified equity investments.

The above analysis demonstrates the sensitivity of the equity portfolio to equity price fluctuations. If the prices of the equities in the portfolio as at 31 December 2015 were 10% above their disclosed values, the comprehensive income and profit of the Group would be EUR 16.1 and EUR 44.5 higher, respectively. In contrast, if the prices of the equities in the portfolio as at 31 December 2015 had been 10% lower of their disclosed values, the comprehensive income and profit of the Group would have been EUR 16.1 and EUR 44.5 lower, respectively.

2.4.4. Foreign exchange risk

Zavarovalnica Triglav's exposure to foreign exchange risk is minor, as most of its assets are denominated in euros. In terms of the foreign exchange risk structure, the highest exposures are to the currencies of the countries that emerged from the former

Yugoslavia, which in total represent no more than 5% of the portfolio at the Triglav Group.

2.4.5. Liquidity risk

The risk or threat of a liquidity mismatch, i.e., the mismatched maturity of assets and liabilities, may cause liquidity problems or a shortage in liquidity needed to settle due liabilities. **The aim of liquidity risk management** is to ensure that at any point in time, the Group has sufficient liquid assets available to settle all outstanding obligations in due time. Liquidity risk is offset against the volume of highly liquid securities and regular monitoring of projected and actual cash flows from assets and liabilities. In order to obtain additional liquidity when needed, the Company makes use of a number of credit lines with domestic and foreign banks, taking into account the limit system with respect to credit risks.



Financial assets and liabilities of the Triglav Group* by remaining maturity

						in EUR
The Triglav Group as at 31 Dec. 2015	NOT DEFINED	UNDER 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	TOTAL
FINANCIAL ASSETS						
Financial investments	601,705,284	283,197,194	1,009,287,798	742,968,659	238,297,033	2,875,455,968
Debt securities	0	198,057,351	963,765,270	721,050,671	227,933,945	2,110,807,237
Held to maturity	0	8,505,634	91,273,061	55,229,894	87,815,548	242,824,137
At fair value through profit and loss	0	111,085,376	200,038,383	82,946,579	2,734,381	396,804,719
Available for sale	0	73,109,146	662,559,699	572,143,153	137,230,058	1,445,042,056
Loans and receivables	0	5,357,195	9,894,127	10,731,045	153,958	26,136,325
Equity securities	596,631,827	0	0	0	9,420,694	606,052,521
At fair value through profit and loss	443,056,414	0	0	0	0	443,056,414
Available for sale	153,575,413	0	0	0	9,420,694	162,996,107
Derivatives	21,472	0	3,721,910	1,101,100	0	4,844,482
Loans and receivables	5,051,985	85,139,843	41,800,618	20,816,888	942,394	153,751,728
Reinsurers' share of insurance technical provisions	3,430,237	31,954,458	15,234,155	12,402,652	5,702,803	68,724,305
Operating receivables	17,463,403	149,027,768	2,735,354	383,337	0	169,609,862
Cash and cash equivalents	31,714,529	18,108,189	0	0	0	49,822,718
Total	654,313,453	482,287,609	1,027,257,307	755,754,648	243,999,836	3,163,612,853
FINANCIAL LIABILITIES						
Insurance technical provisions	445,058,780	654,137,863	396,569,539	433,142,237	671,533,703	2,600,442,122
Other financial liabilities	1,289,449	7,462,804	602,853	1,238,864	17,598	10,611,568
Total	446,348,229	661,600,667	397,172,392	434,381,101	671,551,301	2,611,053,690

* The mismatch of cash flows in the table above results from the properties of insurance liabilities and the investment policy of the Group as well as the availability of investments of appropriate maturity with respect to the structure of liabilities. Liquidity is ensured not only with short-term investments with the maturity of less than 1 year but also with other highly liquid assets in other maturity buckets (e.g. government bonds of EEA countries and the OECD, shares in ETF funds, etc.).

						in EUR
The Triglav Group as at 31 Dec. 2014	NOT DEFINED	UNDER 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	TOTAL
FINANCIAL ASSETS						
Financial investments	546,317,097	142,841,823	684,423,139	966,688,751	305,138,902	2,645,409,712
Debt securities	5,322,851	92,282,516	661,356,543	924,297,404	293,608,938	1,976,868,252
Held to maturity	0	10,645,472	46,064,128	53,230,713	100,663,814	210,604,127
At fair value through profit and loss	0	7,482,807	92,422,012	118,587,939	33,074,186	251,566,944
Available for sale	5,303,868	67,781,578	493,319,215	751,182,321	159,717,014	1,477,303,996
Loans and receivables	18,983	6,372,659	29,551,188	1,296,431	153,924	37,393,185
Equity securities	531,114,073	71,510	4,779,306	0	9,420,694	545,385,583
At fair value through profit and loss	403,599,254	0	0	0	0	403,599,254
Available for sale	127,514,819	71,510	4,779,306	0	9,420,694	141,786,329
Derivatives	2,530,192	0	0	161,398	0	2,691,590
Loans and receivables	7,349,981	50,487,797	18,287,290	42,229,949	2,109,270	120,464,287
Reinsurers' share of insurance technical provisions	716,937	38,430,380	21,158,391	7,404,302	4,778,323	72,488,333
Operating receivables	5,744,969	175,910,166	8,756,936	384,271	10	190,796,352
Cash and cash equivalents	14,912,870	8,061,184	0	0	0	22,974,054
Total	567,691,873	365,243,553	714,338,466	974,477,324	309,917,235	2,931,668,451
FINANCIAL LIABILITIES						
Insurance technical provisions	444,124,944	674,116,770	373,208,921	358,800,155	514,008,278	2,364,259,068
Other financial liabilities	18,332	4,982,099	13,070,295	-2,935,179	-7	15,135,540
Total	444,143,276	679,098,869	386,279,216	355,864,976	514,008,271	2,379,394,608

The tables above show that in 2015 the Triglav Group reduced the asset-liability maturity mismatch or the liquidity risk arising therefrom for maturities of under one year by EUR 128.7 million, i.e. from the net deficit of financial assets in the amount of EUR 306.4 million as at the end of 2014 to the net deficit of financial assets in the amount of EUR 177.7 million as at the end of 2015. Furthermore, as at the end of the reporting year the Group had a significantly higher surplus of financial assets over

financial liabilities in the maturity bucket of 1–5 years compared to the 2014 year-end. As a result, the surplus of financial assets in the maturity bucket of 5–10 years dropped, whereas the deficit of financial assets over financial liabilities with a maturity of over 10 years increased. Total financial assets in both compared years significantly exceed total financial liabilities of the Triglav Group.



Financial assets and liabilities of Zavarovalnica Triglav by remaining contractual maturity

						in EUR
Zavarovalnica Triglav as at 31 Dec. 2015	NOT DEFINED	UNDER 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	TOTAL
FINANCIAL ASSETS						
Financial investments	495,671,585	167,394,494	692,224,379	610,982,866	209,119,300	2,175,392,624
Debt securities	0	118,083,981	662,923,600	589,076,346	208,195,175	1,578,279,102
Held to maturity		6,491,125	40,781,749	46,538,604	84,438,778	178,250,256
At fair value through profit and loss	0	70,270,136	116,732,774	54,117,939	1,630,458	242,751,307
Available for sale		41,322,720	505,409,077	488,419,803	122,125,939	1,157,277,539
Loans and receivables						0
Equity securities	493,974,838	0	0	0	0	493,974,838
At fair value through profit and loss	383,798,181					383,798,181
Available for sale	110,176,657					110,176,657
Derivatives			3,721,910	1,101,100		4,823,010
Loans and receivables	1,696,747	49,310,513	25,578,869	20,805,420	924,125	98,315,674
Reinsurers' share of insurance technical provisions		209,663	918,499	4,673,528	1,998,957	7,800,647
Operating receivables		76,422,805	2,475,181		0	78,897,986
Cash and cash equivalents	7,549,958					7,549,958
Total	503,221,543	244,026,962	695,618,059	615,656,394	211,118,257	2,269,641,215
FINANCIAL LIABILITIES						
Insurance technical provisions	438,920,157	422,794,419	316,076,251	364,322,589	511,142,254	2,053,255,670
Other financial liabilities		151,672	345,756	1,237,963	17,601	1,752,992
Total	438,920,157	422,946,091	316,422,007	365,560,552	511,159,855	2,055,008,662

						in EUR
Zavarovalnica Triglav as at 31 Dec. 2014	NOT DEFINED	UNDER 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	TOTAL
FINANCIAL ASSETS						
Financial investments	483,009,656	84,147,593	515,059,311	830,213,646	279,166,391	2,191,596,597
Debt securities	0	70,106,893	506,916,050	788,210,405	277,676,822	1,642,910,170
Held to maturity		5,073,303	39,866,257	40,532,884	100,663,814	186,136,258
At fair value through profit and loss		7,181,000	91,512,247	118,497,080	32,946,884	250,137,211
Available for sale		57,852,590	375,537,546	629,180,441	144,066,124	1,206,636,701
Loans and receivables						0
Equity securities	477,232,801	0	0	0	0	477,232,801
At fair value through profit and loss	385,832,691					385,832,691
Available for sale	91,400,110					91,400,110
Derivatives	2,530,192					2,530,192
Loans and receivables	3,246,663	14,040,700	8,143,261	42,003,241	1,489,569	68,923,434
Reinsurers' share of insurance technical provisions		1,194,289	4,061,630	1,035,987	2,246,064	8,537,970
Operating receivables		88,616,040	2,581,465	323,938	10	91,521,453
Cash and cash equivalents	-1	5,650,670				5,650,669
Total	483,009,655	179,608,592	521,702,406	831,573,571	281,412,465	2,297,306,689
FINANCIAL LIABILITIES						
Insurance technical provisions	442,952,449	441,045,840	327,455,824	344,608,688	503,673,072	2,059,735,873
Other financial liabilities		1,674,409	19,500		2	1,693,911
Total	442,952,449	442,720,249	327,475,324	344,608,688	503,673,074	2,061,429,784

Similar findings in relation to the financial asset-liability maturity mismatch risk or potential liquidity risk with regard to meeting the financial obligations to the policyholders of the Triglav Group also apply to Zavarovalnica Triglav in both years.

In recent years, the Group and Zavarovalnica Triglav never had to liquidate assets in order to cover regular liabilities from insurance thanks to the premium inflow. The Company calculates the liquidity ratios and regularly monitors, analyses and plans the cash flows within the framework of liquidity risk management.



2.4.6. Credit risk

The aim of credit risk management is to establish procedures for minimising the likelihood of loss resulting from a debtor's financial difficulties. The Company's goal is to achieve an optimum diversification of the credit portfolio and the desired credit rating. In order to achieve the credit risk management goal, methods and processes with clearly defined powers and responsibilities were established so as to identify, measure, assess, manage and monitor the credit risk. In addition, such a system allows for a quality credit risk analysis and reporting as well as preparing, proposing and implementing the measures to prevent financial losses that may arise from policyholders defaulting on the payment of premium, inability to pay out claims by reinsurers and the insolvency of bond issuers and banks.

To achieve the goal of managing the credit risks to banks and banking groups and to limit them to an acceptable level, the Company set up a **limit system** for banks and banking groups. The limit set for a particular bank or banking group determines the maximum permissible exposure of an individual insurance subsidiary or the Group to a bank or a banking group. The above-mentioned exposure includes all types of investments and exposures (opening of a transaction account, transaction account exposure, deposits, guarantees, equity investments, other investments and exposures).

Credit risks are included in an integrated risk management system and in the underlying documents, i.e. the Strategy and the Risk Appetite. Apart from that, a risk catalogue was created and an internal control system set up.

As a rule, once a year the Company defines and assesses the effects of stress test scenarios with regard to credit risks in the framework of the ORSA process. The stress test scenarios take into account the counterparty default risk, where reinsurers are the counterparty in question (direct exposure and indirect exposure), in addition to any other clients from which the Company disclosed receivables. The stress test scenarios are based on different levels of difficulty.

Credit risk exposure arising from insurance and reinsurance business operations is regularly monitored by analysing:

- the remaining maturity structure of receivables from insurance operations [→ see Section 3.8 of the accounting part of the Report];
- reinsurers' and co-insurers' credit ratings. The Group regularly monitors the financial conditions of reinsurers and, as a rule, enters into retrocession reinsurance contracts only with reinsurers rated at least A- in case of liability reinsurance, and with reinsurers rated BBB+ in case of other classes of reinsurance. As at 31 December 2015, over 82% of reinsurance and coinsurance operations at the Group level was concluded with a counterparty (excluding Triglav Re) with at least "A" credit rating.

Credit rating exposures are particularly monitored at the level of Pozavarovalnica Triglav Re, Zavarovalnica Triglav and the Triglav Group.

The Group's financial assets total that may be exposed to credit risk (i.e. bonds, loans, derivatives, assets from reinsurance contracts, receivables and cash or cash equivalents) as at 31 December 2015 amounted to EUR 2,269,259,343.23 (vs. EUR 2,101,164,077 as at 31 December 2014).

The table below shows the credit-rating structure of debt securities for Triglav Group* and Zavarovalnica Triglav.

	The Triglav Group				Zavarovalnica Triglav			
	in EUR		Share (%)		in EUR		Share (%)	
	2015	2014	2015	2014	2015	2014	2015	2014
AAA	270,703,996	318,410,518	12.82	16.11	228,870,548	280,322,943	14.50	17.06
AA	79,604,619	101,209,430	3.77	5.12	74,863,752	76,472,078	4.74	4.65
A	252,418,977	310,000,081	11.96	15.68	231,117,017	287,054,542	14.64	17.47
BBB	980,934,172	974,552,156	46.47	49.30	860,275,786	870,261,265	54.51	52.97
BB	315,724,112	214,099,897	14.96	10.83	95,610,613	86,369,159	6.06	5.26
B	78,373,987	13,729,608	3.71	0.69	33,044,133	10,527,317	2.09	0.64
No credit rating	133,047,375	44,866,568	6.30	2.27	54,497,254	31,902,867	3.45	1.94
TOTAL	2,110,807,238	1,976,868,258	100.00	100.00	1,578,279,103	1,642,910,171	100.00	100.00

* Only passive and active operations of subsidiaries are included at the level of the Triglav Group.

The table above shows that 28.55% of the debt securities in the Group portfolio have a credit rating of at least »A«, while 46.47% of debt securities have a credit rating of at least »BBB«.

2.5. Operational risk

In the framework of the Company's operations, operational risk is defined as the risk of loss due to:

- inadequate or inefficient **internal procedures** (disruption of work procedures, client complaints, lack of reliable information for the management, disruptions to business continuity, improper cost management, poor change management, inconsistent or incomplete process documentation, etc.);
- inappropriate or inefficient **staff behaviour** (inadequate human resource management, key staff turnover, lack of know-how and skills, inappropriate staff actions, etc.);
- inadequate and inefficient **functioning of systems** (obsolete software and/or infrastructure, lack of documented audit trails in software, inadequate control of system operability, etc.);

- **external events** (changes in legislation, natural disasters, competition, fraud, etc.).

For identifying and measuring operational risks, the Group drew up a framework which defines their type, underlying reasons, consequences, assessment methods and internal control identification. Based on an analysis of the internal control system, focusing on the accuracy and reliability of financial reporting in all departments, the Company defined the minimum standard of internal controls, which is used as the basis for optimal management of individual business processes within the Group. The quantitative exposure to operational risks is measured with the Solvency II methodology and the qualitative exposure with a process analysis, which focuses on the most critical business processes or segments of operational risks. As feedback information, the process analysis uses the loss event database for future optimisation of processes.

The aim of effective operational risk management is not to identify those who are responsible for the loss events but to effectively remedy the consequences of events, mitigate and prevent future losses (preventive effect) and to conduct operations with

professionalism, due diligence and business ethics. The Company has zero tolerance to internal crime or internal fraud, including the leaking of information to unauthorised persons and negligent behaviour of employees.

In order to achieve effective and efficient operational risk management, an appropriate work climate and organisational culture are maintained. It is important that all employees are informed about operational risks, threats and benefits of regular, daily and timely notification of loss events. For this purpose, employees need to be encouraged to be active in improving the process and, if necessary, to propose and set up additional controls so as to reduce the number of future loss events and the costs of remedying their consequences. As a result, effective operational risk management can strengthen the confidence and loyalty of clients, shareholders and the general public that the Company is committed to good and fair business practices.

2.5.1. Fraud risk management

The insurance industry is faced with a number of adverse effects of fraud. In Zavarovalnica Triglav, the implementation of a comprehensive fraud management policy is the responsibility of the **Fraud Prevention, Detection and Investigation Department, Compliance Office, Internal Audit Department and Risk Management Department**. Even though the Company is mostly exposed to insurance fraud, its fraud prevention, detection and investigation policy encompasses all business areas. It includes underwriting and the settlement of claims as well as areas such as relations with suppliers and insurance brokers, financial investments, human resources.

The Company has completely overhauled its **Rules on the Prevention of Conflict of Interest**. The Rules have been aligned to applicable legislation and stipulate stricter requirements than those required by legislation in areas that are considered to entail a relatively high level of risk. The implementation of the Rules is IT-supported, which is crucial for efficient risk management in this area. A slightly modified version of these Rules was also adopted by subsidiaries within the Group.

In 2015, 470 cases of suspected fraud were investigated, whilst number of confirmed frauds was 29% higher over 2014.

2.6. Non-financial risks

In terms of performance of the Group, the major non-financial risks include strategic risks, reputational risk and legal risks. These risks can materialise in the form of major or minor deviations from the business and financial plans due to losses incurred or lost business opportunities.

Willingness to assume non-financial risks or tolerance to this segment of risks is defined as low in the Strategy and the Risk Appetite. Internal culture, the governance system and all business practices are set up to avoid these risks and minimise their negative effects on the operations of the Triglav Group.

Non-financial risks are very closely linked to other risks, especially operational risks, and normally arise from several realised factors both inside and outside of the Group.

2.6.1. Strategic risk

Strategic risk is the probability or possibility that an event will adversely or beneficially affect the Triglav Group's ability to achieve its strategic objectives and thus the Group's value.

Strategic risks may arise as a result of strategic business decisions. A possible source of strategic risks is also business decisions not adapted to the changes in the external environment. As a general rule, this type of risks occurs in combination with other risks, but it may also occur independently as a result of:

- expansion to new markets, new takeovers and investments, new insurance products and services;
- business cycles in the global economy;
- changes in the behaviour of business partners and policyholders, which are related to economic cycles, changes in business strategies of partners, the requirements of individual products, or environmental aspects;
- technological changes and development of new insurance products;
- political, regulatory, cultural and legislative changes;
- climate changes and other environmental phenomena.

The Triglav Group addresses strategic risks already within the strategic planning process, including the annual planning process. The business strategies of individual Group members are aligned with one another and with the strategy of the Triglav Group.

The strategy implementation process is monitored with internal controls, while competences and responsibilities of the above-mentioned bodies in managing strategic risk are clearly defined. The implementation of strategic objectives is regularly monitored both at Group level as well as in individual companies.

The implementation of capital requirements is also subject to regular monitoring using contemporary models and tools and good business practice, which is possible due to best practices and the exchange of information between the Triglav Group companies. As the attainment of strategic objectives and performance can also be affected by external factors, the Company also monitors market indicators and indicators related to the broader economic environment.

2.6.2. Reputational risk

Reputational risk consists in the possibility of external or internal events undermining stakeholder confidence in the Company.

Reputational risk can be the result of a number of factors, ranging from the inability to provide a sufficiently high standard of product and service quality, unethical business practices, failure to attain financial objectives, poor relations among internal stakeholders or employees to environmental pollution and acts of unfair competition, any of which may have a detrimental effect on the reputation of the entire sector.

The basic element of the reputational risk management system is a good corporate governance system, which is supported with internal documents and the following additional activities:

- collecting and analysing client feedback;
- monitoring media reporting on the Company, including the social media;
- monitoring and analysis of semi-annual reputation measurement of the Company;
- management of Company public relations;
- management of investor relations;
- due diligence in ensuring compliance with the applicable legislation and in the management of relations with supervisory bodies and agencies;
- continuous monitoring of business, economic, social and regulatory trends that might be the source of future risk;

- management of relationships with potentially antagonistic special interest groups.

An important element of effective reputational risk management is also an efficient internal information flow and communication system, which ensures proper knowledge and uniform understanding of the strategy, business operations, plans and current circumstances by all employees. Also important is to provide balanced, consistent and up-to-date information to the general public on the business operations and activities of the Triglav Group, which ensures a long-term relationship with all external stakeholders based on trust. The system also includes monitoring and analysing the presence of the Company in the public.

2.6.3. Legal risks

Legal risks mean the possibility of loss arising from non-performance of contractual obligations by the counterparty by reason of established legal deficiencies or inconsistencies in a contractual document or legal restrictions in particular business environments, which were unknown or insufficiently taken into account at the time of conclusion of the transaction. Legal risks also arise as a result of failing to effectively protect assets and adjust operations to legislative changes in due time.

Legal risk management involves establishment, execution and interpretation of processes and rules, which ensure smooth and consistent operations of the Triglav Group. The competent legal office is in charge of legal risk management.

Legal risk management comprises the assessment procedure of possible legal and other responses to the risks and the selection of the most appropriate. This procedure requires not only knowledge of legal, economic and social factors but also understanding of the business environment in which the Triglav Group operates.

In the context of legal risk management processes, the following activities are performed:

- definition of risk tolerance, taking into account the existing strategic objectives of the Company;
- identification of potential risks;
- risk management and mitigation throughout the whole organisation.

Legal risks of the Triglav Group are identified and monitored within the Group's operational risk management system.

Accounting report

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Statement of management's responsibilities

Statement of Management's responsibilities

The Management Board herewith confirms the financial statements Zavarovalnica Triglav, d.d. and Triglav Group for the year ended 31 December 2015, and the accompanying accounting policies and notes to the accounting policies.

The Management Board is responsible for preparing the Annual Report so that it is a true and fair presentation of the Company's and the Group's assets and liabilities, financial position and profit for the year ended 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU.

The Management Board additionally confirms that the appropriate accounting policies were consistently used and that the accounting estimates were prepared according to the principles of prudence and good management. The Management Board furthermore confirms that the financial statements, together with the notes are prepared on a going concern basis and that they comply with the applicable legislation and International Financial Reporting Standards, as adopted by the EU.

The Management Board confirms that the Business Report includes a fair presentation of the development and financial position of the Company and the Group, including a description of the major risks to which the Company and the Group are exposed to.

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

The tax authorities may, at any time within the period of five years since the day the tax become chargeable, review the operations of the Company, which may result in additional tax liabilities, default interest and penalties related to corporate income tax and/or other taxes or levies. The Management Board of the Company is unaware of any circumstances that could potentially result in any such significant liability.

Andrej Slapar
President of the Management Board



Benjamin Jošar
Member of the Management Board



Uroš Ivanc
Member of the Management Board



Tadej Čoroli
Member of the Management Board



Marica Makoter
Member of the Management Board



Ljubljana, 11 March 2016



Independent auditor's report



This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Zavarovalnica Triglav, d.d.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Triglav Group ("the Group") and the separate financial statements of Zavarovalnica Triglav, d.d. ("the insurance company") which comprise the consolidated and separate statement of financial position as at December 31, 2015, and the consolidated and separate income statement, consolidated and separate statement of other comprehensive income, consolidated and separate statement of changes in shareholders' equity and consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate Financial Statements present fairly, in all material respects, the financial position of the Group and the insurance company as of December 31, 2015, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the business report in accordance with the Slovenian Companies Act and the Appendix to annual report (hereafter referred to as "Appendix") on the basis of schemes defined by Regulatory Authority. Our responsibility is to assess whether the business report and Appendix are consistent with the audited financial statements. Our work regarding the business report and Appendix is performed in accordance with ISA 720, and restricted to assessing whether the business report and Appendix are consistent with the financial statements and does not include reviewing other information originated from non-audited financial records.

The business report and the Appendix are consistent with the audited consolidated and separate financial statements.

Ljubljana, March 11, 2016


Janez Uranič
Director
Ernst & Young d.o.o.
Dunajska 111, Ljubljana

ERNST & YOUNG

Revizija, poslovno
svetovanje d.o.o., Ljubljana


Primož Kovačič
Certified Auditor



1. Financial statements⁹⁴

1.1 Statement of financial position

		Triglav Group		Zavarovalnica Triglav	
		31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
		3,493,456,800	3,275,428,004	2,685,432,591	2,721,266,953
ASSETS					
Intangible assets	3.1	70,132,332	71,770,468	53,143,644	54,373,723
Property, plant and equipment	3.2	121,810,360	123,668,545	67,034,994	65,143,015
Deferred tax assets	3.17	15,993,688	20,472,194	0	0
Investment property	3.3	79,475,283	104,861,479	52,870,808	37,972,457
Investments in subsidiaries	3.4	0	0	134,689,036	133,799,163
Investments in associates	3.5	6,939,700	10,371,335	7,259,875	10,427,236
Financial assets	3.6	2,873,436,783	2,619,376,329	2,194,440,477	2,240,384,295
Financial investments		2,408,702,860	2,153,588,590	1,747,850,916	1,790,581,524
– loans and deposits		183,872,219	130,037,423	108,581,747	104,531,182
– held to maturity		242,406,400	210,604,128	178,250,255	186,136,258
– available for sale		1,607,681,638	1,608,664,995	1,268,278,321	1,299,415,075
– recognised at fair value through profit and loss		374,742,603	204,282,044	192,740,593	200,499,010
Unit-linked insurance assets		464,733,923	465,787,739	446,589,561	449,802,771
Reinsurers' share of technical provisions	3.7	68,724,305	71,147,717	69,935,394	75,325,350
Receivables	3.8	166,443,733	181,810,510	95,716,726	94,732,452
– receivables from direct insurance operations		83,249,006	86,414,518	57,959,013	61,527,739
– receivables from reinsurance and coinsurance operations		42,823,668	41,461,923	12,219,198	6,689,625
– current tax receivables		301,273	1,819,015	0	0
– other receivables		40,069,786	52,115,054	25,538,515	26,515,088
Other assets	3.9	8,134,762	8,469,465	2,791,679	3,458,593
Cash and cash equivalents	3.10	47,928,768	22,858,388	7,549,958	5,650,669
Non-current assets held for sale	3.11	34,437,086	40,621,574	0	0
EQUITY AND LIABILITIES		3,493,456,800	3,275,428,004	2,685,432,591	2,721,266,953
Equity	3.12	704,044,499	688,140,772	530,560,272	544,000,467
Controlling interests		692,925,865	681,412,162	530,560,272	544,000,467
– share capital		73,701,392	73,701,392	73,701,392	73,701,392
– share premium		54,955,912	56,908,216	53,412,884	53,412,884
– reserves from profit		300,945,466	299,731,040	282,666,281	281,977,925
– treasury share reserves		452,880	452,880	0	0
– treasury shares		-452,880	-452,880	0	0
– fair value reserve		77,567,319	94,940,028	55,751,443	73,221,229
– net profit brought forward		104,503,874	96,705,983	7,210,810	38,565,461
– net profit/loss for the year		85,802,552	62,769,801	57,817,462	23,121,575
– currency translation differences		-4,510,483	-4,558,557	0	0
– reserve of disposal group held for sale		-40,167	1,214,258	0	0
Non-controlling interests	2.7	11,118,634	6,728,610	0	0
Subordinated liabilities	3.13	18,752,252	28,065,416	21,101,278	29,958,540
Insurance technical provisions	3.14	2,143,395,211	1,874,756,014	1,614,944,129	1,617,090,395
– unearned premiums		252,057,956	245,995,733	180,558,991	182,902,536
– mathematical provisions		1,219,737,727	954,072,939	925,402,898	904,858,200
– claims provisions		642,687,051	648,827,459	486,247,722	508,999,132
– other insurance technical provisions		28,912,477	25,859,883	22,734,518	20,330,526
Insurance technical provisions for unit-linked insurance contracts		457,046,912	458,899,160	438,920,157	442,952,449
Employee benefits	3.15	12,225,131	12,265,582	9,189,038	9,408,654
Other provisions	3.16	3,854,844	3,946,874	381,762	399,080
Deferred tax liabilities	3.17	23,188,796	30,752,195	6,268,154	12,973,041
Other financial liabilities	3.18	3,784,282	15,084,019	1,752,990	1,693,912
Operating liabilities	3.19	48,388,725	58,533,223	23,886,713	25,833,367
– liabilities from direct insurance operations		16,617,928	15,644,384	10,985,581	10,631,799
– liabilities from reinsurance and co-insurance operations		28,053,630	36,341,671	10,264,596	10,406,511
– current tax liabilities		3,717,167	6,547,168	2,636,536	4,795,056
Other liabilities	3.20	66,341,975	65,641,718	38,428,098	36,957,048
Non-current liabilities held for sale and discontinued operations		12,434,173	39,343,031	0	0

94 Notes on pages from 174 to 275 are part of financial statements.



1.2 Income statement

		in EUR			
		Triglav Group		Zavarovalnica Triglav	
	Notes	2015	2014	2015	2014
Net premium income	4.1	839,167,224	819,864,481	517,040,236	529,727,190
– gross written premium		919,116,265	888,246,603	586,260,945	592,619,451
– ceded written premium		-77,045,634	-73,316,563	-72,460,618	-67,287,154
– change in unearned premiums		-2,903,407	4,934,441	3,239,909	4,394,893
Income from financial assets	4.2	300,908,574	236,378,245	274,883,169	212,013,745
Income from financial assets in subsidiaries and associates		5,454,600	147,755	31,688,139	2,441,318
– profit on equity investments accounted for using the equity method		1,024,797	147,755	0	0
– interest income		0	0	1,985,141	2,193,168
– dividends		0	0	29,318,186	239,834
– fair value gains	4.4	0	0	0	0
– realised gains on disposals	4.5	4,429,803	0	376,413	0
– other financial income		0	0	8,399	8,317
Income from other financial assets		202,577,180	172,738,610	151,322,413	146,293,090
– interest income		71,242,548	73,244,445	48,917,584	58,371,048
– dividends		3,218,520	4,843,275	2,484,054	3,544,526
– fair value gains		39,290,809	26,799,233	26,253,436	26,454,746
– realised gains on disposals		77,477,505	60,089,485	68,541,989	54,194,732
– other financial income		11,347,798	7,762,172	5,125,350	3,728,038
Net unrealised gains on unitlinked life insurance assets		92,876,794	63,491,880	91,872,617	63,279,337
Other income from insurance operations	4.6	7,430,958	8,744,516	17,683,831	16,878,496
– fees and commission income		2,494,636	4,110,851	12,996,626	12,557,361
– other income from insurance operations		4,936,322	4,633,665	4,687,205	4,321,135
Other income	4.7	77,260,256	84,197,373	9,258,952	10,639,169
Net claims incurred	4.8	570,343,294	594,726,608	349,598,310	392,038,267
– gross claims settled		594,840,516	615,722,529	390,567,557	421,121,575
– reinsurers' share		-23,535,397	-20,330,306	-24,918,956	-20,710,778
– changes in claims provisions		-8,430,995	-8,443,475	-16,050,291	-8,372,531
– equalisation scheme expenses for supplementary health insurance		7,469,170	7,777,860	0	0
Change in other insurance technical provisions	4.10	60,340,392	59,648,824	39,257,225	58,391,620
Change in insurance technical provisions for unit-linked insurance contracts		-1,882,145	23,841,561	-4,032,292	22,619,358
Expenses for bonuses and discounts	4.11	10,202,959	10,219,321	8,265,040	8,632,089
Change in liabilities from financial contracts		0	0	0	0
Operating expenses	4.12	201,796,133	199,423,503	137,861,969	138,439,417
– acquisition costs		136,158,419	135,886,064	99,608,988	99,854,627
– other operating costs		65,637,714	63,537,439	38,252,981	38,584,790
Expenses from financial assets and liabilities	4.3	180,367,256	60,278,747	200,067,115	69,149,319
Expenses from financial assets and liabilities in subsidiaries and associates		1,160,415	70,574	47,292,586	22,048,541
– loss on investments accounted for using the equity method		295,258	70,574	0	0
– interest expense		0	0	0	0
– fair value losses		0	0	0	0
– realised loss on disposals		865,153	0	882,000	1,503,668
– loss on impairment of financial assets		4	0	46,351,490	20,524,904
– other expenses from financial assets and liabilities		0	0	59,096	19,968
Expenses from other financial assets and liabilities		95,773,879	40,689,456	69,341,567	27,582,062
– interest expense		2,177,446	2,948,802	1,900,242	2,280,291
– fair value losses	4.4	49,537,301	12,897,286	34,068,361	10,723,661
– realised loss on disposals	4.5	21,803,897	9,930,193	20,502,755	8,433,700
– loss on impairment of financial assets		3,827,445	6,341,300	231,310	38,459
– other expenses from financial assets and liabilities		18,427,790	8,571,875	12,638,899	6,105,951
Net unrealised losses on unit-linked life insurance assets		83,432,962	19,518,717	83,432,962	19,518,717
Other insurance expenses	4.13	18,212,146	20,349,159	7,835,999	11,997,644
Other expenses	4.14	82,909,300	80,285,864	11,579,325	10,494,816
Profit before tax		102,477,677	100,411,028	68,433,497	57,496,069
Income tax expense	4.15	13,616,483	14,728,560	9,927,679	11,883,488
NET PROFIT FOR THE ACCOUNTING PERIOD		88,861,194	85,682,468	58,505,818	45,612,581
Earnings per share (basic and diluted)		3.91	3.77		
Net profit attributable to the controlling company		88,825,435	85,388,016		
Net profit attributable to non-controlling interest holders	2.7	35,759	294,452		

1.3 Comprehensive income

		in EUR			
		Triglav Group		Zavarovalnica Triglav	
	Notes	2015	2014	2015	2014
Net profit for the year after tax	3.12	88,861,194	85,682,468	58,505,818	45,612,582
Other comprehensive income after tax		-18,806,369	51,206,741	-17,495,126	37,858,386
Items which will not be transferred in income statement in future periods		115,148	-508,761	214,905	-503,403
Net actuarial gains/losses for pension plans	3.15	143,337	-611,867	239,577	-606,509
Tax on items which will not be transferred in income statement		-28,189	103,106	-24,672	103,106
Items which could be transferred into income statement in future periods		-18,921,517	51,715,502	-17,710,031	38,361,789
Fair value gains/losses on available-for-sale financial assets	3.12	-43,465,908	94,026,847	-42,441,799	77,582,361
– net gains/losses recognized directly in equity		-11,439,191	139,790,178	-10,976,857	122,568,367
– transfers from equity to income statement		-32,026,717	-45,763,331	-31,464,942	-44,986,006
Fair value gains/losses on non-current assets held for sale		-381,226	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		-312,985	-42,993	0	0
Liabilities from insurance contracts with DPF		17,740,272	-25,899,972	17,740,272	-25,899,972
Currency translation differences		50,969	-730,806	0	0
Tax on other comprehensive income		7,447,361	-15,637,574	6,991,496	-13,320,600
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX		70,054,825	136,889,210	41,010,692	83,470,968
Controlling interest	4.15	70,221,035	136,259,514		
Non-controlling interest		-166,210	629,696		

1.4 Statement of changes in equity

	Reserves from profit													in EUR		
Triglav Group	Share capital	Share premium	Contingency reserves	Legal and statutory reserves	Treasury share reserves	Treasury shares	Credit risk reserves	Other reserves from profit	Fair value reserve	Reserve of disposal group held for sale	Net profit brought forward	Net profit/loss	Currency translation differences	TOTAL EQUITY ATTRIBUTABLE TO THE CONTROLLING COMPANY	Non-controlling interests	TOTAL
As at 1 January 2014	73,701,392	56,866,195	534,366	19,630,611	452,880	-452,880	32,313,485	224,200,000	44,605,435	0	90,083,114	46,213,505	-3,833,230	584,314,877	6,222,580	590,537,457
Comprehensive income for the year after tax	0	0	0	0	0	0	0	0	51,548,852	0	47,977	85,388,016	-725,332	136,259,514	629,696	136,889,210
Transfer of net profit to retained earnings	0	0	0	0	0	0	0	0	0	0	46,213,508	-46,213,508	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	0	-38,593,429	0	0	-38,593,429	0	-38,593,429
Allocation to credit risk reserves and catastrophe insurance	0	0	0	0	0	0	118,215	0	0	0	0	-118,215	0	0	0	0
Transfer of net profit to reserves from profit	0	0	50,112	384,249	0	0	0	22,500,000	0	0	-434,240	-22,500,000	0	120	-120	0
Change in methods and consolidation	0	-43,354	0	0	0	0	0	0	0	0	0	0	0	-43,356	-123,766	-167,122
Other	0	85,374	0	0	0	0	0	0	-1,214,258	1,214,258	-610,946	0	0	-525,572	220	-525,352
As at 31 December 2014	73,701,392	56,908,216	584,478	20,014,860	452,880	-452,880	32,431,700	246,700,000	94,940,028	1,214,258	96,705,983	62,769,801	-4,558,557	681,412,162	6,728,610	688,140,772
Comprehensive income for the year after tax	0	0	0	0	0	0	0	0	-17,412,876	-1,214,258	-25,340	88,825,435	48,074	70,221,035	-166,211	70,054,825
Transfer of net profit to retained earnings	0	0	0	0	0	0	0	0	0	0	64,840,213	-64,840,213	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	0	-56,755,040	0	0	-56,755,040	0	-56,755,040
Allocation to credit risk reserves and catastrophe insurance	0	0	0	0	0	0	849,711	0	0	0	0	-849,711	0	0	0	0
Transfer of net profit to reserves from profit	0	0	7,791	356,923	0	0	0	0	0	0	-261,942	-102,761	0	11	-11	0
Change in methods and consolidation	0	-2,166,719	0	0	0	0	0	0	0	0	0	0	0	-2,166,719	326,640	-1,840,076
Change in Group	0	214,415	0	0	0	0	0	0	0	0	0	0	0	214,415	-50,403	164,012
Other	0	0	0	0	0	0	0	0	40,167	-40,167	0	0	0	0	0	0
External acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,280,009	4,280,009
As at 31 December 2015	73,701,392	54,955,912	592,269	20,371,784	452,880	-452,880	33,281,412	246,700,000	77,567,319	-40,167	104,503,874	85,802,552	-4,510,483	692,925,865	11,118,634	704,044,499

	Reserves from profit					in EUR				
Zavarovalnica Triglav	Share capital	Share premium	Legal and statutory reserves	Credit risk reserves	Other reserves form profit	Fair value reserve	Net profit brought forward	Net profit/loss	TOTAL	
As at 1 January 2014	73,701,392	53,412,884	4,662,643	30,624,276	224,200,000	35,362,843	52,735,703	25,090,466	499,790,208	
Comprehensive income for the year after tax	0	0	0	0	0	37,858,386	0	45,612,582	83,470,968	
Dividend payment	0	0	0	0	0	0	-38,649,753	0	-38,649,753	
Transfer of net profit to reserves from profit	0	0	0	0	22,500,000	0	0	-22,500,000	0	
Transfer of net profit to retained earnings	0	0	0	0	0	0	25,090,466	-25,090,466	0	
Allocation of net profit to credit risk reserve and catastrophe insurance	0	0	0	-8,994	0	0	0	8,994	0	
Other	0	0	0	0	0	0	-610,957	0	-610,957	
As at 31 December 2014	73,701,392	53,412,884	4,662,643	30,615,282	246,700,000	73,221,229	38,565,461	23,121,576	544,000,467	
Comprehensive income for the year after tax	0	0	0	0	0	-17,469,786	-25,340	58,505,818	41,010,692	
Dividend payment	0	0	0	0	0	0	-56,837,870	0	-56,837,870	
Transfer of net profit to retained earnings	0	0	0	0	0	0	23,121,576	-23,121,576	0	
Allocation of net profit to credit risk reserve and catastrophe insurance	0	0	0	688,356	0	0	0	-688,356	0	
Other	0	0	0	0	0	0	2,386,983	0	2,386,983	
As at 31 December 2015	73,701,392	53,412,884	4,662,643	31,303,638	246,700,000	55,751,443	7,210,810	57,817,462	530,560,272	

1.5 Cash flow statement

		in EUR			
		Triglav Group		Zavarovalnica Triglav	
	Notes	2015	2014	2015	2014
A. OPERATING CASH FLOW					
Income statement items		42,999,877	3,631,368	16,107,815	-7,642,466
Net written premium for the period	4.1	864,087,543	835,963,139	513,800,327	525,332,297
Investment income (excluding financial income) arising from:	4.3	23,128,875	17,475,231	10,324,541	8,562,470
– insurance technical provisions		18,790,181	15,331,191	9,049,652	7,665,555
– other sources		4,338,694	2,144,040	1,274,889	896,915
Other operating income (excluding revaluation and provisions reductions) and financial income from operating receivables		87,244,476	82,374,463	10,821,508	10,981,281
Net claims paid	4.8	-579,929,702	-603,679,449	-365,648,601	-400,410,798
Bonuses and rebates paid	4.11	-8,755,172	-9,887,663	-6,827,769	-8,292,320
Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	4.12	-206,757,504	-198,235,245	-117,067,400	-115,677,200
Investment expenses (excluding financial expenses) arising from:	4.13	-11,315,678	-12,004,771	-5,105,506	-8,308,861
– technical sources		-9,686,605	-7,635,062	-3,771,413	-4,186,751
– other sources		-1,629,073	-4,369,709	-1,334,094	-4,122,110
Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	4.14	-111,551,659	-99,008,918	-14,998,771	-15,034,290
Corporate income tax and other taxes excluded from operating expenses		-13,151,302	-9,365,419	-9,190,515	-4,795,045
Changes in net current assets—operating balance sheet items		803,846	5,319,558	-363,333	3,084,389
Movements in receivables from insurance operations	3.8	3,541,796	-3,328,816	2,939,770	-3,177,865
Movements in receivables from reinsurance operations		-7,536,232	3,885,499	-5,529,573	2,451,365
Movements in other receivables from (re)insurance operations		1,565,734	107,850	1,027,606	-1,484,359
Movements in other receivables and assets		-224,162	3,755,433	4,069,321	6,171,293
Movements in deferred tax assets		-804,674	-3,239,356	0	-2,871,979
Movements in inventories		84,183	127,351	-12,408	92,720
Movements in debts from direct insurance operations	3.19	625,323	-1,972,114	353,782	-1,011,828
Movements in debts from reinsurance operations		-1,376,254	-460,237	-141,916	-729,351
Movements in operating debts		1,885,269	428,476	-5,534	-330,621
Movements in other liabilities (excluding unearned premiums)	3.20	2,741,879	4,370,534	-3,064,382	3,975,015
Movements in deferred tax liabilities		300,984	1,644,938	0	0
Operating cash flow		43,803,723	8,950,926	15,744,482	-4,558,077
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Cash inflows from investing activities		2,302,278,368	2,562,368,993	1,805,247,899	2,097,680,038
Cash inflows from interest from investing activities and from:	3.6	67,151,983	64,149,036	50,165,758	53,479,586
– investment financed by insurance technical provisions		61,537,414	60,274,191	45,768,746	50,839,306
– other investment		5,614,569	3,874,845	4,397,012	2,640,280
Cash inflows from dividends received and profit sharing, arising from:	3.6	3,135,771	6,144,775	21,602,500	3,850,790
– investment financed by insurance technical provisions		2,408,062	3,469,353	2,259,877	3,402,244
– other investment		727,709	2,675,422	19,342,622	448,546
Cash inflows from the disposal of intangible assets financed by:	3.1	10,359	73,726	79	73,726
– insurance technical provisions		12	0	0	0
– other sources		10,347	73,726	79	73,726
Cash inflows from the disposal of property, plant and equipment financed by:	3.2	1,803,944	5,186,289	669,421	2,097,465
– insurance technical provisions		219,801	2,572,608	0	0
– other sources		1,584,143	2,613,681	669,421	2,097,465
Cash inflows from the disposal of non-current investments financed by:	3.6	1,152,378,631	1,173,716,746	1,018,084,174	1,022,284,534
– insurance technical provisions		1,038,404,051	1,040,761,431	930,141,531	922,758,129
– other sources		113,974,580	132,955,315	87,942,642	99,526,404
Cash inflows from the disposal of current investments financed by:	3.6	1,071,335,380	1,313,098,421	711,419,432	1,015,893,938
– insurance technical provisions		930,195,544	1,164,377,713	657,111,528	947,886,752
– other sources		141,139,836	148,720,708	54,307,904	68,007,186
Cash inflows from the disposal of investments in subsidiaries and associates financed by:	3.4, 3.5	6,462,300	0	3,306,536	0
– insurance technical provisions		0	0	0	0
– other sources		6,462,300	0	3,306,536	0
Cash outflows from investing activities		-2,267,948,841	-2,518,031,961	-1,751,691,675	-2,038,018,700



		in EUR			
		Triglav Group		Zavarovalnica Triglav	
	Notes	2015	2014	2015	2014
Cash outflows from investing activities		-2,267,948,841	-2,518,031,961	-1,751,691,675	-2,038,018,700
Cash outflows for the purchase of intangible assets	3.1	-6,042,661	-8,331,470	-4,806,757	-6,396,144
Cash outflows for the purchase of property, plant and equipment financed by:	3.2	-11,541,075	-10,843,578	-23,055,493	-2,896,106
– insurance technical provisions		-1,281,534	-1,455,545	-18,512,765	-861,786
– other sources		-10,259,541	-9,388,033	-4,542,728	-2,034,320
Cash outflows for the purchase of non-current investments financed by:	3.6	-1,125,556,743	-1,254,008,992	-935,430,625	-1,079,559,956
– insurance technical provisions		-990,071,559	-1,107,503,560	-842,029,501	-960,615,397
– other sources		-135,485,184	-146,505,432	-93,401,124	-118,944,559
Cash outflows for the purchase of current investments financed by:	3.6	-1,116,339,376	-1,244,847,921	-726,413,425	-947,166,494
– insurance technical provisions		-978,941,458	-1,083,826,041	-681,413,195	-868,968,032
– other sources		-137,397,918	-161,021,880	-45,000,230	-78,198,462
Cash outflows for the purchase of investments in subsidiaries and associates financed by:	3.4, 3.5	-8,468,986	0	-61,985,375	-2,000,000
– insurance technical provisions		0	0	-2,410,514	0
– other sources		-8,468,986	0	-59,574,861	-2,000,000
Total cash flow from investing activities		34,329,527	44,337,032	53,556,224	59,661,338
C. CASH FLOWS FROM FINANCING ACTIVITIES					
Cash inflows from financing activities		1,736,108	4,657,483	0	0
Cash inflows from paid-in capital		0	0	0	0
Cash inflows from long-term loans received		1,347,445	2,116,378	0	0
Cash inflows from short-term loans received		388,663	2,541,105	0	0
Cash outflows from financing activities		-68,356,145	-63,914,304	-67,401,961	-54,533,963
Cash outflows for paid interest		-2,020,351	-1,785,000	-1,785,000	-1,785,000
Cash outflows for repayments of principal		0	0	0	0
Cash outflows for payments of long-term financial liabilities	3.18	-9,658,925	-9,092,485	-8,857,262	-5,226,195
Cash outflows for payments of short-term financial liabilities	3.18	0	-14,443,390	0	-9,794,443
Cash outflows from dividends paid and profit sharing	3.12	-56,676,869	-38,593,429	-56,759,699	-37,728,325
Total cash flow from financing activities		-66,620,037	-59,256,821	-67,401,961	-54,533,963
D. Opening balance of cash and cash equivalents		22,858,388	29,068,558	5,650,669	5,000,081
E. Opening balance of cash and cash equivalents arising from merger with Triglav Nepremičnine			0	544	81,290
F1. Net cash flow for the period		11,513,213	-5,968,863	1,898,745	569,298
F2. Foreign exchange differences		-5,421	-124,381	0	0
F3. Cash transferred to non-current assets held for sale		-1,893,950	-116,926	0	0
F4. External acquisition		15,456,538	0	0	0
G. Closing balance of cash and cash equivalents		47,928,768	22,858,388	7,549,958	5,650,669



2. General information

2.1 Profile of Zavarovalnica Triglav and Triglav Group

Zavarovalnica Triglav d.d. (hereinafter: »Zavarovalnica Triglav« or »the controlling company«) is a public limited company, with its registered office at Miklošičeva 19 in Ljubljana, Slovenia. The controlling interest in Zavarovalnica Triglav is held by the Institute of Pension and Disability Insurance of Slovenia (Zavod za pokojninsko in invalidsko zavarovanje Slovenije) and the Slovenian Sovereign Holding (Slovenski državni holding), which participate with 34.47% and 28.09% of the share capital, respectively.

Zavarovalnica Triglav offers a broad range of life and non-life insurance, as well as ancillary insurance and pension fund services. In the life-segment the Company has the following five guarantee funds:

- the guarantee fund of life, annuity and supplemental pension insurance, registration no. 5063345020,
- the Triglav PDPZ-zajamčeni guarantee fund (registration number 5063345029) is a pension scheme of group supplemental voluntary pension insurance PN-ZT-01/12-1, PN-ZT-03/12-1 and PN-ZT-05 and a pension scheme of individual supplemental voluntary pension insurance PN-ZT-02/12-1, PN-ZT-04/12-1 and PN-ZT-06,
- The guarantee fund of supplemental voluntary pension insurance during the pension annuity pay-out period, registration no. 5063345028 and
- Unit-linked life insurance guarantee fund, registration no. 5063345023.

The Company is the fund manager of all listed guarantee funds where as Abanka Vipava d.d. is the administrator of four guarantee funds. The financial statements (income statements and statements of financial position) of the guarantee funds are provided as an annex to the Annual Report.

Zavarovalnica Triglav is the controlling company of the Triglav Group. The structure of the Triglav Group is presented in detail in [→ Section 2.7]. The Triglav Group is the leading insurance/financial group in Slovenia and the Adria region and one of the leading groups in South-East Europe. Insurance is the core business of the Group, including asset management and other services.

Both individual and consolidated financial statements are prepared.

2.2 Management and supervisory bodies

Supervisory Board

The Supervisory Board monitors and supervises the management and performance of Zavarovalnica Triglav. According to the Articles and Memorandum of Association, the Supervisory Board has nine members (six representatives of shareholders and three representatives of employees). Members of the Supervisory Board are given a four-year mandate and can be re-elected without limitation. In 2015, the Supervisory Board had the following members:

Name	SB	AC	ACC	SC	Notes
Matej Runjak	M P		P		since 12 June 2013 since 1 July 2013 since 1 July 2013
Gregor Kastelic	M DP			P	since 12 June 2013 since 1 July 2013 since 1 July 2013
Dubravko Štimac	M		M		since 12 June 2013 since 1 July 2013
Mario Gobbo	M	P		M	since 12 June 2013 since 1 July 2013 since 1 July 2013
Rajko Stanković	M	M			since 12 June 2013 since 1 July 2013
Matija Blažič	M				since 12 June 2013
Peter Celar	M			M	since 30 May 2011 since 1 July 2013
Branko Gorjan	M	M			since 30 May 2011 until 30 May 2015 since 1 July 2013 until 30 May 2015
Miran Krštinč	M		M		since 30 May 2011 until 30 May 2015 since 1 July 2013 until 30 May 2015
Boštjan Molan	M		M		since 31 May 2015 since 20 August 2015
Ivan Sotošek	M	M			since 31 May 2015 since 20 August 2015
Barbara Nose		M			since 22 August 2013

Legend:

SB – Supervisory Board

AC – Audit Committee

ACC – Appointments and Compensation Committee

SC – Strategy Committee

P – President

DP – Deputy President

M – Member

Management Board

The Management Board directs, represents and acts on behalf of Zavarovalnica Triglav, independently and on its own responsibility. In compliance with the Articles and Memorandum of Association, the Supervisory Board can appoint three to six members (the President and five members) to the Management Board. The President and members of the Management Board are appointed for a five-year term with the possibility of reappointment or early termination of office in the case of a serious breach of obligations. In 2015, the Management Board had the following composition:

- Andrej Slapar, President,
- Benjamin Jošar, member,
- Uroš Ivanc, member,
- Tadej Čoroli, member,
- Marica Makoter, member, employee representative.

2.3 Statement of compliance

The separate financial statements and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter: IFRS), the Companies Act (hereinafter: ZGD-1) and the Insurance Act (hereinafter: ZZavar).



2.4 Reporting basis

The financial statements of Triglav Group and Zavarovalnica Triglav are compiled under the going concern assumption. These consolidated financial statements have been prepared on the historical cost basis, except in the following cases in which the fair value was used instead:

- derivative financial instruments, which are measured at fair value,
- financial assets measured at fair value through profit and loss,
- financial assets available-for-sale.

Investments in associates are recognised at fair value in individual financial statements and accounted for using the equity method in the consolidated financial statements.

The methods used for measuring fair value are described in [→ Section 2.5.13].

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities as at the reporting date and the amount of income and expenses in the reporting period. Although these estimates are based on the management's best knowledge of current events and activities, actual results may differ from these estimates. The estimates and assumptions are regularly reviewed and their corrections are recognised in the period of change. The use of estimates and assumptions is presented in more detail in [→ Section 2.6].

For the preparation of the statement of financial position, individual items are classified into groups of assets and liabilities depending on their nature, listed in the order of their liquidity and/or maturity. In additional disclosures current and non-current assets as well as current and non-current liabilities are posted as separate items, depending on whether they are expected to be paid or settled within 12 months of the balance sheet date (current) or after more than 12 months from the balance sheet date (non-current).

Financial assets and liabilities on the statement of financial position are offset only when there exists a legal right to offset the amounts, and intend to either settle them on a net basis or to settle the asset and the liability simultaneously. Income and expenses on the income statement are offset only if so provided by the standards, explained in the notes or required by the accounting policies of the Company.

The accounting policies used in the preparation of financial statements are consistent with those of financial statements for the comparable period.

The Annual Report is adopted by the Management Board and approved by the Supervisory Board. In the event the Supervisory Board fails to approve the report, it is discussed by the General Meeting of Shareholders.

On 11 March 2016, the Management Board approved the Annual Report, which is available at the headquarters of Zavarovalnica Triglav and on its website.

presented in euros, which is the presentation currency of the Group. In the consolidated financial statements, the amounts and disclosures are rounded to one euro.

Translation of business events and items

Transactions in foreign currencies are translated into the functional currency at the related exchange rate from the reference exchange rates of the European Central Bank, published by the Bank of Slovenia. Exchange-rate differences arising from the settlement of these transactions or from the translation of cash items are recognised in the Profit and Loss Account.

Foreign exchange differences arising from changes in the amortised cost of monetary items, denominated in foreign currency and classified as available-for-sale financial assets, are recognised in the income statement. Foreign exchange differences from non-monetary items, such as equity instruments classified as financial assets measured at fair value through profit or loss, are recognised in the income statement. Foreign exchange differences from non-monetary items, such as equity instruments classified as available for sale financial assets, are recognised in equity as fair value reserve together with the effects of the measurement at fair value under other comprehensive income.

Translation from the functional into the presentation currency

The financial statements of Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the final exchange rate as at the balance sheet date,
- income, expenses and costs at the average exchange rate for the year,
- capital components are translated at a historical rate,
- all the resulting exchange rate differences are recognised in other comprehensive income.

Goodwill and adjustment of acquired assets of a subsidiary abroad to fair value are recognised in the same way as assets of a subsidiary abroad and translated into the presentation currency at the closing rate.

In the consolidated financial statements, exchange rate differences resulting from the translation of a net investment in a subsidiary abroad are recognised in the statement of comprehensive income. When the Group loses control over a subsidiary abroad, previously recognised exchange rate differences arising from the translation into the presentation currency are reclassified from other comprehensive income into the income statement as part of gain or loss from sale.

2.5.2 Intangible assets

Intangible assets are accounted for using the cost model. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss. Amortisation is calculated using the straight-line amortisation method.

2.5 Main accounting policies

2.5.1 Foreign currency translation

Functional and presentation currency

Items included in the separate financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the respective entity operates (functional currency). The consolidated financial statements are

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each business year. If the expected useful life of an asset differs from previous estimates, the amortisation period is adjusted accordingly.

	Annual amortisation rate
Software	20%
Other economic rights	1–20%



Intangible assets with an indefinite useful life are not amortised, but are subject to impairment tests on an annual basis. These assets are impaired if their carrying amount exceeds their recoverable amount.

Deferred acquisition costs for non-life insurance contracts are also a part of intangible assets. Decrease or increase in deferred acquisition costs is recognised as a change in unearned premium provision in the income statement, within net premium income.

Deferred acquisition costs for life insurance contracts are considered in the calculation of mathematical provisions using the Zillmer method. Negative reserves after the application of this method are not capitalised. A change in the deferred acquisition cost of life insurance contracts is recognised as a change in the mathematical provision.

Accounting policies regarding the impairment of intangible assets are described in [→ Section 2.5.14].

2.5.3 Goodwill

Upon the acquisition of a subsidiary, goodwill can be recognized. Upon acquisition of a subsidiary or associated company, the difference between the Group's share in the fair value of assets and liabilities acquired and the fair value of the given consideration is calculated. Where the consideration exceeds the net assets acquired, goodwill is recognised.

Accounting policies and consolidation methods are described in [→ Section 2.7].

2.5.4 Property, plant and equipment

Property, plant and equipment are accounted for using the cost model. The cost of an item of property, plant and equipment comprises its purchase price and any other costs directly attributable to bringing the asset to the location and the conditions necessary for it to be capable of operating.

After initial recognition, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line depreciation method. Depreciation rates are given below.

	Annual depreciation rate
Buildings	1.5–5.0%
Transport vehicles	12.5%
Computers and hardware	50%
Office and other furniture	10–20%
Other equipment	6.7–25.0%

The assets acquired in the current year become subject to depreciation on the first day of the month following the month in which they are put into use. Depreciation of an asset being constructed begins when it is available for use. Depreciation of an asset ceases as at the date that the asset is derecognised.

The residual value and useful life of an asset are reviewed as at the reporting date and adjusted in the event expectations differ from previous estimates.

The gain or loss from the derecognition of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item and is included in profit or loss when it is derecognised.

Maintenance and repair costs are recognised in the income statement as incurred. Further investments that increase future economic benefits increase the value of property, plant and equipment.

Accounting policies regarding the impairment of property, plant and equipment are described in [→ Section 2.5.14].

2.5.5 Investment property

Investment property is property held to earn rentals. Property is classified as investment property if not used by the holder for performing its business activities or if only a minor part of the building is used for that purpose.

After initial recognition investment property is measured at historical cost, including costs for the purpose of acquiring the asset. Investment property is accounted for using the cost model. Investment property is depreciated and impaired using the same method as that used for property, plant and equipment described under [→ Sections 2.5.2 and 2.5.4].

Fair values for disclosure purposes are based on a valuation by an independent appraiser who holds a recognised and relevant professional qualification.

All income arising from investment property is rental income and is shown in the income statement under Other income. Expenses arising from investment property consist of the depreciation charges and maintenance costs of the investment property. In the income statement, they are disclosed under Other expenses.

Accounting policies regarding the impairment of investment property are described in [→ Section 2.5.14].

2.5.6 Investments in subsidiaries

In separate financial statements, investments in equity instruments of subsidiaries (shares, stakes) are measured at cost. Investments in subsidiaries represent investments in the companies (investees) over which Zavarovalnica Triglav has controlling influence and where the following conditions are met:

- Zavarovalnica Triglav has influence over the investee that arises either from the voting rights resulting from capital instruments or from other rights resulting from contractual agreements;
- Zavarovalnica Triglav is exposed to variable returns or has the right to variable returns from its involvement with the investee;
- Zavarovalnica Triglav has the ability to affect those returns through its power over the investee.

Initial recognition follows as soon as the shares or equity interest has been entered into the Court Register.

Increase in the share capital of subsidiaries with in-kind contributions solely owned by Zavarovalnica Triglav is initially measured at the carrying amount of the contributions in kind. The carrying amount of the contributions in kind as at the date of investment equals the value of assets invested as the in-kind contribution recorded in the financial statements of Zavarovalnica Triglav as at that date.

Accounting policies regarding the impairment of investments in subsidiaries are described in [→ Section 2.5.14].

Subsidiaries are included in the consolidated financial statements under the full consolidation method. The consolidation procedures are presented in detail in [→ Section 2.7].

2.5.7 Investments in associated companies

In separate financial statements investments in equity instruments of associated companies (shares, stakes) are measured at fair value. Investments in associates represent investments in the companies (investees) over which Zavarovalnica Triglav has significant influence arising from its power to participate in financial and operating policy decisions of an investee, but not joint control or control of those policies. The significant influence is presumed where Zavarovalnica Triglav holds between 20% and 50% of the voting power (directly or indirectly) on an investee.

For associated companies with no quoted price on the stock exchange, internal models of valuating are used (listed comparable companies method, comparable transactions method, discounting of cash flows, contract value). The valuation assumptions applied are presented in greater detail in [→ Section 2.6.5]. The effects of the valuation at fair value are disclosed in other comprehensive income.

Associates of the Triglav Group are those companies in which the Company directly or indirectly holds between 20% and 50% of the voting rights and has a significant but not dominant influence. In the consolidated financial statements of the Triglav Group, investments in associates are accounted for using the equity method. The corresponding share of the profit or loss of an associate is recognised in the consolidated profit or loss. The associated effects included in other comprehensive income of an associate are recognised in the consolidated statement of comprehensive income.

Dividends are recognised in income statement once the right to payment is obtained.

Accounting policies regarding the impairment of investments in associated companies are described in [→ Section 2.5.14].

2.5.8 Financial assets (excluding operating receivables and cash)

Financial assets are classified into the following groups: financial assets at fair value through profit and loss, financial assets held to maturity, loans and receivables and available-for-sale financial assets. Their classification depends on the initial intent at the time of their purchase. Management decides on the classification of assets at the date of initial recognition.

At initial recognition financial assets are measured based on their fair value. Initially recognised values are increased by transaction costs that are directly attributable to the acquisition or disposal of the financial asset (allowances to agents, consultants, and brokers, fees paid to the stock exchange and other transfer related fees). The rule does not apply to financial assets classified as assets disclosed at their fair value through profit and loss, where these costs are recognised directly in the income statement at acquisition.

The trade date is used for the initial recognition of financial assets, except for loans and deposits, for which the settlement date is used.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are classified as available for sale and not classified as loans and receivables, financial assets held to maturity, or financial assets recognised at fair value through profit and loss.

After initial recognition, financial assets classified as available for sale are measured at their fair value, without deducting transaction costs that may occur in their sale or other disposal. Financial instruments not listed on a stock exchange are measured at fair value on the basis of their prices in the latest transactions (official price offers by stock broking firms or banks for certain securities) or through a valuation model (discounting of expected cash flows). Details on valuation models are described in [→ Section 5.1.2]. Equity instruments not quoted in an active market and for which the fair value cannot be reliably measured are measured at cost.

Changes in fair value are recognised directly in other comprehensive income as an increase (gain) or decrease (loss) in the revaluation surplus, with the exception of asset impairments and foreign exchange differences regarding monetary items, such as debt securities recognised in the income statement.

When available-for-sale financial assets are derecognised, the accumulated losses or gains, previously recognised under other comprehensive income, are transferred to the income statement.

Held-to-maturity financial assets

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that Zavarovalnica Triglav definitely intends to hold and is able to hold to their maturity.

Financial assets held to maturity are measured at amortised cost reduced for impairment.

Financial assets at fair value through profit and loss

This category is divided into two groups: financial instruments held for trading and financial instruments measured at fair value through profit and loss.

A financial asset is classified as such if the underlying purpose of its acquisition was for resale within a short period of time, if it forms part of a portfolio of financial instruments aimed at short-term profit generation or if this classification was decided on by the management. Derivative financial instruments are always classified as financial instruments held for trading.

A financial asset designated at fair value through profit and loss is an asset:

- held in the long-term funds⁹⁵ of Zavarovalnica Triglav for the purpose of covering liabilities arising from insurance contracts, relating to a change in the fair value of these assets; such a classification eliminates or reduces any mismatches that might arise from the measurement of assets and liabilities or the recognition of gains and losses arising from various contracts; or
- managed and its performance measured based on fair value in accordance with Zavarovalnica Triglav's investment policy.

After initial recognition, financial assets measured at fair value through profit or loss are measured at fair value on the basis of prices quoted in an active market.

Gains and losses arising from a change in fair value are recognised in the income statement.

The category of financial assets designated at fair value through profit and loss also includes financial assets with embedded derivative financial instruments. These are measured at fair value through profit and loss.

Loans and receivables

Loans and receivables (excluding receivables from insurance operations) are non-derivative financial assets with fixed or determinable payments not listed in an active market.

At initial recognition, loans and receivables are measured at cost and later at amortised cost using the effective interest method. The impairments of loans and receivables are recognised if there is objective evidence that the receivable will not be recovered in accordance with the contractual terms.

Derivative financial instruments

After initial recognition, derivatives are measured based on their fair value, with effects recognised in the income statement. The fair value is determined on the basis of the price quoted in an active market. If the price is not known, the fair value is determined on the basis of the latest transactions or by using another pricing model (discounting of expected cash flow; the Black-Scholes option pricing model). Derivatives include financial instruments used for protecting cash flows against interest rate risk as well as for protecting the cash flows of individual financial instruments and other items. All of the documented gains and losses due to changes in fair value are recognised in profit or loss through financial income or expenses.

⁹⁵ Long-term business funds include the assets of insured persons arising from life insurance, supplementary voluntary pension insurance, voluntary pension insurance during the annuity pay-out period and unit-linked insurance.

2.5.9 Receivables from insurance operations

Receivables from insurance operations are recognised when insured persons are charged the premium. After initial recognition, receivables are measured at fair value reduced by the impairment allowance, so as to show their expected recoverable amount.

Subrogation receivables are recognised when the first instalment is paid by the debtor, after a receivable has been tested in court or based on an agreement made with the subrogation debtor. In credit insurance, subrogated receivables are recognised upon occurrence.

Accounting policies regarding the impairment of receivables are described in [→ Section 2.5.14].

2.5.10 Other assets

Other assets include inventories, short-term deferred expenses and accrued revenue.

At initial recognition inventories are measured at cost. The cost of inventory comprises all costs of purchase. The cost of inventories is assigned by using the first-in, first-out (FIFO) formula.

Short-term deferred expenses are amounts that will impact profit or loss in the following accounting periods. They are accrued in order to ensure their even impact on profit or loss, or to accrue prepaid expenses not yet incurred.

Accrued revenue refers to revenue earned in the current accounting period, but which will be collected in a subsequent period.

2.5.11 Cash and cash equivalents

Cash and cash equivalents include cash at bank and cash in hand.

2.5.12 Non-current assets held for sale

Non-current assets held for sale are those non-financial assets whose value will be recovered through a sale transaction rather than their continued use. The condition for the classification into the category of non-current assets held for sale is fulfilled when the sale is highly probable and the asset is available for immediate sale in its present condition. The management is committed to the sales plan, which must be carried out within a period of one year from the classification of assets into this category.

These assets are measured at the lower of the carrying amount and fair value less costs to sell. The same applies to subsequent measurement of these assets. In such subsequent measurements, it is necessary to recognise impairment losses arising from initial or subsequent write-offs of assets to their fair value, less costs to sell or profits resulting from a subsequent increase in fair value less costs to sell, which may not exceed any accumulated impairment losses. If an asset is acquired through a business combination it should be measured at fair value less acquisition costs.

2.5.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction under current market conditions in the principal (or most advantageous) market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All financial assets are measured at fair value, except for loans and held-to-maturity financial assets which are disclosed in financial statements at amortised cost. The fair value of the latter two is disclosed under [→ Section 3.6]. The fair value of land and buildings used for insurance operations and of investment property is disclosed under [→ Sections 3.2 and 3.3] that of subordinated liabilities under [→ Section 3.13].

The fair value of financial instruments traded on organised financial markets is measured on the basis of their prices quoted as at the reporting date. In the event no quoted price is available, the price offered by stock brokers is used as the reference price.

If there is no active market for a financial instrument, its fair value is measured by valuation techniques. In determining the fair value of financial assets, valuation techniques are applied, using the reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants for establishing instrument prices and if such a technique has yielded reliable estimates of prices used in actual market transactions, such a technique is applied. The applied estimates and assumptions involve certain risks as to their future realisation. With the aim of reducing this risk, the assumptions and estimates applied are verified by different methods (by comparing assumptions and estimates against the industry average, individual traded companies, etc.). Moreover, a sensitivity analysis of the following value drivers is applied in order to estimate the value range of an individual investment: net sales income, the EBITDA margin, financial intermediation margin, rate of return on the financial asset portfolio, operating expenses to total assets, cash flow growth over a forecast period and the discount rate. In the discounted cash flow method, future cash flows and discount rates are applied as estimated by the management, reflecting interest rates on comparable instruments.

If the fair value of financial instruments cannot be reliably measured, the financial instruments are measured at cost (paid or received amount) increased by expenses incurred in the underlying transaction.

For disclosure purposes, a price level hierarchy has been applied for all financial assets measured at fair value. It is determined with regard to the inputs in the valuation technique, which are used to measure fair value.

- Level 1 inputs: are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. The quoted prices may be adjusted only exceptionally.
- Level 2 inputs: are quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active and quoted prices that are observable.
- Level 3 inputs: are prices that do not meet the standards for Level 1 or Level 2. The share of unobservable inputs used in value measurement models is considerable. Unobservable inputs have to use the assumptions that market participants would use when pricing the asset or liability, including risk assumptions.

2.5.14 Impairment

Intangible assets and property, plant and equipment

The value of intangible assets and property, plant and equipment is tested as at the reporting date. It is determined whether there are any objective signs of impairment. If there are, the recoverable amount is assessed, which represents the higher of an asset's fair value less costs to sell and its value in use. The recoverable amount of intangible assets with an indefinite useful life and of intangible

assets not yet put into use is measured on an annual basis, irrespective of any objective signs of impairment. If the recoverable amount exceeds the carrying value, the assets are not impaired.

For material assets, impairments are assessed on an individual basis. The impairment of the remaining assets is carried out at the level of cash-generating units.

The previously recognised impairment losses of property, plant and equipment and intangible assets are reversed only if their recoverable amount increases and if this increase can be objectively related to an event occurring after the previous impairment was recognised. An impairment loss of an asset is derecognised only up to the amount of the carrying amount that would have resulted after the depreciation charge, if in previous periods no impairment loss had been recognised.

Goodwill

The value of goodwill and contractual rights is tested as at the reporting date so as to ascertain if there are any objective signs of impairment. Impairment of goodwill and contractual rights is recognised for a cash generating unit, which represents an individual company. In the event there are objective signs of impairment, the recoverable amount is assessed, which represents the higher of an asset's fair value less costs to sell and its value in use. If the recoverable amount exceeds the carrying value, the goodwill is not impaired.

Goodwill impairment testing is carried out in compliance with IAS 36, while testing of valuation techniques is carried out in compliance with the International Valuation Standards (IVS). The testing and the estimation of potential impairment is carried out in accordance with the estimated recoverable amount. The basis for the explicit forecast period are the available plans of the management and assessors' estimates of market convergence towards more developed ones, taking into account the forecasted economic convergence of international financial institutions and other EU regulators. The discount rate is calculated by applying the CAPM method and surpluses for specific risks. Goodwill impairment tests are carried out on an annual basis.

Investment property

The value of investment property is estimated on an annual basis in order to determine whether there are any objective signs of impairment. In the event of any sign of impairment of investment property, the recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) is assessed. If the carrying amount of investment property exceeds its recoverable amount, an impairment loss is recognised in the amount equalling the difference between the two.

Financial investments in subsidiaries and associates

In the stand-alone financial statement, financial investments in associates are accounted for at amortised cost. Signs of the impairment of investments in subsidiaries are reviewed on quarterly basis. Underperformance of a subsidiary may represent a sign of possible impairment.

In the separate financial statement, financial investments in associates are accounted for at fair value. Impairment loss is calculated in the same as for available-for-sale financial assets. Details are given below.

Financial assets

On a quarterly basis or at least at the end of the reporting period, it is assessed whether there is objective evidence that a financial asset or group of financial assets is impaired. When such evidence exists, loss due to impairment needs to be determined.

An impairment loss on an available-for-sale financial asset is calculated on the basis of its fair value at the time. When there is objective evidence of impairment of an available-for-sale financial asset, the accumulated loss, initially recognised in other comprehensive income, is transferred to the income statement. For equity instruments, objective evidence of impairment includes statutory changes (bankruptcy, liquidation, etc.), a significant decrease in the fair value of a security (above 40%) or a long-term decrease in the fair value of a security (continuing for more than 9 months). For debt instruments, objective evidence of impairment includes statutory changes (bankruptcy, liquidation, etc.), payment arrears or other significant negative events related to the creditworthiness of the issuer.

The reversal of the previously recognised impairment losses on equity instruments, classified as available-for-sale financial assets, is recognised in other comprehensive income.

The impairment loss of a financial asset measured at amortised cost is calculated as the difference between that asset's carrying amount and the present value of expected future cash flows, determined on the basis of the historical effective interest rate.

A reversal of previously recognised impairment of financial assets measured at amortised cost and debt instruments classified as available for sale is recognised in the income statement. An impairment loss may be reversed, if such a reversal can be objectively related to an event occurring after the impairment was recognised.

Insurance receivables

The adequacy of the value disclosed is tested for each group of receivables. All insurance receivables are tested for impairment or impairment reversal at least at the end of the business year. Impairments are recorded as an adjustment of the value of receivables and are formed individually or collectively for receivables with similar credit risk. Credit risk is assessed based on the classification of receivables by maturity and the experience of previous years regarding the recovery of receivables with the same maturity. Impairment loss is recognised as an expense from insurance operations.

Reinsurers' share of technical provisions

Reinsurers' share of technical provisions (assets from reinsurance contracts) is tested for impairment on an annual basis. These assets are impaired only if there is objective evidence resulting from an event occurring after the initial recognition of the reinsurance asset showing that the amounts due from reinsurers in accordance with a contract may not be recovered and if the event has a reliably measurable effect on the amounts that will be recovered by Zavarovalnica Triglav from the reinsurer. An impairment loss of assets from reinsurance contracts is recognised in the income statement.

2.5.15 Equity

Share capital equals the nominal value of paid-up ordinary shares, denominated in euros. When Zavarovalnica Triglav or a subsidiary acquires shares of Zavarovalnica Triglav, their value is disclosed as a deduction from the Group's equity. The same amount is then allocated to treasury share reserves as required by the Companies Act (hereinafter: »ZGD-1«).

Share premium is formed from the paid-in capital surplus and other capital contributions in line with the Memorandum and Articles of Association. Share premium also includes amounts resulting from the introduction of IFRS (the reversal of a general equity revaluation adjustment).

Reserves from profit are legal reserves, statutory and other reserves, treasury share reserves, credit risk equalisation reserves.

Legal reserves are formed and used in line with ZGD–1 and the local legislation of each subsidiary. Together with share premium, they have to amount to no less than 10% of the share capital. They represent tied capital set aside in order to protect creditors' interests.

Statutory reserves represent up to 20% of share capital of the parent company. Based on a decision by the Management Board, Zavarovalnica Triglav may allocate up to 5% of net profit to statutory reserves in any business year, decreased by any amounts used for covering losses brought forward and amounts allocated to legal reserves and reserves from profit. Statutory reserves may be used for covering loss after tax for the business year or loss brought forward, for treasury share reserves, for increasing share capital from authorised capital, as well as for dividend payment policy purposes.

According to ZGD–1, the Management Board of Zavarovalnica Triglav may allocate net profit for the current year to other profit reserves, i.e. up to one half of the net profit remaining after statutory allocations.

Credit risk equalisation reserves in Slovenia are formed and calculated in line with the Insurance Act. The Insurance Act defines equalisation reserves as a liability and requires that they are recognised under insurance technical provisions and formed or used through the income statement. As this local legislation is not in compliance with IFRS, equalisation reserves are disclosed under reserves from profit in accordance with IFRS and are formed from net profit for the year in the statement of changes in equity.

2.5.16 Subordinated liabilities

Subordinated liabilities refer to subordinated debt instruments which are, in accordance with the underlying agreements, to be paid last in the event of the issuer's bankruptcy or liquidation. Subordinated liabilities are measured at amortised cost.

2.5.17 Insurance–technical provisions

Unearned premium provisions

Unearned premium provisions are formed for the part of gross written premium that refers to the following business year(s). These are calculated separately for individual insurance contracts using the pro rata temporis method, except for insurance policies where insurance coverage changes during their term and where the expiry of insurance coverage is agreed to be more than one year after the insurance policy is taken out. Unearned premiums are calculated both for life and non–life insurance contracts.

Claims provisions

Claims provisions are formed for claims incurred but not settled until the reporting date. Claims provisions are formed for reported claims as well as for unreported and inadequately reported claims.

Provisions for reported claims are set aside on the basis of individual loss files. Provisions for non–life annuities in Zavarovalnica Triglav are calculated as a capitalised annuity value based on the German mortality tables of 1994 and an interest rate of 2.00%. Other insurance companies in the Triglav Group use different local mortality tables.

Provisions for incurred but not reported claims (IBNR) are calculated by means of "triangle" methods (a combination of Chain Ladder and Bornhuetter–Ferguson methods). The basis for calculation is a sample of past claims experience with appropriate allowance for future trends. For this purpose a several–year–long time series of settled claims is applied.

Additional provisions for incurred but not enough reported claims (IBNER) for annuity insurance are also formed in cases when the policyholder is a minor or a young person and the insurance

company can reasonably expect that the policyholder will also submit a claim for loss of income at a certain age.

With the exception of annuities, provisions for outstanding claims are not discounted. The methods used and estimates made are reviewed at least on an quarterly basis.

Mathematical provisions

Mathematical provisions for life, annuity, pension and unit–linked products are calculated separately for each individual policy. For life, annuity and pension contracts in the pay–out period, a modified net premium prospective method is applied, taking into account insurance contract acquisition costs. For pension contracts in the saving period, where the nature of products makes the aforementioned method inappropriate, the retrospective net premium method is applied. The liabilities for unit–linked insurance contracts are evaluated for each insurance policy as the fair value of assets in the investment account decreased by capitalised future management charges on initial units (actuarial funding). For certain insurance products, additional provisions are formed for covering contractual risk payments.

All calculations allow for prudent actuarial assumption bases, the legislation in force and all liabilities to policyholders arising from contracts and the respective terms and conditions.

Mathematical provisions also contain components for discretionary benefits allocated to policyholders in the past, based on the terms and conditions of the underlying contracts.

A portion of fair value reserve of available–for–sale financial assets, which will be distributed among policyholders after maturity, is also included in mathematical provisions. The principle of shadow accounting is applied. All effects from fair value measurement of available–for–sale financial assets are recorded in equity (fair value reserve). The sums are then transferred to mathematical provisions on the reporting date, as follows:

- the entire fair value reserve from available–for–sale financial assets (disclosed as investment in the fund covering the Supplementary Voluntary Pension Insurance Fund (SVPI)) is transferred from other comprehensive income to mathematical provisions;
- an 80% portion of the entire fair value reserve from available–for–sale financial assets (disclosed under the life insurance long–term business fund) is transferred from other comprehensive income to mathematical provisions;
- a 70% portion of positive fair value reserve from AFS financial assets (disclosed as investments from the long–term business fund backing supplemental pension insurance during the annuity payout period) is transferred from other comprehensive income to mathematical provisions.

The applied assumptions and other parameters are presented in greater detail in [→ [Section 2.6.1](#)].

Other insurance–technical provision

Provisions for bonuses in non–life insurance are formed for the part of the premium that will be reimbursed to those beneficiaries who meet certain beneficiary criteria set out in insurance conditions (total loss ratio over the last three years, financial discipline in premium payment and total insurance premium). An annual analysis and preset criteria are used to calculate the amount of premium reimbursement.

Provisions for cancellations represent that part of unearned premiums which is expected to be reimbursed in the event of early cancellation and for which deferred acquisition costs have been formed.

Provisions for unexpired risk are formed for policies where, based on past experience, it is assumed that the amount of unearned premiums will not suffice for covering all future claims.

2.5.18 Classification of insurance and financial contracts

All products in the portfolios of the Group's subsidiaries are classified as insurance contracts since they all either bear significant insurance risk or their share of the insurance premium in the entire portfolio is insignificant. The significance is determined on the basis of additional payments upon the occurrence of a loss event. The significance of additional amounts is assessed by comparing the greatest difference between the value of the payment in the event of a loss event and the payment in other cases. Percentages from 105% to 110% are used for the assessment of significance. Other contracts, including contracts on asset management and lease contracts, are not relevant for disclosure purposes.

For the purpose of accounting for assets covering liabilities that arise from insurance contracts, three guarantee funds have been formed: a guarantee fund backing unit-linked products, a guarantee fund backing supplemental voluntary pension insurance and a combined guarantee fund backing life, annuity and voluntary pension insurance.

2.5.19 Employee benefits

Employee benefits comprise provisions for jubilee and retirement benefits and unused leave. The calculation of these provisions is made by using the actuarial evaluation method, i.e. the method of the estimated relevance of units or the method including profit proportionally to the work carried out. In line with IAS 19, the calculation is based on the following actuarial assumptions:

- demographic variables (employee mortality and labour turnover),
- financial assumptions, such as:
 - discount rate with reference to the yield curve published by the European Central Bank or other European bonds as at the reporting date and estimates of
 - future salary increases taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the labour market.

Provisions for unused annual leave equal the amount of the total gross wage due for the period when leave was not taken. The amounts of provisions are undiscounted.

Retirement benefits and jubilee payments are upon payment recognised as operating expenses (labour costs) in the income statement. All changes of these provisions due to payments or additional provisioning are recognised in the same way. Provision adjustments due to an increase or decrease in the current value of a liability caused by changed actuarial assumptions or experience adjustments are recognised as actuarial gains and losses in other comprehensive income, i.e. only the part arising from provisions for retirement benefits.

2.5.20 Other financial liabilities

At initial recognition financial liabilities are measured at the cost arising from relevant underlying documents. They are decreased by paid amounts and increased by accrued interest. In the financial statement financial liabilities are measured at amortised cost. Interest paid on loans taken is recognised as expense and accordingly accrued over the term of the underlying loan.

2.5.21 Operating liabilities and other liabilities

Operating liabilities and other liabilities are recognised in the statement of financial position based on the contractual obligation to pay. Operating and other liabilities are measured at cost.

2.5.22 Premium income

Net premium income is calculated on the basis of gross written premium and gross outward reinsurance premium, reduced by reinsurers' and retrocessionaires' share and adjusted depending on the change in gross provisions for unearned premiums taking into account the reinsurers' and retrocessionaires' share in provisions for unearned premiums. The invoiced premium serves as the basis for recognising gross written premium.

2.5.23 Income from financial assets

Income from financial assets arises from interest income, dividends, changes in fair value, capital gains and other financial income. In the income statement, interest income is carried at amortised cost using the effective interest rate, which does not apply to financial assets recognised at fair value through profit and loss. Income from dividends is recognised in the income statement once the right to the payment is obtained. Income from changes in fair value arises from the subsequent remeasurement of the fair value of financial assets recognised at fair value through profit and loss. Gains on disposal arise from the derecognition of financial assets other than those recognised at fair value through profit and loss. The difference between the carrying amount of a financial asset and its sales value represents a realised gain.

Income from financial assets includes net unrealised gains on unit-linked life insurance assets. The latter arise from changes in the fair value of unit-linked life insurance assets.

2.5.24 Other income from insurance operations

Other income from insurance operations represents fees and commission income (asset management fees, reinsurance commissions and other) and includes other income from insurance operations (income from green card sales, loss adjustment services, assistance services and other). It is recognised in the income statement once a service has been provided and/or invoiced.

2.5.25 Other income

Other income includes investment property income, income from intangible assets and property, plant and equipment, as well as other income not directly related to insurance operations and sales income from non-insurance subsidiaries. Other income is recognised in the income statement when an invoice is issued.

2.5.26 Claims incurred

Net claims represent gross claims settled (claims incurred and claim handling costs), reduced by the reinsurers' share and subrogated receivables, and adjusted by the change in gross provisions for outstanding claims, taking into account the reinsurers' share of these provisions. Claim handling costs consist of external and internal costs of assessing the eligibility and amount of claims, including court fees and charges, expert fees and subrogation recovery expenses.

Gross claims are recognised in the income statement once they have been settled.

2.5.27 Operating expenses

Gross operating costs are recognised as original expenses by natural type of cost. In the income statement these costs are classified by function. Claim handling costs are a constituent part of claims incurred, asset management costs are a constituent part of investment expense, whilst insurance contract acquisition costs and other operating costs are separately disclosed in the statement. All operating costs are disclosed by natural type and function.

2.5.28 Borrowing expenses

Borrowing expenses include interest expenses and other expenses incurred by the Group in relation to the borrowing of financial assets. Borrowing expenses can include interest on overdraft balances and interest on loans taken, exchange rate differences related to loans taken in foreign currencies and financial expenses related to finance leases. Borrowing expenses are recognised as expenses in the period when incurred and are disclosed under expenses from financial assets and liabilities.

2.5.29 Expenses from financial assets and liabilities

Other financial expenses are interest expenses, fair value losses, net realised losses on financial assets, permanent impairment losses and other financial expenses.

In the income statement, interest expense is recognised using the effective interest method, which does not apply to the financial assets measured at fair value through profit and loss.

Expenses due to changes in fair value arise from the subsequent remeasurement of the fair value of financial assets recognised at fair value through profit and loss.

Losses on disposal arise from the derecognition of financial assets other than those measured at fair value through profit and loss. The difference between the carrying amount of a financial asset and its sales value represents a loss incurred.

Expenses from financial assets include net unrealised losses on unit-linked life insurance assets. These expenses reflect the change in the fair value of unit-linked insurance assets.

2.5.30 Other insurance expenses

Other insurance expenses include management fees, losses arising from the impairment of receivables, fire protection tax, prevention expenses and other insurance-related expenses. Other insurance expenses are recognised in the income statement once a service is provided.

2.5.31 Other expenses

Other expenses comprise other expenses not directly arising from insurance operations. Other expenses are recognised in the income statement once a service is provided.

2.5.32 Leases

A lease is a contractual arrangement under which the lessor transfers the right to use an asset for an agreed time period to the lessee in exchange for a payment.

In cases when the Group acts as the lessor, the lease is classified as a finance lease, if under the terms and conditions of such a lease the practically all risks and benefits incident to ownership of the leased asset are transferred to the lessee. When an asset is subject to a finance lease, the net value of the lease is recognised as a receivable. During the term of the lease financial income is recognised as a constant periodic return on the net investment in the finance lease.

In cases where the Group acts as a lessee, the tangible fixed assets acquired under a finance lease are carried at the lower of fair value or the present value of minimum payments to the end of the lease, less accumulated depreciation and impairment losses. These assets are depreciated for the duration of their useful life. In the absence of reasonable assurance that the lessee will acquire ownership before the end of the term of the financial lease, the relevant fixed assets have to be depreciated for the duration of the term of the financial lease or for the duration of their useful life, whichever is shorter.

Any lease that is not a finance lease is treated as an operating lease. For an operating lease, the book value of the leased asset is increased by the initial direct expenses incurred in relation to lease brokerage and recognised for the duration of the term of the lease on the same basis as lease income. Rents are recognised as income in the time period when generated.

2.5.33 Taxes

Tax expense for the year comprises current and deferred tax. Deferred tax is calculated for all temporary differences between the amounts of assets and liabilities used for taxation and their carrying amount. The impact of the recognition of deferred tax receivables or liabilities is disclosed as income or expense in the income statement, excluding taxes charged on a business event recognised under other comprehensive income.

In the Republic of Slovenia, current income tax is charged at a 17% tax rate and in other countries where subsidiaries operate at tax rates enacted by local tax laws (as shown in [\[→ Section 2.7\]](#)).

In consolidation, temporary differences may be recognised, arising either from the difference between the official financial statements of a subsidiary and those adjusted for consolidation purposes, or from consolidation procedures.

2.6 Main assumptions

2.6.1 Parameters and assumptions in calculating life insurance provisions

Life and annuity insurance

For life and annuity insurance contract liabilities valuation, a modified prospective net premium method is applied by taking into account insurance acquisition costs, all of the contractual obligations and the previously allocated surplus. The insurance technical parameters used by the method are either the same as those used for calculating insurance premiums or corrected so as to reflect the subsequent circumstances which increase the value of liabilities. A correction to reflect the current circumstances applies to the annuity insurance products of Zavarovalnica Triglav, where the relevant liabilities are valued on the basis of rather conservative mortality tables and a prudently set lower interest rate of 3.15% p.a. for the contracts containing a fixed interest rate guarantee of 3.25%, 4% or 4.5% p.a. For the purpose of valuing annuity insurance contracts, instead of the legally allowed German mortality tables of 1987, Zavarovalnica Triglav applies the German mortality tables of 1994.

The guaranteed interest rate used for valuation at the Group level ranges between 1.5% p.a. and 5% p.a. The calculation takes into account insurance contract acquisition costs below the legally imposed level of 3.5% of the sum insured under life insurance policies.

Voluntary pension insurance

During the accumulation period, mathematical provisions are evaluated using the retrospective method. This method takes into account all of the premiums received up to the day of valuation, entrance charges, any sums paid out, the guaranteed interest rate and the additional allocated surplus made to individual accounts arising from profit sharing. During the pension annuity pay-out period, provisions are set aside on the basis of the current value of the expected future liabilities of the insurance company (the prospective net method).

Voluntary pension insurance belongs to the group of insurance contracts, as it includes the option of discretionary participation in the profits from the long-term business fund. Moreover, for the majority of voluntary pension insurance contracts the annuity factors are guaranteed and defined at the time of underwriting.

The insurance technical parameters used in the calculation are either the same as those used when underwriting a policy, or they are adapted to the circumstances expected in the pension annuity pay-out period in the event these circumstances are worse than those taken into account in the premium calculation. The guaranteed technical interest rate used for the valuation of liabilities during the premium payment period ranges between 1.5% p.a. and 4.5% p.a. For the pension annuity pay-out period, a prudently set lower interest rate of 3.15% is applied to contracts containing a fixed interest rate guarantee of 3.25%, 4% or 4.5% p.a. For the purpose of valuing its liabilities during the pay-out period of pension annuities bearing an interest rate from 1.5 % p.a. to 3.15% p.a., instead of the legally allowed German mortality tables of 1987 the Group applies the German mortality tables of 1994, which are more conservative.

Supplementary voluntary pension insurance

During the accumulation period, mathematical provisions are evaluated using the retrospective method. The method takes into account all of the premiums received up to the day of valuation, entrance charges, any sums paid out, guaranteed interest rates and the additional allocated surplus made to individual accounts arising from extra returns on funds. During the pension annuity pay-out period, provisions are set aside on the basis of the current value of the expected future liabilities of the insurance company (the prospective net method).

The technical parameters used are either the same as those used when underwriting a policy or adjusted due to circumstances which will change later and increase the value of liabilities – primarily when valuing liabilities arising from pension annuity pay-outs. For valuation purposes, instead of the legally allowed German mortality tables of 1987, the Group applies the more conservative German mortality tables of 1994. During the accumulation period, the insurance companies of the Group guarantee a minimum annual return on net premiums paid, equalling 50% of the average annual interest rate on government securities with a maturity of over one year (figures published by the Ministry of Finance of the Republic of Slovenia). During the annuity pay-out period, the insurance companies value their liabilities at an interest rate ranging from 1.5% to 3.15%.

Unit-linked insurance

The liabilities for unit-linked insurance contracts are evaluated for each insurance policy as the fair value of assets in the investment account decreased by capitalised future management charges on initial units (actuarial funding). For certain insurance products additional provisions are formed to cover contractual risk payments under basic and additional policies.

2.6.2 The liability adequacy test (LAT) for life insurance

The purpose of LAT is to verify the adequacy of provisioning for life insurance. The test consists of comparing the amount of provisions with the best estimate of provisions, arrived at on the basis of the present value of the best estimate of the future expected contractual and other cash flows. The calculation is performed for each separate contract while the results are aggregated on the level of homogenous groups. The test is based on a unified methodology that determines, among others, the grouping of policies into homogenous groups, the choice of risk-free discount rates and the type of cash flows being modelled. The portfolio balance is tested as at the last day of the business year.

Insurance contracts are segmented into homogenous groups which feature similar risks and are kept within the same portfolio. As a rule, insurance contracts are grouped according to their insurance classes:

- traditional life insurance,
- unit-linked life insurance,
- supplemental voluntary pension insurance during the accumulation period,
- supplemental voluntary pension insurance during the pension annuity pay-out period.

The adequacy of liabilities is measured on the level of a homogenous group. If the test shows that the liabilities are insufficient, the total amount of the difference is recognised as an increase in provisions and an expense in the income statement.

Parameters and assumptions applied to life insurance

Mortality, longevity and morbidity assumptions

Assumptions regarding mortality, longevity and morbidity rates are based on internal analysis of the company's life insurance portfolio, on the data of national statistical offices, the data of reinsurers and other sources.

Persistency

The model takes into account the lapse rates determined on the basis of analysis of past experience. The Group continuously monitors the persistency of insurance policies by duration and type of insurance, and adapts their assumptions accordingly.

Expenses

The calculation takes into account policy handling/maintenance expenses, claim handling expenses and asset management expenses, as defined on the basis of an analysis of the individual company's expenses in preceding years. Estimated future expenses are increased every year in line with the expected inflation rate.

Increasing insurance premiums

In the case of insurance policies for which the monthly premium directly or indirectly follows the increase in salaries, the increase is calculated in line with the expected inflation rate.

Expected returns and discount interest rates

The applied methodology sets out that the yield curve should reflect the yield of government securities, denominated in the same currency as the currency of insurance policy benefits. For the purpose of the LAT test, the yield curve of Slovene sovereign debt securities denominated in euros as at 31 December 2015 was applied to Zavarovalnica Triglav d.d., Triglav Osiguranje d.d., Sarajevo, and Lovćen životna osiguranja a.d. The reference value for a period of 10 years is 1.63%. In the case of Triglav Osiguranje d.d., Zagreb, the yield curve of Croatian sovereign debt securities denominated in euros and payable in kuna as at 31 December 2015 was applied. The reference value for a period of 10 years is 4.05%. For the purpose of the LAT test for Triglav Osiguranje a.d.o., Belgrade, the yield curves of Serbian sovereign debt securities denominated both in euros (reference value for a period of 10 years of 8.49%) as well as in Serbian dinar (reference value for a period of 10 years of 12.37%) as at 31 December 2015 were applied.

Profit participation

The determination of the profit participation rate is at the discretion of each Group member and regulated by internal rules. The estimated future allocation of surpluses are in line with the expected performance, the previous profit allocation rates and the policyholders' reasonable expectations.

In the model, profit is allocated in an excess of the technical interests for with-profit policies. The allocation is determined on the basis of the mathematical provisions as at the end of the financial year.

Annuity factor guarantee

The liability adequacy test allows for the possibility of a change in annuity factors by the insurer in the event of insurance policies for which the mortality forecasts indicate that life expectancy is likely to increase to such an extent that the contract conditions justify such a change. The calculation also takes into account the assumption that 30% of supplemental voluntary pension insurance policyholders and 90% of voluntary pension insurance policyholders will choose to receive a pension annuity, while the rest will opt for a lump-sum payout.

Results of the liability adequacy test for life insurance

Liability adequacy tests based on available data show that the level of provisions formed by the insurance companies of the Group were adequate.

The only exception is the guarantee fund backing supplemental voluntary pension insurance during the period of annuity payments by Zavarovalnica Triglav, showing a deficit of EUR 1,899,366 as at 31 December 2015. The insurance company has set aside sufficient insurance technical provisions to offset this deficit.

Sensitivity analysis of LAT test to parameter changes

The valuation of liabilities depends on variables such as mortality, lapse rate, operating costs and the estimated percentage of policyholders deciding to opt for a pension annuity. Parameters are sensitivity tested in order to assess the impact of changes to the above-mentioned variables on future liabilities, the level of provisions and net profit or loss for the year. The changes represent reasonable potential changes in the parameters which could significantly impact the performance of the company.

Individual sensitivity analyses always take into account the change of a selected parameter with all the remaining variables unchanged without accounting for the value of assets backing the liabilities.

The changes under consideration were:

- an increase in mortality rates by 10%,
- a decrease in longevity rates by 10%,
- an increase in lapse rates by 10%,
- a decrease in lapse rates by 10%,
- an increase in expenses by 10%.

The table below shows how the changes of individual parameters increase the provision deficit.

	in EUR				
Change in provisions due to changed parameters	Zavarovalnica Triglav	Triglav Osiguranje, Zagreb	Triglav Osiguranje, Sarajevo	Triglav Osiguranje, Beograd	Lovćen životna osiguranja
An increase in mortality rates by 10%	-559,521	0	0	0	0
A decrease in mortality rates by 10%	617,529	0	0	0	0
An increase in lapse rates by 10%	0	0	0	0	0
A decrease in lapse rates by 10%	0	0	0	0	0
An increase in expenses by 10%	197,561	0	0	54,243	0

2.6.3 Parameters and assumptions in calculating non-life insurance provisions

The unearned premium for most insurance policies is calculated pro-rata temporis, assuming a uniform distribution of claims frequency during the term of insurance contracts. Insurance policies with a variable sum insured are the exception to this rule. These policies include credit insurance, since the insurance cover in such cases gradually decreases, and construction and erection insurance, where the insurance cover rises. For such type of insurance, the calculation of unearned premiums is based on the assumption of a constant claim frequency throughout the duration of the insurance contract and variable insurance cover.

In general, the claims provisions are calculated as the sum of total claims reported but not settled and incurred but not reported (IBNR) claims. The majority of provisions for incurred but not reported claims are calculated using the run-off triangle method. Previous experience shows that claims from mass loss events, such as hail, floods and storms, are reported with considerable delay. None of the standard actuarial methods for determining the amount of IBNR claims after mass loss events is suitable for calculating these claims. Such claims can represent a significant part of total incurred but not reported claims. In order to ensure an up-to-date calculation of the actual amount of claims after mass loss events, additional provisions for IBNR or insufficiently reported claims after mass loss events are formed, based on a joint assessment by actuaries and the department in charge of insurance claims.

Claims provisions also include provisions for annuities in the case of liability insurance. Provisions for these claims were calculated as a capitalised annuity value as at the cut-off date based on applicable mortality tables and an interest rate of 2.00%.

2.6.4 Liability adequacy test (LAT) for non-life insurance

The insurance companies of the Group form reserves for unexpired risks for those lines of business where the expected loss ratio exceeds 100%. Additional reserves for unexpired risks are calculated as a product of unearned premiums and the difference between the value of the loss ratio and 100%.

Additional tests are performed to check the adequacy of the unearned premiums and unexpired risk reserves. The amounts of future gross claims and gross claim handling costs are applied in these tests and compared with the amount of established provisions for unearned premiums reduced by deferred insurance acquisition costs.

The results of tests show that the level of unearned premiums reserves, together with the level of unexpired risk reserves, is sufficient. Additional provisions were not necessary to create.

2.6.5 Parameters and assumptions applied in measuring the value of subsidiaries and associates

Zavarovalnica Triglav recognises its subsidiary holdings in separate financial statements, measured at historical cost. The impairment recognition is based on IAS 36 which provides the recoverable amount of an asset or a cash-generating unit as the higher of the two items:

- its fair value less costs to sell; or
- its value in use.

The valuation was made in compliance with the International Valuation Standards (IVS 2011) and the International Valuation Application (IVA).

Recognising the impairment of insurance subsidiaries

When recognising an impairment, it is first ascertained whether there are any indications of impairment. In this exercise, indications from external sources of information (significant changes in the environment with an adverse effect on the entity, changes in market interest rates and return on investment of assets likely to affect the recoverable amount of assets, unexpected drops in market values of assets) and indications from internal sources of information (statutory changes, changes in the management and scope of operations, poorer performance of the company) are considered. In the event there are objective signs of impairment, the recoverable amount is assessed.

Indicator tests and impairment tests are carried out by external certified and internal business appraisers applying internal valuation models.

The valuation procedure includes at a minimum:

- general environment analysis of a company (macroeconomic and institutional);
- specific environment analysis (insurance market);
- business model and business operations analysis;
- analysis of a company's competitive position in the insurance market;
- analysis of plan attainment in terms of planning adequacy and realisation potential;
- choice of suitable valuation methodology and methods in consideration of standards, purpose (accounting purposes) and scope of valuation (including insurance class);
- derivation and assessment of assumptions in accordance with the analysis;
- derivation of cost of capital based on market parameters (time value, all relevant risks);
- valuation;
- assumption sensitivity analysis of a valuation and relevance analysis of the resulting range of valuations.

The key assumptions and sources applied in valuation included:

- information on the environment acquired from the European Central Bank, statistical offices, International Monetary Fund (IMF), supervisory bodies and other regulators;
- profit/loss and financial position estimates for 2015 and business plans of individual companies for 2016 as approved by their supervisory bodies as well as strategic plans of individual companies for the 2017–2020 period, if available;
- documentation and information acquired from the management and other key persons for company valuation;
- professional assessments by internal departments of Zavarovalnica Triglav and subsidiaries of Triglav Group.

In 2015, investments in both insurance companies, Pozavarovalnica Triglav RE d.d., Ljubljana and Triglav Zdravstvena zavarovalnica d.d., Koper and Skupna pokojninska družba, d.d. were tested for impairment indications. No impairment indications were detected for either investment.

Indications of impairment were detected with regard to the investment in the holding company Triglav INT, d.d., Ljubljana. The value of the holding company was determined using the net asset value, while its investments were valued on the basis of future returns (DCF). The majority of the holding company's assets consists of investments in insurance companies across the countries of former Yugoslavia. At the level of the holding company, signs of impairment were detected in three companies (Triglav Osiguranje d.d., Zagreb, Lovćen Osiguranje a.d., Podgorica and Triglav Osiguruvanje a.d., Skopje). According to the results of the impairment test, the impairment of the investment in the company Triglav INT d.d. amounted to EUR 25.9 million.



The same indicator and impairment testing procedures were used for the subsidiary insurance companies of Triglav INT d.d., Ljubljana, and those of Zavarovalnica Triglav.

Recognising the impairment of non-insurance subsidiaries

In 2015, financial investments in all non-insurance subsidiaries were subject to impairment indicator testing. Impairment of investments was also recognised for investments in Grad Hotel

Podvin d.d. in the amount of EUR 2.4 million and in the company Slovenijales d.d. in the amount of EUR 18.1 million. In the latter case, the value of the financial investment was reduced on account of dividend payment. In other non-insurance subsidiaries no indicators of impairment were identified.

Material parameters used to assess the value of financial investments in subsidiaries were:

Financial investment type	Value assessment method	Material parameters	% of parameter applied	Sensitivity measurement range	Sensitivity measurement result (in EUR million)
Equity investments in subsidiaries (insurance companies)	NAV, discounted cash flows method	g (growth rate)	2%–4%	+/- 1 percentage point	+1.3 /-0.9
		discount rate	CAPM: 11.9% to 19.5%; Surplus for net return on investment: 4.3 to 7.8%	+/- 1 percentage point	-10.4 /+ 16.3
		marketability discount	5%	from 0% to 15%	+3.3 /- 10.0
Equity investments in subsidiaries (non-insurance companies)	NAV	real estate value		+/- 5%	-1.6 /+1.6
	discounted cash flows method	g (growth rate)	1.7%–2.0%	+/- 0.5 percentage point	-1.6 /+1.8
		net margin (constant growth period)		+/- 1 percentage point	-1.2 /+ 2.1
		discount rate	11.5%–13.1%	+/- 1 percentage point	+5.4 /- 4.1

2.7 Consolidation and Triglav Group

Basis for consolidation

In accordance with the requirements of IFRS 10, the consolidated financial statements of the Triglav Group include all companies directly or indirectly controlled by Zavarovalnica Triglav. Zavarovalnica Triglav is deemed to have control over a company, when the following three conditions are met:

- the controlling company has influence over the entity based on rights that arise from voting rights attached to equity instruments;
- the controlling company is exposed to, or has rights, to variable returns from its involvement in the entity;
- through its power over the entity, the controlling party has the ability to affect those returns.

Subsidiaries have been included in the consolidated financial statements using the full consolidation method, from the date when effective control was transferred to the Group. In the process of full consolidation, the carrying amount of the financial investment by the controlling company in each individual subsidiary and the controlling company's portion of equity of each subsidiary are offset (eliminated). Intragroup assets and liabilities as well as income and expenses relating to transactions between entities of the Triglav Group are also eliminated in full.

Goodwill can arise from the acquisition of a subsidiary and is recognised in the consolidated financial statements as the excess of the aggregate of the consideration transferred, measured at fair value, over the net amounts of the identifiable assets acquired and the liabilities assumed. In case the difference is negative, the profit will be recognised in full in the income statement.

In case Zavarovalnica Triglav disposes of a subsidiary or loses control over it, such a subsidiary is de-consolidated from the date on which control ceases. All gains and losses arising from deconsolidation are recognised as profit or loss in the consolidated income statement.

Financial statements of Zavarovalnica Triglav and its subsidiaries used in the preparation of the consolidated financial statements all refer to the same reporting date.

All companies within the Triglav Group apply uniform accounting policies. In case the accounting policies of a particular subsidiary differ from the policies applied by the Group, appropriate adjustments are made to the financial statements of the subsidiary prior to the compilation of the consolidated financial statements to ensure compliance with the accounting policies of the Triglav Group.

In the consolidated financial statements, the profit/loss and other comprehensive income are attributed also to non-controlling interests. In case the equity stake of non-controlling interests changes, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributed to the owners of the controlling company.

Members of Triglav Group⁹⁶

No.	COMPANY	ADDRESS	TAX RATE (in %)	ACTIVITY	EQUITY STAKE (in %)		SHARE OF VOTING RIGHTS (in %)		VALUE OF EQUITY AS AT 31 DECEMBER	
					2015	2014	2015	2014	2015	2014
1	Pozavarovalnica Triglav RE d.d.	Miklošičeva 19, Ljubljana, Slovenia	17	Reinsurance	100.00	100.00	100.00	100.00	75,181,771	68,170,305
2	Triglav, Zdravstvena zavarovalnica d.d.	Pristaniška 10, Koper, Slovenia	17	Insurance	100.00	100.00	100.00	100.00	27,937,085	25,582,145
3	Triglav Osiguranje d.d., Zagreb	Antuna Heinza 4, Zagreb, Croatia	20	Insurance	99.86	99.76	99.86	99.76	25,624,037	19,747,614
4	Triglav Osiguranje d.d., Sarajevo	Dolina 8, Sarajevo, Bosnia and Herzegovina	10	Insurance	68.94	68.94	78.71	78.71	22,411,956	21,542,744
5	Triglav Pojišt'ovna a.s., Brno	Novobranska 544/1, Brno, Czech republic	19	Insurance	0	100.00	0	100.00	–	6,146,280
6	Lovčen Osiguranje a.d., Podgorica	Slobode 13a, Podgorica, Montenegro	9	Insurance	94.95	94.95	94.95	94.95	-119,195	6,730,192
7	Lovčen životna osiguranja a.d., Podgorica	Marka Miljanova 29/III, Podgorica, Montenegro	9	Insurance	94.95	94.95	94.95	94.95	2,276,830	2,327,680
8	Triglav Osiguranje a.d.o., Belgrade	Milutina Milankovića 7A, Novi Beograd, Serbia	15	Insurance	99.88	99.81	99.88	99.81	12,941,541	8,879,058
9	Triglav Osiguranje a.d., Banja Luka	Trg srpskih junaka 4, Banja Luka, Bosnia and Herzegovina	10	Insurance	100.00	100.00	100.00	100.00	3,420,707	3,154,485
10	Triglav Osiguruvanje a.d., Skopje	Bulevar 8-mi Septemvri 16, Skopje, Macedonia	10	Insurance	73.38	73.38	73.38	73.38	10,691,661	10,983,058
11	Skupna pokojninska družba d.d.	Trg republike 3, Ljubljana, Slovenia	17	Fund management	71.87	–	71.87	–	15,894,994	–
12	Triglav INT d.d.	Dunajska 22, Ljubljana, Slovenia	17	Holding company	100.00	100.00	100.00	100.00	68,009,834	37,456,499
13	Triglav Skladi d.o.o.	Slovenska 54, Ljubljana, Slovenia	17	Fund management	67.50	67.50	100.00	100.00	33,010,766	37,634,886
14	Triglav Avtoservis d.o.o.	Verovškova 60b, Ljubljana, Slovenia	17	Maintenance and repair of motor vehicles	100.00	100.00	100.00	100.00	60,484	57,711
15	Triglav Svetovanje d.o.o.	Ljubljanska 86, Domžale, Slovenia	17	Insurance agency	100.00	100.00	100.00	100.00	463,402	553,799
16	Triglav naložbe d.d.	Slovenska 54, Ljubljana, Slovenia	17	Holding company	0	100.00	0	100.00	–	37,748,792
17	Salnal d.o.o.	Slovenska 54, Ljubljana, Slovenia	17	Real estate management	100.00	100.00	100.00	100.00	14,633,478	14,415,670
18	Slovenijales d.d.	Dunajska 22, Ljubljana, Slovenia	17	Retail trade	0	100.00	0	100.00	–	38,793,160
19	Slovenijales trgovina d.o.o.	Plemljeva 8, Ljubljana, Slovenia	17	Retail trade	100.00	100.00	100.00	100.00	6,974,587	6,883,791
20	Slovenijales Trgovina Nepremičnine d.o.o.	Plemljeva ul. 8, Ljubljana, Slovenia	17	Retail trade	100.00	100.00	100.00	100.00	3,875,203	3,648,552
21	Golf Arboretum d.o.o.	Volčji potok 43G, Radomlje, Slovenia	17	Sport facilities management	80.10	80.10	80.10	80.10	686,808	719,410
22	Triglav Upravljanje Nepremičnin d.d.	Dunajska 22, Ljubljana, Slovenia	17	Real estate management	100.00	85.66	100.00	85.66	24,413,933	-4,058,894
23	TRI-PRO BH d.o.o.	Topal Osman Paše 30, Sarajevo, Bosnia and Herzegovina	10	Insurance agency	89.57	89.57	89.57	89.57	-11,283	-45,326
24	TRI-LIFE d.o.o., Zagreb	Republike Austrije 1, Zagreb, Croatia	20	Insurance	99.93	99.88	99.93	99.88	-33,704	147,526
25	Triglav Savetovanje d.o.o.	Milutina Milankovića 7A, Novi Beograd, Serbia	15	Insurance agency	99.94	–	99.94	–	149,339	–
26	Autocentar BH d.o.o.	Grbavička 14c, Sarajevo, Bosnia and Herzegovina	10	Maintenance and repair of motor vehicles	68.94	68.94	78.71	78.71	1,573,076	1,543,401
27	Unis automobili i dijelovi d.o.o.	Ul. Mehmeda ef. Pandze Br. 13, Sarajevo, Bosnia and Herzegovina	10	Maintenance and repair of motor vehicles	65.62	65.62	78.71	74.92	266,019	520,847
28	Sarajevostan d.d.	Kolodvorska 12, Sarajevo, BiH	10	Real estate management	43.62	43.62	49.80	49.80	3,193,325	3,501,022
29	Lovčen Auto a.d.	Novaka Miloševa 6/2, Podgorica, Montenegro	9	Maintenance and repair of motor vehicle	94.95	94.95	94.95	94.95	1,286,160	56,359
30	Triglav Auto d.o.o.	Trg srpskih junaka 4, Banjaluka, Bosnia and Herzegovina	10	Maintenance and repair of motor vehicle	100.00	100.00	100.00	100.00	1,023	1,023
31	Pista d.o.o.	Ul. Milutina Milankovića 7a, Belgrade, Serbia	15	Real estate management	99.88	100.00	99.88	100.00	3,544,696	3,454,095
32	Avrigo d.o.o.	Kidričeva ul. 20, Nova Gorica, Slovenia	17	Transport	100.00	100.00	100.00	100.00	7,559,674	6,243,844
33	Integral Zagorje d.o.o.	Cesta zmage 4, Zagorje ob Savi, Slovenia	17	Transport	100.00	100.00	100.00	100.00	1,581,873	1,311,766
34	Integral Notranjska d.o.o.	Čabranska ul. 8, Cerknica, Slovenia	17	Transport	100.00	100.00	100.00	100.00	2,898,896	2,691,590
35	Integral Stojna Kočevje d.o.o.	Reška cesta 1, Kočevje, Slovenia	17	Transport	100.00	100.00	100.00	100.00	1,135,559	853,775
36	Alptours d.o.o.	Trg golobarskih žrtev 47, Bovec, Slovenia	17	Transport	97.66	97.66	97.66	97.66	-23,504	-20,906
37	PROF-IN d.o.o.	Svetozara Markovića 515, Banja Luka, Bosnia and Herzegovina	10	Fund management	62.54	62.54	62.54	62.54	2,908,077	2,520,597
38	Hotel Grad Podvin d.d.	Miklošičeva c. 19, Ljubljana, Slovenia	17	Tourism	100.00	100.00	100.00	100.00	1,308,281	-472,529
39	Zavod Vse bo v redu	Miklošičeva c. 19, Ljubljana, Slovenia	17	Institute for corporate social responsibility	100.00	100.00	100.00	100.00	100,000	100,000

⁹⁶ The companies listed under numbers 1 to 36 have been included in the consolidated financial statements using the full consolidation method. The companies listed under numbers 37 to 39 have not been included using the full consolidation method, as they are not of importance to the Group. GRI G4-17

Summary financial information on subsidiaries

COMPANY	in EUR									
	ASSETS		LIABILITIES		EQUITY		INCOME		NET PROFIT/LOSS	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Pozavarovalnica Triglav Re d.d., Ljubljana	260,193,296	252,676,152	185,011,525	184,505,847	75,181,771	68,170,305	116,913,667	102,045,166	10,108,076	7,544,759
Triglav, Zdravstvena zavarovalnica d.d., Koper	50,604,574	47,400,951	22,667,489	21,818,806	27,937,085	25,582,145	111,117,217	109,632,803	3,124,377	8,274,843
Triglav Osiguranje d.d., Zagreb	134,276,180	133,982,702	108,652,143	114,235,088	25,624,037	19,747,614	53,147,172	49,141,753	-4,529,859	155,827
Triglav Osiguranje d.d., Sarajevo	47,914,798	45,704,503	25,502,842	24,161,759	22,411,956	21,542,744	20,791,438	19,613,790	554,472	196,445
Triglav Pojišt'ovna a.s., Brno	—	46,958,320	—	40,812,040	—	6,146,280	10,348,889	24,565,041	262,822	-807,089
Lovčen Osiguranje a.d., Podgorica	59,472,401	52,572,214	59,591,596	45,842,022	-119,195	6,730,192	32,196,867	29,596,859	-6,550,044	282,316
Lovčen životna osiguranja a.d., Podgorica	5,558,847	5,679,891	3,282,017	3,352,211	2,276,830	2,327,680	1,462,184	1,647,560	91,075	275,437
Triglav Osiguranje a.d.o., Belgrade	47,856,696	39,834,393	34,915,155	30,955,335	12,941,541	8,879,058	31,883,803	26,169,727	33,361	149,380
Triglav Osiguranje a.d., Banja Luka	9,930,552	9,336,384	6,509,845	6,181,899	3,420,707	3,154,485	5,807,443	5,347,297	87,438	56,320
Triglav Osiguruvanje a.d., Skopje	34,323,959	33,031,232	23,632,298	22,048,174	10,691,661	10,983,058	23,073,622	21,099,547	303,341	892,002
Skupna pokojninska družba d.d., Ljubljana	262,027,527	—	246,132,533	—	15,894,994	—	51,719,140	—	1,057,888	—
Triglav INT d.d., Ljubljana	68,267,061	57,186,239	257,227	19,729,740	68,009,834	37,456,499	1,992,607	265,870	-16,346,493	-13,287,188
Triglav Skladi d.o.o., Ljubljana	47,485,569	41,802,247	14,474,803	4,167,361	33,010,766	37,634,886	16,243,317	14,272,617	4,719,302	4,518,926
Triglav Avtoservis d.o.o., Ljubljana	370,973	338,095	310,489	280,384	60,484	57,711	2,189,976	2,077,551	3,968	3,523
Triglav Svetovanje d.o.o., Ljubljana	1,054,434	2,091,957	591,032	1,538,158	463,402	553,799	3,730,118	3,384,315	-92,771	57,421
Triglav naložbe d.d., Ljubljana	—	37,531,450	—	-217,342	—	37,748,792	—	2,044,917	—	-4,548,479
Salnal d.o.o., Ljubljana	14,635,381	14,418,106	1,903	2,436	14,633,478	14,415,670	423,871	646,963	417,808	639,048
Slovenijales d.d., Ljubljana	—	44,828,109	—	6,034,949	—	38,793,160	2,326,505	33,209,241	516,105	4,359,128
Slovenijales Trgovina d.o.o., Ljubljana	10,378,594	10,644,451	3,404,007	3,761,616	6,974,587	6,882,835	22,357,386	21,897,676	100,763	276,708
Slovenijales trgovina Nepremičnine d.o.o., Ljubljana	3,947,236	—	72,033	—	3,875,203	—	413,212	—	226,651	—
Golf Arboretum d.o.o., Ljubljana	1,200,084	1,232,341	513,276	512,931	686,808	719,410	668,967	651,568	-32,602	2,345
Triglav, Upravljanje Nepremičnin d.d., Ljubljana	34,575,209	7,756,057	10,161,276	11,814,951	24,413,933	-4,058,894	23,610,920	1,372,877	-1,074,988	-210,278
TRI-PRO BH d.o.o., Sarajevo	115,733	86,521	127,016	131,847	-11,283	-45,326	651,300	502,433	34,043	44,304
TRI-LIFE d.o.o., Zagreb	39,481	148,864	73,185	1,338	-33,704	147,526	124,690	0	-182,196	-1,342
Triglav Savetovanje d.o.o., Belgrade	159,777	—	10,438	—	149,339	—	0	—	-101	—
Autocentar BH d.o.o., Sarajevo	2,343,735	1,878,918	770,659	335,517	1,573,076	1,543,401	1,388,193	1,248,894	29,675	70,216
Unis automobili i dijelovi d.o.o., Sarajevo	466,052	700,869	200,033	180,022	266,019	520,847	461,305	590,375	-254,828	-261,109
Sarajevostan d.d., Sarajevo	4,185,368	4,147,015	992,043	645,993	3,193,325	3,501,022	2,128,920	2,171,769	-307,697	98,402
Lovčen Auto a.d., Podgorica	3,973,929	3,443,388	2,687,769	3,387,029	1,286,160	56,359	1,607,980	1,447,431	-970,199	-1,247,256
Triglav Auto d.o.o., Banja Luka	1,023	1,023	0	0	1,023	1,023	0	0	0	0
Pista d.o.o., Belgrade	3,560,916	3,478,822	16,220	24,727	3,544,696	3,454,095	268,344	248,234	109,154	-726,098
Avrigo d.o.o., Nova Gorica	19,309,824	16,836,731	11,750,150	10,592,887	7,559,674	6,243,844	17,122,864	16,044,946	2,295,015	1,062,246
Integral Zagorje d.o.o., Zagorje ob Savi	3,205,003	2,964,072	1,623,130	1,652,306	1,581,873	1,311,766	2,773,655	2,824,998	282,219	206,808
Integral Notranjska d.o.o., Cerknica	3,581,821	3,328,737	682,925	637,147	2,898,896	2,691,590	1,596,887	1,639,361	213,006	216,431
Integral Stojna Kočevje d.o.o., Kočevje	2,289,289	1,850,145	1,153,730	996,370	1,135,559	853,775	2,386,205	2,362,755	291,443	164,958
Alptours d.o.o., Bovec	29,834	29,999	53,338	50,905	-23,504	-20,906	0	0	-2,598	-2,608
PROF-IN d.o.o., Banja Luka	2,955,363	2,561,495	47,286	40,936	2,908,077	2,520,559	711,152	712,367	304,001	350,259
Hotel Grad Podvin d.d., Ljubljana	4,266,665	4,375,472	2,958,384	4,848,001	1,308,281	-472,529	122,642	54,406	-503,362	-138,192
Zavod Vse bo v redu	108,769	179,096	8,769	79,096	100,000	100,000	173,242	153,929	15,352	29,878

Non-controlling interests in the companies of the Triglav Group

			in EUR							
No.	COMPANY	ADDRESS	NON-CONTROLLING INTEREST IN CAPITAL (in %)		VOTING RIGHTS OF NON-CONTROLLING INTERESTS (in %)		NET PROFIT OR LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST HOLDERS		RETAINED EARNINGS ATTRIBUTABLE TO NON-CONTROLLING INTEREST HOLDERS	
			2015	2014	2015	2014	2015	2014	2015	2014
1	Triglav Osiguranje d.d., Zagreb	Antuna Heinza 4, Zagreb, Croatia	0.14	0.24	0.14	0.24	-6,341	374	15,848	23,599
2	Triglav Osiguranje d.d., Sarajevo	Dolina 8, Sarajevo, Bosnia and Herzegovina	31.06	31.06	21.29	21.29	172,221	61,016	3,548,693	3,281,190
3	Triglav Osiguranje a.d.o., Belgrade	Milutina Milankovića 7A, Novi Beograd, Serbia	0.12	0.45	0.12	0.45	327	284	190,645	191,376
4	Triglav Osiguruvanje a.d., Skopje	Bulevar 8-mi Septemvri 16, Skopje, Macedonia	26.62	26.62	26.62	26.62	80,749	237,451	1,670,117	1,750,356
5	Lovćen Osuguranje a.d., Podgorica	Slobode 13a, Podgorica, Montenegro	5.05	5.05	5.05	5.05	-219,618	79,885	198,460	433,191
6	Lovćen životna osiguranja a.d., Podgorica	Marka Miljanova 29/III, Podgorica, Montenegro	5.05	5.05	5.05	5.05	4,598	13,906	50,327	52,894
7	Golf Arboretum d.o.o., Volčji Potok	Volčji Potok 43G, Radomlje, Slovenia	19.90	19.90	19.90	19.90	-6,488	467	135,037	141,525
8	Triglav Upravljanje Nepremičnin d.d., Ljubljana	Dunajska cesta 22, Ljubljana, Slovenia	0.00	14.34	0.00	14.34	0	-30,154	0	-306,935
9	TRI-PRO BH d.o.o., Sarajevo	Topal Osman Paše 30, Sarajevo, Bosnia and Herzegovina	10.43	10.43	10.43	10.43	5,181	6,743	-25,062	-30,243
10	Unis automobili i dijelovi d.o.o., Sarajevo	Ulica Mehmeda ef. Pandze Br. 13, Sarajevo, Bosnia and Herzegovina	31.06	34.38	21.29	25.08	-79,151	-89,778	-309,453	-194,259
11	Autocentar BH d.o.o., Sarajevo	Topal Osman Paše BB, Sarajevo, Bosnia and Herzegovina	31.06	31.06	21.29	21.29	9,217	21,809	149,868	140,651
12	Lovćen Auto a.d., Podgorica	Novaka Miloševa 6/2, Podgorica, Montenegro	5.05	5.05	5.05	5.05	-48,982	-62,969	-298,569	-249,586
13	Alptours d.o.o., Bovec	Trg golobarskih žrtev 47, Bovec, Slovenia	2.34	2.34	2.34	2.34	-61	-61	-550	-489
14	Sarajevostan d.d., Sarajevo	Kolodvorska 12, Sarajevo, Bosnia and Herzegovina	56.38	56.38	50.20	50.20	-173,485	55,481	1,321,859	1,495,344
15	TRI-LIFE d.o.o., Zagreb	Republike Austrije 1, Zagreb, Croatia	0.07	0.12	0.07	0.12	-125	-2	-126	-2
16	Pista d.o.o., Belgrade	Ul.Milutina Milankovića 7a, Belgrade, Serbia	0.12	—	0.12	—	132	—	130	—
17	Triglav Savetovanje d.o.o., Belgrade	Milutina Milankovića 7A, Novi Beograd, Serbia	0.06	—	0.06	—	0	—	0	—
18	Skupna pokojninska družba d.d.	Trg republike 3, Ljubljana, Slovenia	28.13	N/A	28.13	N/A	297,584	N/A	4,471,411	N/A
TOTAL							35,758	294,452	11,118,634	6,728,612



Changes occurred in the ownership structure of the Triglav Group in 2015

Gradual acquisition of Skupna pokojninska družba d.d.

Zavarovalnica Triglav acquired a 36.51% equity stake in Skupna pokojninska družba d.d., Ljubljana. Skupna pokojninska družba is a provider of supplemental voluntary pension insurance in accordance with the Pension and Disability Insurance Act. The purpose of the acquisition of a majority stake in this company was to gain synergy effects through cost rationalisation, thereby ensuring higher competitiveness, joint development of products and services in the pension insurance segment and the transfer of

financial investment management to the parent company.

Immediately prior to the acquisition date, Zavarovalnica Triglav held a 30.14% equity stake in Skupna pokojninska družba d.d. As a result of the above mentioned acquisition, Zavarovalnica Triglav gained control over the acquired company. This business combination took place in several stages and was recognised using the acquisition method according to IFRS 3 – Business Combinations.

At the acquisition date on 9 January 2015, the fair value of identifiable assets and acquired liabilities was established.

	in EUR
	9 January 2015
ACQUIRED ASSETS	244,812,544
Intangible assets	15,839
Property, plant and equipment	152,752
Financial assets	16,621,246
– loans and deposits	1,221,095
– held to maturity	1,482,587
– available for sale	13,917,564
Assets from investment contracts	224,841,286
Receivables and other assets	1,390,059
Cash and cash equivalents	1,791,362
ASSUMED LIABILITIES	229,570,140
Liabilities from investments contracts	224,841,286
Employee benefits	210,174
Operating and other liabilities	3,406,952
Liabilities for unpaid dividends	1,111,728
Net value of assets acquired and liabilities assumed	15,242,404
Consideration for the acquisition of a 36.51% equity stake	4,064,016
Equity stake in the acquired company prior to the acquisition date	2,901,445
Remeasurement of the fair value of the previously held equity stake (30.14%) in the acquired company at the acquisition date	4,594,156
Non-controlling interest at the acquisition date (33.35%)	5,082,686
Aggregate of previously held and non-controlling equity interests	13,740,858
DIFFERENCE between the net value of the identifiable assets acquired and the liabilities assumed and the aggregate of the previously held and non-controlling equity interests (profit)	1,501,546
Consideration for the acquisition of a 5.2% equity stake after the acquisition date	580,328
DIFFERENCE between the amount of adjustment to non-controlling interests and the consideration received	214,416

At the acquisition date, the net value of assets acquired and liabilities assumed measured at fair value was established and equity stakes held prior to the acquisition were calculated at fair value. A positive impact in the amount of EUR 1,692,711 million was recognised in the profit/loss. In the acquisition, the non-controlling interests in the acquired company were restated at the proportionate share of equity stakes in the recognised amounts of identifiable net assets acquired. The difference between the net value of assets acquired and liabilities assumed and the sum of the equity stake and non-controlling interest holders' share is the profit in the amount of EUR 1,501,546, which was recognised in profit or loss.

After the acquisition date, Zavarovalnica Triglav also acquired a 5.2% equity stake from non-controlling interest holders. The difference between the amount for which non-controlling interest is adjusted and the consideration received amounting to EUR 214,416 was recognised directly in equity as share premium. At the reporting date, Zavarovalnica Triglav held a 71.87% equity stake and an equal share of voting rights.

Capital increase of Triglav INT, holdinška družba d.d., Ljubljana

In 2015, Zavarovalnica Triglav provided three tranches of additional capital to its subsidiary Triglav INT. The first capital increase was raised by an in-cash contribution of EUR 1 million. The second capital increase was financed through a debt to equity swap

transaction of EUR 19,733,017 by the parent company and an equity stake in Pista d.o.o., Belgrade as an in-kind contribution, amounting to EUR 3,266,983. The third capital increase was raised by an in-cash contribution in the amount of EUR 22,900,000.

The company Triglav INT issued 46,900,000 new shares with a nominal value of EUR 1 each, increasing its share capital by EUR 46,900,000 million. With the capital increase performed, Zavarovalnica Triglav remains a 100% owner of Triglav INT.

Capital increase and sale of Triglav Pojišť'ovna a.s., Brno

The capital of the subsidiary Triglav Pojišť'ovna a.s., Brno was increased by Triglav INT in January 2015. The capital was increased through the issue of 220 new shares at a nominal value of CZK 100,000, totalling CZK 22 million or EUR 797,015. Following this share capital increase, Triglav INT d.d. remained the 100% owner of the company.

In May 2015, Triglav INT sold its stake in the subsidiary. The total price stood at CZK 177.5 million or EUR 6,462,300. With the sale of its subsidiary, Triglav INT generated a profit of EUR 1,451,295.

The sale of the Czech company had a negative impact on the consolidated financial statements. In the consolidated statements, a loss of EUR 865,153 is disclosed under the item Net realised losses on financial assets.

Capital increase of Triglav Osiguranje a.d.o., Belgrade

In Q4 2015, Triglav INT provided two tranches of additional capital to Triglav Osiguranje a.d., Belgrade. The first capital increase was made through an in-cash contribution of EUR 908,680, whilst the second capital increase in the amount of EUR 3,200,524 was implemented via in kind contribution by means of a transfer of an equity stake in Pista d.o.o., Belgrade.

As a result of the two capital increases, the share capital of Triglav Osiguranje rose by RSD 496,450,500. Triglav INT d.d. thus increased its stake in the said company from 99.81% to 99.88%.

Capital increase of Triglav, Osiguranje d.d., Zagreb

In Q4 2015, Triglav INT provided additional capital to Triglav Osiguranje d.d., Zagreb. As a result of the capital increase in the amount of EUR 11,361,094, the share capital of the company rose by HRK 86,639,700. Triglav INT d.d. thus increased its stake in the said company from 99.76% to 99.86%.

Capital increase of Triglav, Upravljanje nepremičnin d.d., Ljubljana

In the first quarter of 2015, Zavarovalnica Triglav raised additional capital in Triglav, Upravljanje nepremičnin d.d. by paying EUR 6,195,010 for 95,602 issued shares. As a result of the capital increase, the share capital rose by EUR 398,938 and share premium grew by EUR 5,796,072. As a result, the equity stake of Zavarovalnica Triglav in Triglav, Upravljanje nepremičnin increased by 14.32%.

In the second quarter of 2015, Zavarovalnica Triglav also paid EUR 1,835,507 to acquire a 9.57% equity stake from non-controlling interest holders of Triglav, Upravljanje nepremičnin, thereby becoming an 80.84% owner of the company. Following the acquisition of the non-controlling interest, the Triglav Group became a 100% owner of the said company. An additional capital increase in the amount of EUR 3,130,782 was carried out in the third quarter of 2015. As a result of this capital increase, the share capital of the company rose by EUR 195,576, whilst share premium grew by EUR 2,935,206.

The acquisition of the non-controlling interest stake is recognized in the consolidated financial statements as a decrease in share premium, totalling EUR 2,142,441.

Capital increase of Lovćen Auto a.d., Podgorica

Lovćen Osiguranje a.d., Podgorica increased its equity stake in the subsidiary Lovćen Auto d.o.o., Podgorica in Q4 2015. The capital increase was raised by an in-cash contribution of EUR 2,200,000. The share capital of Lovćen Auto was increased by the same amount.

Acquisition of equity stakes from non-controlling interest holders in Unis automobili i dijelovi d.o.o., Sarajevo

Triglav Osiguranje d.d., Sarajevo acquired a 4.82% equity stake in Unis automobili i dijelovi d.o.o., Sarajevo from non-controlling interest holders, thereby becoming its 100% owner. The acquisition price was BAM 117,980. The acquisition of the non-controlling interest stake is recognized in the consolidated financial statements as a decrease in share premium, totalling EUR 24,278.

Disposal of the stake in Elan d.o.o.

In Q3 2015, the Company sold Elan d.o.o., which was disclosed as an associated company in the consolidated financial statements. Simultaneously with the sale, the new owners of Elan returned funds from the capital increase in 2008, deemed to constitute illegal state aid by the European Commission.

In the consolidated financial statements, the impact of the sale and repayment of state aid is recognised in the income statement as profit in the amount of EUR 3,024,129.

Disposal of the stake in Goriške opekarne d.d.

In Q4 2015, Zavarovalnica Triglav sold its 46.74% equity stake in Goriške opekarne d.d. In the consolidated financial statements, the profit from sale of EUR 39,551 is recognised in the income statement.

Purchase of an equity stake in Izletnik Celje d.d.

In the reporting period, Avrigo d.o.o. purchased shares of Izletnik Celje, thus becoming a 49.49% owner of the company. In the consolidated financial statements, the company Izletnik Celje is considered as an associated company as of the date of the acquisition of the significant interest and is valued under the equity method.

Merger of Triglav Naložbe d.d. with Zavarovalnica Triglav d.d.

In Q3 2015, the proceedings relating to the merger of Triglav Naložbe d.d. were concluded. On 27 August 2015, the merger of Triglav Naložbe d.d. to the parent company was entered into the Companies Register of the District Court of Ljubljana and Triglav Naložbe d.d. was removed from the Companies Register. The merger had no effect on the consolidated financial statements.

Merger of Slovenijales d.d. with Triglav, Upravljanje nepremičnin d.d.

In Q4 of 2015, the company Triglav, Upravljanje nepremičnin d.d. completed the proceedings related to the merger of Slovenijales d.d. On 5 October 2015, the merger entered into the Companies Register of the District Court of Ljubljana and Slovenijales d.d. was removed from the register. The merger had no effect on the consolidated financial statements.

Establishment of the new company Triglav Savetovanje d.o.o., Belgrade

At the end of 2015, the company Triglav Savetovanje d.o.o. was established with two owners, Triglav Svetovanje d.o.o. with a shareholding of 51% and Triglav Osiguranje a.d.o., Belgrade with a shareholding of 49%. The initial capital of the company is EUR 150,000. The company is included in the consolidated financial statements under the full consolidation method.

Conclusion of sale agreement with regard to Avrigo d.o.o., Nova Gorica

On 23 November 2015, Zavarovalnica Triglav signed an agreement on the sale of its 97.31% stake in Avrigo, družba za avtobusni promet in turizem d.o.o., Nova Gorica. As the agreement included certain suspensive conditions, all assets and liabilities of the company and its subsidiaries as at 31 December 2015 were categorised as non-current assets held for sale. The sale was completed on 5 February 2016.



3. Notes to the statement of financial position

3.1 Intangible assets

Triglav Group

	in EUR				
	Goodwill	Deferred acquisition cost	Licences and software	Intangible assets in course of acquisition	Total
COST					
As at 1 January 2014	648,495	38,328,436	51,630,799	7,691,951	98,299,681
– transfer in use	0	0	3,018,221	-3,018,221	0
– purchases	0	0	5,004,645	3,660,760	8,665,405
– disposals	0	0	-3,339,079	-260,685	-3,599,764
– increase	0	2,777,147	0	0	2,777,147
– decrease	0	-2,579,715	0	0	-2,579,715
– impairment	0	0	-272	0	-272
– exclusion of Triglav Pojišt'ovna	0	-226,971	-2,215,767	0	-2,442,738
– exchange rate difference	0	-174,571	-167,050	-3,270	-344,891
As at 31 December 2014	648,495	38,124,327	53,931,499	8,070,536	100,774,857
– transfer in use	0	0	8,657,833	-8,657,833	0
– purchases	0	0	2,183,015	3,873,536	6,056,551
– disposals	0	0	-1,406,447	-572	-1,407,019
– increase	0	1,320,822	0	0	1,320,822
– decrease	0	-894,790	0	0	-894,790
– impairment	0	0	-1,258,521	0	-1,258,521
– external acquisition	0	0	98,330	0	98,330
– exclusion of Avrigo*	-648,495	0	-261,839	10,628	-899,706
– exchange rate difference	0	-10,473	-5,392	372	-15,493
As at 31 December 2015	0	38,539,891	61,938,477	3,296,667	103,775,035
ACCUMULATED AMORTISATION					
As at 1 January 2014	0	0	-26,575,433	0	-26,575,433
– current year amortisation	0	0	-6,359,771	0	-6,359,771
– disposals	0	0	3,339,290	0	3,339,290
– impairment	0	0	-638,988	0	-638,988
– exclusion of Triglav Pojišt'ovna	0	0	1,128,033	0	1,128,033
– exchange rate difference	0	0	102,481	0	102,481
As at 31 December 2014	0	0	-29,004,389	0	-29,004,389
– current year amortisation	0	0	-6,097,784	0	-6,097,784
– disposals	0	0	1,390,195	0	1,390,195
– impairment	0	0	0	0	0
– external acquisition	0	0	-82,491	0	-82,491
– exclusion of Avrigo*	0	0	144,634	0	144,634
– exchange rate difference	0	0	7,134	0	7,134
As at 31 December 2015	0	0	-33,642,702	0	-33,642,702
CARRYING AMOUNT					
As at 31 December 2014	648,495	38,124,327	24,927,110	8,070,536	71,770,468
As at 31 December 2015	0	38,539,891	28,295,775	3,296,667	70,132,332

* Exclusion refers to value of intangible assets of Avrigo Group, which were transferred to non-current assets held for sale.

The Group did not pledge any intangible assets as collateral. As at 31 December 2015, trade payables for intangible assets amounted to EUR 3,274,392 (vs. EUR 5,574,198 as at 31 December 2014).

The amortisation for the current year is split between several items of the income statement. For details, see expenses by nature and function in [→ Section 4.12].

As at 31 December 2015, intangible assets with an indefinite useful life amounted to EUR 9,368 and remained the same compared to previous year. The amount refers to a licence issued for an indefinite period.

The Group has no individual intangible assets of material value to the consolidated financial statements.

Goodwill

Since the equity stake in Avrigo d.d. is in the process of selling, the value of goodwill recognised upon the acquisition of this company and its subsidiaries was transferred in full to non-current assets held for sale.



Zavarovalnica Triglav

	in EUR			
	Deferred acquisition costs	Licenses and software	Intangible assets in course of acquisition	Total
COST				
As at 1 January 2014	28,946,292	34,079,091	7,008,190	70,033,573
– transfer in use	0	1,320,229	-1,320,229	0
– purchases	0	4,141,906	2,254,238	6,396,144
– disposal	0	-3,290,524	0	-3,290,524
– increase	1,132,133	0	0	1,132,133
– decrease	-1,522,810	0	0	-1,522,810
– merger	0	143,434	0	143,434
As at 31 December 2014	28,555,615	36,394,136	7,942,199	72,891,950
– transfer in use	0	8,109,192	-8,109,192	0
– purchases	0	2,003,431	2,803,326	4,806,757
– disposal	0	-1,257,924	0	-1,257,924
– increase	0	8,590	0	8,590
– decrease	-414,800	-1,267,111	0	-1,681,911
As at 31 December 2015	28,140,815	43,990,314	2,636,333	74,767,462
ACCUMULATED AMORTISATION				
As at 1 January 2014	0	-17,395,127	0	-17,395,127
– amortisation	0	-4,282,635	0	-4,282,635
– disposal	0	3,216,793	0	3,216,793
– merger	0	-57,252	0	-57,252
As at 31 December 2014	0	-18,518,221	0	-18,518,221
– amortisation	0	-4,363,436	0	-4,363,436
– disposal	0	1,257,844	0	1,257,844
As at 31 December 2015	0	-21,623,816	0	-21,623,816
CARRYING AMOUNT				
As at 31 December 2014	28,555,615	17,875,915	7,942,199	54,373,723
As at 31 December 2015	28,140,815	22,366,498	2,636,333	53,143,644

Zavarovalnica Triglav did not pledge any intangible assets as collateral. As at 31 December 2015, trade payables for intangible assets amounted to EUR 2,592,904 (vs. EUR 5,574,198 as at 31 December 2014).

The amortisation for the current year is split between several items of the income statement. For details, see expenses by nature and function in [→ Section 4.12]. Change in deferred acquisition costs is recognised as a change in unearned premium provision in the income stated, as stated in [→ Section 4].

As at 31 December 2015, intangible assets with an indefinite useful life amounted to EUR 9,368, the same as in 2014. The amount refers to a licence issued for an indefinite period.

Zavarovalnica Triglav has no individual intangible assets that are material to the financial statements. Gross amount of fully depreciated intangible assets still in use represents 26.8% of the total gross amount of intangible assets.



3.2 Property, plant and equipment

Triglav Group

	in EUR				
	Land	Buildings	Equipment	PP&E in course of acquisition	Total
COST					
As at 1 January 2014	14,404,843	116,234,785	102,209,960	2,541,491	235,391,079
– transfer in use	272,424	2,366,153	6,072,632	-8,711,210	0
– purchases	0	357,125	2,613,910	6,846,913	9,817,948
– disposals	-399,682	-2,255,325	-8,530,060	-58,596	-11,243,663
– reclassification	-11,393	732,868	42,271	0	763,746
– impairment	0	0	-201,951	-41,946	-243,897
– transfer from other assets	985,249	4,671,063	-72,657	0	5,583,655
– exclusion of Triglav Pojišt'ovna	0	0	-1,312,854	0	-1,312,854
– exchange rate differences	-17,226	-194,365	-115,521	-2,104	-329,216
As at 31 December 2014	15,234,216	121,912,303	100,705,730	574,548	238,426,797
– transfer in use	53,914	1,694,495	3,802,016	-5,550,425	0
– purchases	1,084,047	626,026	3,324,873	6,115,642	11,150,588
– disposals	0	-1,181,678	-5,678,449	0	-6,860,127
– impairment	-238	-4,023	0	0	-4,261
– external acquisition	0	0	659,491	0	659,491
– transfer from investment property	16,836,637	2,310,134	0	0	19,146,771
– transfer to non-current assets held for sale	-8,616,932	0	0	0	-8,616,932
– exclusion of Avrigo*	-1,621,354	-5,398,493	-38,693,699	1,653,279	-44,060,267
– exchange rate differences	9,137	27,071	27,501	1,598	65,307
As at 31 December 2015	22,979,427	119,985,838	64,147,463	2,794,642	209,907,370
ACCUMULATED DEPRECIATION					
As at 1 January 2014	0	-32,461,695	-80,078,504	0	-112,540,199
– depreciation for the current year	0	-2,325,843	-9,025,814	0	-11,351,657
– disposals	0	963,162	8,068,074	0	9,031,236
– reclassification	0	-122,858	0	0	-122,858
– impairment	0	0	198,733	0	198,733
– transfer from other assets	0	-1,292,024	72,656	0	-1,219,368
– exclusion of Triglav Pojišt'ovna	0	0	1,127,853	0	1,127,853
– exchange rate differences	0	28,820	89,182	0	118,002
As at 31 December 2014	0	-35,210,435	-79,547,818	0	-114,758,253
– depreciation for the current year	0	-2,332,727	-7,128,466	0	-9,461,193
– disposals	0	398,502	5,270,175	0	5,668,677
– impairment	0	-29,165	0	0	-29,165
– external acquisition	0	0	-506,739	0	-506,739
– transfer from investment property	0	-703,851	0	0	-703,851
– exclusion of Avrigo*	0	4,041,016	27,680,270	0	31,721,286
– exchange rate differences	0	-2,356	-25,418	0	-27,773
As at 31 December 2015	0	-33,839,016	-54,257,994	0	-88,097,009
CARRYING AMOUNT					
As at 31 December 2014	15,234,216	86,701,868	21,157,912	574,548	123,668,545
As at 31 December 2015	22,979,427	86,146,822	9,889,469	2,794,642	121,810,360

* Exclusion refers to value of property, plant and equipment of Avrigo Group, which were transferred to non-current assets held for sale.

The depreciation charge for the current year is disclosed in several items of the income statement, as income statement expenses are recorded by functional group, as described in [→ Section 2.5.27]. For details, see expenses by nature and function in [→ Section 4.12].

A comparison between the carrying amounts and the fair values of own-account buildings and land is given below.

	in EUR	
	31 December 2015	31 December 2014
Carrying amount	109,126,249	101,936,084
Estimated fair value	126,564,580	105,000,268



Zavarovalnica Triglav

	in EUR				
	Land	Buildings	Equipment	PP&E in course of acquisition	Total
COST					
As at 1 January 2014	4,116,632	69,003,540	44,951,788	2,152,703	120,224,663
– transfer in use	0	105,712	2,032,468	-2,138,180	0
– purchases	0	232,797	1,657,506	144,017	2,034,320
– disposal	0	-1,834	-5,932,274	-59,579	-5,993,687
– merger	985,249	4,906,418	554,556	0	6,446,223
As at 31 December 2014	5,101,881	74,246,633	43,264,044	98,961	122,711,519
– transfer in use	0	969,899	6,820	-976,719	0
– purchases	158,062	742,173	1,993,863	1,648,630	4,542,728
– disposal	0	-348	-4,166,125	0	-4,166,473
– transfer from investment property	239,719	1,246,435	0	0	1,486,154
– merger Triglav Naložbe	0	0	36,197	0	36,197
As at 31 December 2015	5,499,662	77,204,792	41,134,799	770,872	124,610,125
ACCUMULATED DEPRECIATION					
As at 1 January 2014	0	-18,978,144	-36,944,387	0	-55,922,531
– depreciation for the current year	0	-1,202,997	-4,478,207	0	-5,681,204
– disposal	0	284	5,747,273	0	5,747,557
– merger	0	-1,292,024	-420,299	0	-1,712,323
As at 31 December 2014	0	-21,472,881	-36,095,620	0	-57,568,501
– depreciation for the current year	0	-1,225,826	-2,681,210	0	-3,907,036
– disposal	0	66	3,984,482	0	3,984,548
– transfer from investment property	0	-50,049	0	0	-50,049
– merger Triglav Naložbe	0	0	-34,092	0	-34,092
As at 31 December 2015	0	-22,748,690	-34,826,440	0	-57,575,130
CARRYING AMOUNT					
As at 31 December 2014	5,101,881	52,773,752	7,168,424	98,961	65,143,015
As at 31 December 2015	5,499,662	54,456,102	6,308,359	770,872	67,034,994

Zavarovalnica Triglav did not pledge any property, plant and equipment as collateral.

The depreciation for the current year is split between several items of the income statement. For details, see expenses by nature and function in [→ Section 4.12]. As at 31 December 2015, trade payables for property, plant and equipment amounted to EUR 959,086 (vs. EUR 702,399 as at 31 December 2014). Gross amount of fully depreciated property, plant and equipment still in use represents 22.4% of the total gross amount of property, plant and equipment.

Fair values of land and buildings are shown in the table below.

	in EUR	
	31 December 2015	31 December 2014
Carrying amount	59,955,764	57,875,633
Estimated fair value	62,260,845	60,720,099



3.3 Investment property

Triglav Group

	in EUR			
	Land	Buildings	IP in course of acquisition	Total
COST				
As at 1 January 2014	40,492,779	75,295,663	183,054	115,971,496
– transfer in use	0	477,983	-477,983	0
– purchases	156,188	1,911,553	456,867	2,524,608
– disposals	-129,945	-2,537,616	-1,363,500	-4,031,061
– impairment	-2,755,995	-102,543	0	-2,858,538
– reclassification	11,393	1,173,964	0	1,185,357
– transfer from other assets	-985,249	-5,553,953	18,002,136	11,462,934
– exchange rate difference	-8,647	-257,652	0	-266,299
As at 31 December 2014	36,780,524	70,407,399	16,800,574	123,988,497
– transfer in use	0	685	-685	0
– purchases	0	405,735	24,169	429,904
– disposals	-552,180	-919,310	0	-1,471,490
– impairment	-1,607,069	-3,056,932	-333,035	-4,997,034
– reclassification	-4,270,538	4,270,538	0	0
– transfer to property, land and equipment	-16,836,932	-2,310,134	0	-19,147,066
– exclusion of Avrigo*	-3,380	-161,897	0	-165,277
– exchange rate difference	6,452	962	0	7,414
As at 31 December 2015	13,516,877	68,637,046	16,491,023	98,644,946
ACCUMULATED DEPRECIATION				
As at 1 January 2014	0	-18,726,116	0	-18,726,116
– depreciation for the current year	0	-1,394,519	0	-1,394,519
– disposals	0	1,727,139	0	1,727,139
– reclassification	0	-1,826,245	0	-1,826,245
– impairment	0	-256,871	0	-256,871
– transfer from other assets	0	1,321,581	0	1,321,581
– exchange rate difference	0	28,013	0	28,013
As at 31 December 2014	0	-19,127,018	0	-19,127,018
– depreciation for the current year	0	-1,423,100	0	-1,423,100
– disposals	0	430,938	0	430,938
– impairment	0	129,185	0	129,185
– transfer to property, land and equipment	0	703,851	0	703,851
– exclusion of Avrigo*	0	117,238	0	117,238
– exchange rate difference	0	-760	0	-760
As at 31 December 2015	0	-19,169,663	0	-19,169,663
CARRYING AMOUNT				
As at 31 December 2014	36,780,524	51,280,381	16,800,574	104,861,479
As at 31 December 2015	13,516,877	49,467,383	16,491,023	79,475,283

* Exclusion refers to value of investment property of Avrigo Group, which were transferred to non-current assets held for sale.

The Group leases its investment properties, i.e. individual business premises. All leasing agreements, stipulated for an initial period from one to ten years, may be rescinded at any moment. Rents do not include conditional rents.

All investment property income relates exclusively to rents and is shown in the income statement under the item »Other income« [→ see Section 4.7]. All investment property expenses relate to depreciation and maintenance costs arising from the investment property and are shown in the income statement under the item »Other expenses« [→ see Section 4.14]. Fair value is disclosed below.

	in EUR	
	31 December 2015	31 December 2014
Carrying amount	79,475,283	104,861,479
Estimated fair value	80,265,592	117,234,177



Zavarovalnica Triglav

	in EUR			
	Land	Buildings	IP in course of acquisition	Total
COST				
As at 1 January 2014	2,351,837	23,344,124	49,071	25,745,032
– transfer in use	0	477,983	-477,983	0
– purchases	0	404,919	456,867	861,786
– disposal	-129,945	-2,296,606	-1,363,500	-3,790,051
– merger	318,431	4,221,977	18,002,136	22,542,544
As at 31 January 2014	2,540,323	26,152,397	16,666,591	45,359,311
– transfer in use	0	0	0	0
– purchases	3,615,479	14,897,286	0	18,512,765
– disposal	-17,620	-433,386	0	-451,006
– reclassification	-239,719	-1,246,435	0	-1,486,154
– impairment	-293,382	-646,911	-333,035	-1,273,328
As at 31 December 2015	5,605,081	38,722,951	16,333,556	60,661,588
ACCUMULATED DEPRECIATION				
As at 1 January 2014	0	-7,677,421	0	-7,677,421
– depreciation	0	-540,517	0	-540,517
– disposal	0	1,938,736	0	1,938,736
– impairment	0	-1,107,650	0	-1,107,650
As at 31 December 2014	0	-7,386,852	0	-7,386,852
– depreciation	0	-694,258	0	-694,258
– disposal	0	102,004	0	102,004
– reclassification	0	50,049	0	50,049
– impairment	0	138,281	0	138,281
As at 31 December 2015	0	-7,790,776	0	-7,790,776
CARRYING AMOUNT				
As at 31 December 2014	2,540,323	18,765,545	16,666,591	37,972,458
As at 31 December 2015	5,605,081	30,932,175	16,333,556	52,870,808

Zavarovalnica Triglav leases its investment properties, i.e. individual business premises. All leasing agreements, stipulated for an initial period from one to ten years, may be rescinded at any moment. Rents do not include conditional rents. For additional notes on the rental income [→ see Section 4.7]. All investment property expenses relate to depreciation and maintenance costs arising from the investment property and are shown in the income statement under the item »Other expenses« [→ see Section 4.14].

Fair value of investment property is disclosed below.

	in EUR	
	31 December 2015	31 December 2014
Carrying amount	52,870,808	37,972,458
Estimated fair value	52,306,224	45,045,259

3.4 Investments in subsidiaries

Investments in subsidiaries are included in the consolidated financial statements under the full consolidation method. In stand-alone financial statements of Zavarovalnica Triglav, the subsidiaries directly owned by Zavarovalnica Triglav are disclosed at cost. See the tables below for detail.

In early 2015, Zavarovalnica Triglav took over Skupna pokojninska družba, thereby gaining control of the company. After obtaining control of Skupna pokojninska družba, the company is no longer disclosed as an associate but as a subsidiary, which is accounted for in consolidated financial statements using the full consolidation method. For details on the takeover [\[→ see Section 2.7\]](#).

Shares in subsidiaries held by Zavarovalnica Triglav

No.	COMPANY	ADDRESS	TAX RATE (in %)	ACTIVITY	EQUITY STAKE (in %)		SHARE OF VOTING RIGHTS (in %)		BOOK VALUE (in EUR)	
					2015	2014	2015	2014	2015	2014
1	Pozavarovalnica Triglav Re d.d.	Miklošičeva 19, Ljubljana, Slovenia	17	Reinsurance	100.00	100.00	100.00	100.00	7,793,252	7,793,252
2	Triglav, Zdravstvena zavarovalnica d.d.	Pristaniška 10, Koper, Slovenia	17	Insurance	100.00	100.00	100.00	100.00	3,735,886	3,735,886
3	Triglav INT d.d.	Miklošičeva 19, Ljubljana, Slovenia	17	Holding company	100.00	100.00	100.00	100.00	70,600,000	49,583,112
4	Skupna pokojninska družba d.d.	Trg republike 3, Ljubljana, Slovenia	17	Fund management	71.87	–	71.87	–	7,031,327	–
5	Triglav Upravljanje nepremičnin d.d.	Dunajska 22, Ljubljana, Slovenia	17	Real estate management	100.00	56.95	100.00	56.95	22,728,368	7,080,000
6	Slovenijales d.d.	Dunajska 22, Ljubljana, Slovenia	17	Retail trade	–	100.00	–	100.00	–	20,241,129
7	Triglav Skladi d.o.o.	Slovenska 54, Ljubljana, Slovenia	17	Fund management	67.50	67.50	100.00	100.00	2,076,723	2,076,723
8	Triglav Naložbe d.d.	Slovenska 54, Ljubljana, Slovenia	17	Asset management	–	100.00	–	100.00	–	39,557,976
9	Avrigo d.o.o.	Kidričeva ul. 20, Nova Gorica, Slovenia	17	Transport	0.00	–	0.00	–	5,821,530	–
10	Salnal d.o.o.	Slovenska 54, Ljubljana, Slovenia	17	Real estate management	100.00	–	100.00	–	14,422,000	–
11	Triglav Avtoservis d.o.o.	Verovškova 60b, Ljubljana, Slovenia	17	Maintenance and repair of motor vehicle	100.00	100.00	100.00	100.00	100,214	100,214
12	Triglav Svetovanje d.o.o.	Ljubljanska 86, Domžale, Slovenia	17	Insurance agency	100.00	100.00	100.00	100.00	279,736	279,736
13	Pista d.o.o.	Milutina Milankovića 7a, Belgrade, Serbia	15	Real estate management	0.00	100.00	–	100.00	–	3,251,135
14	Hotel Grad Podvin d.d.	Miklošičeva 19, Ljubljana, Slovenia	17	Tourism	100.00	100.00	100.00	100.00	0	0
15	Zavod Vse bo v redu	Miklošičeva 19, Ljubljana, Slovenia	17	Insitute for corporate social responsibility	100.00	100.00	100.00	100.00	100,000	100,000
TOTAL									134,689,036	133,799,163

3.5 Investments in associates

In 2015, Zavarovalnica Triglav did not gain new stakes in associates; however, in early 2015 it took over Skupna pokojninska družba, thereby obtaining control of the company. After obtaining control of Skupna pokojninska družba, the company is no longer disclosed as an associate but as a subsidiary. [→ See Section 2.7 for details on the takeover and the consolidation method.]

In 2015, the Triglav Group acquired a significant stake in Izletnik Celje d.d. [→ See Section 2.7 for details on the acquisition.] From the day of acquiring a significant stake, the company is disclosed

as an associate in consolidated financial statements and valued under the equity method in line with the accounting policies of the Triglav Group. Due to the planned disposal of the Avrigo Group, the value of the stake in Izletnik Celje d.d. as at 31 December 2015 is disclosed among non-current assets held for sale. [→ See Section 2.7 for additional information.].

The effects of valuation using the equity method are disclosed as items [→ 5.2 and 5.3 in the income statement]. A summary of financial information for the associates and the stakes of the Triglav Group in these companies are shown in the tables below.⁹⁷

COMPANY	ADDRESS	TAX RATE (in %)	ACTIVITY
Elan d.o.o.	Begunje na Gorenjskem 1, Begunje na Gorenjskem, Slovenia	17	Holding company
Goriške opekarne d.d.	Merljaki 7, Renče, Slovenia	17	Manufacturing
Nama d.d.	Tomšičeva ulica 1, Ljubljana, Slovenia	17	Retail trade
Triglavko d.o.o.	Ulica XXX. divizije 23, Nova Gorica, Slovenia	17	Insurance agency
Izletnik Celje d. d.	Aškerčeva ulica 20, Celje, Slovenia	17	Transport
ZIF Prof Plus	Veselina Masleše 1, Banja Luka, Republika srpska, Bosnia and Herzegovina	10	Investment fund

COMPANY	Triglav Group						Zavarovalnica Triglav					
	SHARE IN CAPITAL (in %)		VOTING RIGHTS (in %)		VALUE OF INVESTMENT (in EUR)		SHARE IN CAPITAL (in %)		VOTING RIGHTS (in %)		VALUE OF INVESTMENT (in EUR)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Elan d.o.o.	–	25.05	–	25.05	–	0	0	0	0	0	0	0
Goriške opekarne d.d.	–	46.74	–	46.74	–	0	0	0	0	0	0	0
Nama d.d.	39.07	39.07	39.07	39.07	4,187,938	4,311,707	38.05	38.05	38.05	38.05	7,221,376	7,034,049
Skupna pokojninska družba d.d.	–	30.14	–	30.14	–	2,901,445	–	30.14	–	30.14	–	3,354,688
Triglavko d.o.o.	38.47	38.47	38.47	38.47	18,556	21,791	38.47	38.47	38.47	38.47	38,499	38,499
Izletnik Celje d.d.*	49.49	–	49.49	–	0	0	0	0	0	0	0	0
ZIF Prof Plus	22.09	22.09	22.09	22.09	2,733,207	3,136,389	0	0	0	0	0	0
TOTAL					6,939,700	10,371,335					7,259,875	10,427,236

COMPANY	ASSETS		LIABILITIES		EQUITY		REVENUES		PROFIT/LOSS	
	2015		2015		2015		2015		2015	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Elan d.o.o.	No data	85,968,000	No data	49,140,000	No data	36,828,000	No data	70,827	No data	840
Goriške opekarne d.d.	No data	12,563,773	No data	8,709,367	No data	3,854,406	No data	6,238,027	No data	-592,350
Nama d.d.	12,264,427	12,475,584	2,110,946	2,013,569	10,153,481	10,462,015	12,693,657	12,920,493	-39,848	184,584
Triglavko d.o.o.	146,776	158,690	47,470	50,971	99,306	107,719	424,704	404,078	-8,408	18,107
Izletnik Celje d.d.*	24,149,586	22,828,787	13,785,562	14,571,205	10,364,024	8,257,582	20,002,660	19,855,589	2,070,715	1,238,820
ZIF Prof Plus	21,578,007	23,418,564	163,997	179,764	21,414,009	23,238,800	649,846	896,684	602,764	680,564

* Due to the planned disposal of the Avrigo Group, the value of the stake in Izletnik Celje d.d. as at 31 December 2015 is disclosed among non-current assets held for sale.

⁹⁷ Financial data for 2015 are unaudited, whilst the data for 2014 were adjusted if the audited data differed from the data published in the 2014 Annual Report.

3.6 Financial assets⁹⁸

Triglav Group

	in EUR			
	Carrying value		Fair value	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Held to maturity	242,406,400	210,604,128	292,533,348	258,617,374
At fair value through profit and loss	374,742,603	204,282,044	374,742,603	204,282,044
– designated	372,033,690	201,156,467	372,033,690	201,156,467
– held for trading	2,708,913	3,125,578	2,708,913	3,125,578
Available for sale	1,607,681,638	1,608,664,995	1,607,681,638	1,608,664,995
Loans and receivables	183,872,219	130,037,423	183,872,219	130,037,423
Unit-linked insurance assets	464,733,923	465,787,739	464,733,923	465,787,739
– at fair value through profit and loss	456,179,014	453,408,938	456,179,014	453,408,938
– loans and receivables	8,126,347	11,963,083	8,126,347	11,963,083
– available for sale	428,560	415,718	428,560	415,718
TOTAL	2,873,436,783	2,619,376,329	2,923,563,731	2,667,389,575

The table above shows the carrying amount of financial assets (without operating receivables and cash or cash equivalents). The disclosures of fair value of loans and receivables account for their carrying amounts calculated at amortised cost, which represent an adequate approximation of fair value given the short-term

character of these assets. The measuring of fair value of other financial assets is shown in [→ Section 5.1.2].

An overview of financial assets by type is disclosed below.

31 Dec. 2015	in EUR					
	HTM	FVTPL - Classified upon acquisition	FVTPL – Held for trading	AFS	L&R	TOTAL
Debt and other fixed–return securities	242,406,401	0	383,020,719	1,444,992,963	26,085,120	2,096,505,203
Investments in shares, other floating–rate securities and fund coupons	0	0	443,056,416	163,096,107	0	606,152,523
Financial derivatives	0	4,844,483	0	0	0	4,844,483
Loans and receivables	0	0	0	21,128	161,986,614	162,007,742
– deposits with banks	0	0	0	0	131,344,753	131,344,753
– loans given	0	0	0	924,125	27,979,248	28,903,373
– other financial investments	0	0	0	-902,997	2,662,613	1,759,616
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	3,926,832	3,926,832
TOTAL	242,406,401	4,844,483	826,077,135	1,608,110,198	191,998,566	2,873,436,783

31 Dec. 2014	in EUR					
	HTM	FVTPL - Classified upon acquisition	FVTPL – Held for trading	AFS	L&R	TOTAL
Debt and other fixed–return securities	210,604,128	90,859	198,478,502	1,467,914,938	22,221,165	1,899,309,592
Investments in shares, other floating–rate securities and fund coupons	0	19,575,523	438,824,866	136,386,473	0	594,786,862
Financial derivatives	0	698,620	0	0	0	698,620
Loans and receivables	0	0	22,612	4,779,306	116,097,284	120,899,202
– deposits with banks	0	0	0	0	72,917,187	72,917,187
– loans given	0	0	0	0	40,850,073	40,850,073
– other financial investments	0	0	22,612	4,779,306	2,330,024	7,131,942
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	3,682,053	3,682,053
TOTAL	210,604,128	20,365,002	637,325,980	1,609,080,717	142,000,502	2,619,376,329

98 For presentational ease, abbreviations of individual categories of financial assets are used in the disclosures:

- HTM – financial assets held to maturity
- FVTPL – financial assets at fair value through profit and loss
- AFS – financial assets available for sale
- L&R – loans and deposits
- ULI – financial assets of long-term business fund backing unit-linked insurance



The table below shows the movements of financial assets of Triglav Group in 2014 and 2015.

	in EUR					
FINANCIAL ASSETS	HTM	FVTPL	AFS	L&R	ULI	TOTAL
As at 1 January 2014	224,880,951	139,347,308	1,431,023,178	199,264,326	437,667,616	2,432,183,379
Purchases	183,397	166,010,425	1,065,707,055	1,068,505,634	90,862,446	2,391,268,957
Disposals	0	-106,768,653	-816,615,240	-878,278,156	-104,307,538	-1,905,969,587
Maturities	-26,194,316	-19,905,111	-219,366,259	-266,190,325	-365,498	-532,021,509
Amount removed from equity at disposal	0	0	46,180,489	130,228	0	46,310,717
Valuation trough profit and loss	0	19,296,381	0	38,055	41,467,707	60,802,143
Valuation trough equity	0	0	85,420,302	0	0	85,420,302
Impairments	-597,061	0	0	-13,629	0	-610,690
Premiums and discounts	4,001,384	0	-3,145,473	302,123	205,202	1,363,236
Interest income	8,346,173	6,038,767	42,094,987	7,896,806	282,355	64,659,088
Acquisition	0	0	0	0	0	0
Transfer on disposal group held for sale	0	0	-25,168,055	-865,333	0	-26,033,388
Merger	0	0	0	0	0	0
Exchange rate difference	-16,400	262,927	2,534,012	-752,307	-24,551	2,003,681
As at 31 December 2014	210,604,128	204,282,044	1,608,664,995	130,037,423	465,787,739	2,619,376,329
Purchases	309,867	337,962,161	917,246,873	1,056,256,040	105,479,075	2,417,254,016
Disposals	-45,393,542	-259,762,642	-879,272,872	-890,065,685	-121,074,879	-2,195,569,620
Maturities	-31,043,984	-30,108,318	-79,551,090	-125,165,244	-265,588	-266,134,224
Amount removed from equity at disposal	0	0	28,345,270	0	0	28,345,270
Valuation trough profit and loss	-408,630	1,938,927	0	0	14,318,591	15,848,888
Valuation trough equity	0	0	-37,809,741	0	23,976	-37,785,765
Impairments	0	0	-231,310	-45,129	0	-276,439
Premiums and discounts	4,121,690	0	-4,643,316	326,187	196,616	1,177
Interest income	8,086,875	11,773,687	38,371,520	6,042,286	272,594	64,546,962
Acquisition	96,149,104	108,667,533	13,917,564	8,476,556	0	227,210,757
Transfer on disposal group held for sale	0	0	0	-2,030,300	0	-2,030,300
Merger	0	0	0	0	0	0
Exchange rate difference	-19,108	-10,789	2,643,743	40,086	-4,201	2,649,731
As at 31 December 2015	242,406,400	374,742,603	1,607,681,638	183,872,219	464,733,923	2,873,436,783

Zavarovalnica Triglav

	in EUR			
	Carrying value		Fair value	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Loans and receivables	108,581,747	104,531,182	108,581,747	104,531,182
Held to maturity	178,250,255	186,136,258	222,266,331	231,246,180
Available for sale	1,268,278,321	1,299,415,075	1,268,278,321	1,299,415,075
At fair value through profit and loss:	192,740,593	200,499,010	192,740,593	200,499,010
– designated	190,031,680	199,800,390	190,031,680	199,800,390
– held for trading	2,708,913	698,620	2,708,913	698,620
Unit-linked insurance assets:	446,589,561	449,802,771	446,589,561	449,802,771
– at fair value through profit and loss	438,631,907	438,001,086	438,631,907	438,001,086
– receivables	7,957,654	11,801,685	7,957,654	11,801,685
TOTAL	2,194,440,477	2,240,384,295	2,238,456,553	2,285,494,218

An overview of financial assets of Zavarovalnica Triglav by type is disclosed below.

	in EUR					
31 Dec. 2015	HTM	FVTPL - Classified upon acquisition	FVTPL – Held for trading	AFS	L&R	TOTAL
Debt and other fixed–return securities	178,250,255	242,751,308		1,157,177,540	0	1,578,179,103
Investments in shares, other floating–rate securities and fund coupons	0	383,798,182	0	110,176,657	0	493,974,839
Financial derivatives	0	0	4,823,010	0	0	4,823,010
Loans and receivables:	0	0	0	924,124	116,539,401	117,463,525
– deposits with banks and certificates of deposits	0	0	0	0	74,804,642	74,804,642
– loans given	0	0	0	0	40,038,012	40,038,012
– other financial investments	0	0	0	924,124	1,696,747	2,620,871
TOTAL	178,250,255	626,549,490	4,823,010	1,268,278,321	116,539,401	2,194,440,477

	in EUR					
31 Dec. 2014	HTM	FVTPL - Classified upon acquisition	FVTPL – Held for trading	AFS	L&R	TOTAL
Debt and other fixed–return securities	186,136,258	250,137,212	0	1,206,536,700	0	1,642,810,170
Investments in shares, other floating–rate securities and fund coupons	0	385,832,692	0	91,400,109	0	477,232,801
Financial derivatives	0	0	2,530,192	0	0	2,530,192
Loans and receivables:	0	0	0	1,478,265	116,332,867	117,811,132
– deposits with banks and certificates of deposits	0	0	0	0	45,510,554	45,510,554
– loans given	0	0	0	0	69,228,331	69,228,331
– other financial investments	0	0	0	1,478,265	1,593,982	3,072,247
TOTAL	186,136,258	635,969,904	2,530,192	1,299,415,074	116,332,867	2,240,384,295



The table below shows the movements of financial assets of Zavarovalnica Triglav in 2014 and 2015.

	in EUR					
FINANCIAL ASSETS	HTM	FVTPL	AFS	L&R	ULI	TOTAL
As at 1 January 2014	197,096,116	135,700,257	1,135,406,507	173,477,782	422,849,369	2,064,530,030
Purchases	0	158,205,830	898,684,842	890,567,833	89,872,613	2,037,331,118
Maturities	-21,233,832	-19,350,288	-198,260,580	-98,619,710	-365,498	-337,829,908
Disposal	0	-99,670,037	-689,460,125	-866,845,840	-104,295,179	-1,760,271,181
Amount removed from equity	0	0	45,077,129	0	0	45,077,129
Valuation trough profit and loss	-461,186	19,330,614	0	52,726	41,253,908	60,176,062
Valuation trough equity	0	0	76,792,448	0	0	76,792,448
Impairments	0	0	-38,459	1,636	0	-36,823
Premiums and discounts	4,001,384	0	-2,783,500	302,123	205,202	1,725,209
Interest income	6,733,777	6,000,519	33,678,368	5,594,631	282,355	52,289,650
Merger	0	0	-1,503,668	0	0	-1,503,668
Exchange rate difference	0	282,115	1,822,109	0	0	2,104,224
As at 31 December 2014	186,136,258	200,499,009	1,299,415,074	104,531,182	449,802,771	2,240,384,294
Purchases	0	193,379,220	775,363,754	652,352,025	104,284,741	1,725,379,740
Maturities	-14,318,813	-11,132,811	-63,440,152	-35,174,538	-265,588	-124,331,902
Disposal	-2,309,555	-199,775,827	-762,228,139	-616,515,397	-120,993,904	-1,701,822,822
Amount removed from equity	0	0	30,767,442	0	0	30,767,442
Valuation trough profit and loss	32	3,925,392	-231,310	0	13,301,724	16,995,838
Valuation trough equity	0	0	-39,233,899	0	0	-39,233,899
Impairments						
Premiums and discounts	4,121,690	0	-4,585,092	326,187	196,616	59,401
Interest income	4,620,643	5,861,269	30,538,606	3,062,288	263,201	44,346,007
Merger						
Exchange rate difference	0	-15,659	1,912,037	0	0	1,896,379
As at 31 December 2015	178,250,255	192,740,593	1,268,278,321	108,581,747	446,589,561	2,194,440,477

As at the reporting date, the portfolio of Zavarovalnica Triglav included neither received securities as collateral for loans given, nor any securities pledged as collateral for its liabilities.

3.7 Reinsurers' share of technical provisions

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
NON-LIFE INSURANCE				
Reinsurers' share of unearned premiums	17,699,937	15,505,072	15,370,560	14,059,397
Reinsurers' share of claims	51,023,879	55,642,364	54,546,341	61,173,583
Reinsurers' share of other technical provisions	0	0	0	0
Total non-life insurance	68,723,816	71,147,436	69,916,902	75,232,980
LIFE INSURANCE				
Reinsurers' share of unearned premiums	489	281	0	0
Reinsurers' share of claims	0	0	18,493	92,370
Reinsurers' share of other mathematical provisions	0	0	0	0
Total life insurance	489	281	18,493	92,370
TOTAL ASSETS FROM REINSURANCE CONTRACTS	68,724,305	71,147,717	69,935,394	75,325,350



3.8 Receivables

Triglav Group

	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			in EUR
31 Dec. 2015	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	TOTAL NET VALUE
Receivables from direct insurance operations	64,585,868	-605,690	63,980,178	19,655,294	-3,443,041	16,212,253	69,575,863	-66,519,284	3,056,579	83,249,006
Receivables from insurers	60,935,859	-553,284	60,382,575	18,177,356	-3,362,711	14,814,645	60,997,244	-57,810,962	3,186,282	78,383,502
Receivables from insurance brokers	5,965	0	5,965	773,116	0	773,116	120,350	-92,173	28,177	807,258
Other receivables from direct insurance operations	3,644,044	-52,406	3,591,638	704,822	-80,330	624,492	8,458,269	-8,616,153	-157,884	4,058,246
Receivables from co-insurance and reinsurance operations	31,779,501	0	31,779,501	5,161,846	0	5,161,846	7,931,257	-2,048,936	5,882,321	42,823,668
Premium receivable from co-insurance	850,470	0	850,470	101,548	0	101,548	15,572	-12,940	2,632	954,650
Premium receivable from reinsurance	19,641,653	0	19,641,653	3,475,150	0	3,475,150	4,185,685	-83,588	4,102,097	27,218,900
Receivables from co-insurers' share in claims	116,217	0	116,217	1,827	0	1,827	0	0	0	118,044
Receivables from reinsurers' share in claims	8,966,731	0	8,966,731	1,497,396	0	1,497,396	3,723,769	-1,952,408	1,771,361	12,235,488
Other receivables from co-insurance and reinsurance operation	2,204,430	0	2,204,430	85,925	0	85,925	6,231	0	6,231	2,296,586
Receivables for income tax refund	301,273	0	301,273	0	0	0	0	0	0	301,273
Other receivables	31,005,709	51,750	31,057,459	6,934,568	-1,097,970	5,836,598	99,621,926	-96,446,199	3,175,727	40,069,786
Other short-term receivables from insurance operations	10,167,450	-5,948	10,161,502	2,798,679	-1,079,490	1,719,189	92,494,198	-90,896,740	1,597,458	13,478,149
Short-term receivables from financing	4,135,477	47,873	4,183,350	776,963	-17,543	759,420	932,325	-857,351	74,974	5,017,746
Other short-term receivables	13,718,699	9,825	13,728,524	2,420,955	-937	2,420,018	5,183,565	-4,692,108	491,457	16,639,999
Long-term receivables	2,984,083	0	2,984,083	937,971	0	937,971	1,011,838	0	1,011,838	4,933,892
TOTAL	127,672,351	-553,940	127,118,411	31,751,708	-4,541,011	27,210,697	177,129,046	-165,014,419	12,114,627	166,443,733

	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			in EUR
31 Dec. 2014	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	TOTAL NET VALUE
Receivables from direct insurance operations	65,575,061	-230,275	65,344,786	20,540,341	-4,220,826	16,319,515	75,648,256	-70,898,039	4,750,217	86,414,518
Receivables from insurers	62,625,234	-120,795	62,504,439	19,035,514	-4,115,367	14,920,147	66,624,902	-62,463,437	4,161,465	81,586,051
Receivables from insurance brokers	354,702	-109,480	245,222	452,942	0	452,942	425,194	-123,851	301,343	999,507
Other receivables from direct insurance operations	2,595,125	0	2,595,125	1,051,885	-105,459	946,426	8,598,160	-8,310,751	287,409	3,828,960
Receivables from co-insurance and reinsurance operations	22,344,317	0	22,344,317	4,765,374	0	4,765,374	16,358,346	-2,006,114	14,352,232	41,461,923
Premium receivable from co-insurance	684,585	0	684,585	239,704	0	239,704	10,657	-1,976	8,681	932,970
Premium receivable from reinsurance	15,607,933	0	15,607,933	3,550,214	0	3,550,214	12,762,742	-41,531	12,721,211	31,879,358
Receivables from co-insurers' share in claims	243,151	0	243,151	1,599	0	1,599	0	0	0	244,750
Receivables from reinsurers' share in claims	3,520,733	0	3,520,733	789,850	0	789,850	3,567,521	-1,962,607	1,604,914	5,915,497
Other receivables from co-insurance and reinsurance operation	2,287,915	0	2,287,915	184,007	0	184,007	17,426	0	17,426	2,489,348
Receivables for income tax refund	1,819,015	0	1,819,015	0	0	0	0	0	0	1,819,015
Other receivables	35,966,460	-12,127	35,954,333	11,135,299	-1,778,417	9,356,882	102,860,242	-96,056,405	6,803,837	52,115,052
Other short-term receivables from insurance operations	9,339,115	-8	9,339,107	4,496,907	-1,708,581	2,788,326	92,480,160	-89,324,156	3,156,004	15,283,437
Short-term receivables from financing	9,774,837	0	9,774,837	66,284	68,719	135,003	5,412,210	-2,468,680	2,943,530	12,853,370
Other short-term receivables	13,173,366	-12,119	13,161,247	5,146,875	-138,555	5,008,320	4,643,490	-4,263,569	379,921	18,549,488
Long-term receivables	3,679,142	0	3,679,142	1,425,233	0	1,425,233	324,382	0	324,382	5,428,757
TOTAL	125,704,853	-242,402	125,462,451	36,441,014	-5,999,243	30,441,771	194,866,844	-168,960,558	25,906,286	181,810,510



Zavarovalnica Triglav

	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			in EUR
31 Dec. 2015	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	TOTAL NET VALUE
Receivables from direct insurance operations	51,330,713	-66,084	51,264,629	7,381,675	-2,166,586	5,215,089	31,693,382	-30,214,087	1,479,295	57,959,013
Receivables from insurers	48,238,821	-66,084	48,172,737	7,349,271	-2,153,979	5,195,292	31,307,002	-29,531,844	1,775,158	55,143,187
Receivables from insurance brokers	0	0	0	0	0	0	0	0	0	0
Other receivables from direct insurance operations	3,091,892	0	3,091,892	32,404	-12,607	19,797	386,380	-682,243	-295,863	2,815,826
Receivables from co-insurance and reinsurance operations	12,219,198	0	12,219,198	0	0	0	0	0	0	12,219,198
Premium receivable from co-insurance	823,686	0	823,686	0	0	0	0	0	0	823,686
Premium receivable from reinsurance	0	0	0	0	0	0	0	0	0	0
Receivables from co-insurers' share in claims	95,127	0	95,127	0	0	0	0	0	0	95,127
Receivables from reinsurers' share in claims	11,300,385	0	11,300,385	0	0	0	0	0	0	11,300,385
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0
Other receivables	23,049,196	0	23,049,196	2,698,841	-1,069,752	1,629,089	90,515,410	-89,655,180	860,230	25,538,515
Other short-term receivables from insurance operations	2,681,757	0	2,681,757	2,652,401	-1,051,272	1,601,129	90,188,178	-89,334,034	854,144	5,137,030
Short-term receivables from financing	15,295,441	0	15,295,441	43,544	-17,543	26,001	249,024	-243,759	5,265	15,326,707
Other short-term receivables	2,596,817	0	2,596,817	2,896	-937	1,959	78,208	-77,387	821	2,599,597
Long-term receivables	2,475,181	0	2,475,181	0	0	0	0	0	0	2,475,181
TOTAL	86,599,107	-66,084	86,533,023	10,080,516	-3,236,338	6,844,178	122,208,792	-119,869,267	2,339,525	95,716,726

	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			in EUR
31 Dec. 2014	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	TOTAL NET VALUE
Receivables from direct insurance operations	53,366,499	-175,172	53,191,327	8,507,832	-2,771,739	5,736,093	35,951,455	-33,351,136	2,600,319	61,527,739
Receivables from insurers	51,115,686	-65,692	51,049,994	8,279,867	-2,712,403	5,567,464	35,092,692	-32,802,713	2,289,979	58,907,437
Receivables from insurance brokers	285,041	-109,480	175,561	0	0	0	43,655	-43,655	0	175,561
Other receivables from direct insurance operations	1,965,772	0	1,965,772	227,965	-59,336	168,628	815,108	-504,768	310,340	2,444,741
Receivables from co-insurance and reinsurance operations	6,689,625	0	6,689,625	0	0	0	0	0	0	6,689,625
Premium receivable from co-insurance	590,574	0	590,574	0	0	0	0	0	0	590,574
Premium receivable from reinsurance	0	0	0	0	0	0	0	0	0	0
Receivables from co-insurers' share in claims	222,282	0	222,282	0	0	0	0	0	0	222,282
Receivables from reinsurers' share in claims	5,876,769	0	5,876,769	0	0	0	0	0	0	5,876,769
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0
Other receivables	20,202,572	-10,020	20,192,552	3,551,188	-1,411,383	2,139,805	94,942,196	-90,759,466	4,182,730	26,515,087
Other short-term receivables from insurance operations	3,689,382	0	3,689,382	3,532,934	-1,403,596	2,129,338	90,316,637	-89,053,983	1,262,654	7,081,374
Short-term receivables from financing	9,844,819	0	9,844,819	18,254	-7,787	10,467	4,555,226	-1,637,470	2,917,756	12,773,042
Other short-term receivables	3,762,968	-10,020	3,752,948	0	0	0	70,332	-68,012	2,320	3,755,268
Long-term receivables	2,905,403	0	2,905,403	0	0	0	0	0	0	2,905,403
TOTAL	80,258,696	-185,192	80,073,504	12,059,020	-4,183,122	7,875,898	130,893,651	-124,110,601	6,783,049	94,732,452



The table below shows changes in impairment allowance for receivables separately for Triglav Group and Zavarovalnica Triglav.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
VALUE ADJUSTMENT OF RECEIVABLES FROM POLICYHOLDERS				
Impairment allowance for receivables as at 1 January	66,699,599	70,468,437	35,580,808	37,887,362
– Increase of impairment allowance for receivables	8,832,347	12,474,703	5,147,360	7,239,287
– Decrease in impairment allowance for receivables	-9,589,581	-7,863,836	-5,903,918	-6,428,685
– Receivables write-off	-4,260,184	-7,080,696	-3,072,343	-3,117,157
– Transfer on disposal group held for sale	0	-1,209,465	0	0
– Acquisition	-454	0	0	0
– Exchange rate difference	45,220	-89,544	0	0
Impairment allowance for receivables as at 31 December	61,726,947	66,699,599	31,751,907	35,580,808
IMPAIRMENT ALLOWANCE FOR OTHER SHORT-TERM RECEIVABLES				
Impairment allowance for receivables as at 1 January	91,032,745	91,689,455	90,457,579	90,303,817
– Increase of impairment allowance for receivables	10,655,677	11,503,636	10,365,778	11,325,612
– Decrease in impairment allowance for receivables	-7,767,876	-8,591,518	-7,656,704	-8,503,959
– Receivables write-off	-1,930,767	-2,667,892	-2,781,346	-2,667,892
– Changes in Group	0	-863,915	0	0
– Exchange rate difference	-7,614	-37,021	0	0
Impairment allowance for receivables as at 31 December	91,982,165	91,032,745	90,385,306	90,457,579
VALUE ADJUSTMENT OF OTHER RECEIVABLES				
Impairment allowance for receivables as at 1 January	17,469,859	16,006,900	2,440,529	1,529,485
– Increase of impairment allowance for receivables	2,102,429	3,887,426	191,659	1,646,779
– Decrease in impairment allowance for receivables	-2,348,113	-407,462	-1,536,124	-109,611
– Receivables write-off	-450,738	-1,944,455	-71,668	-36,519
– Transfer on deferred income	-36,588	80,836	0	-709,481
– Merger	0	0	0	119,876
– Exchange rate difference	9,450	-153,386	0	0
– Changes in Group	0	0	10,081	0
– Transfer on disposal group held for sale	-346,062	0	0	0
Impairment allowance for receivables as at 31 December	16,400,237	17,469,859	1,034,477	2,440,529
TOTAL VALUE ADJUSTMENT OF RECEIVABLES				
As at 1 January	175,202,203	178,164,792	128,478,916	129,720,664
As at 31 December	170,109,349	175,202,203	123,171,690	128,478,916

Receivables from financial leasing

	in EUR			
	Minimum lease payments		Current value of minimum lease payments	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
up to 1 year	731,302	850,918	654,749	754,175
from 1 to 5 years	2,362,667	2,722,939	2,186,566	2,467,331
More than 5 years	0	340,367	0	323,939
TOTAL	3,093,968	3,914,224	2,841,315	3,545,444
less unearned financial income	-123,654	-211,114	0	0
less maintenance costs	-129,000	-157,667	0	0
Receivable present value of the minimum lease payments	2,841,315	3,545,444	2,841,315	3,545,444

Zavarovalnica Triglav discloses a receivable from finance leasing. Under the financial leasing agreement, the lessee has the option of gradual or early purchase of the real property. If this option is not used, they shall become the owner of the real property after paying the final instalment of lease, i.e. 30 June 2020. During the lease period, interest is charged to the lessee at the interest rate of 2.353% for 2015 (the real interest rate of 2.192% + 12-month Euribor), including the compensation for insurance costs and major repair costs. The unguaranteed residual value has not been established.

As at the reporting date, there were no overdue receivables from financial leasing and no related impairment provisions. Receivables from financial leasing were recognised in the Company's statement of financial position under other receivables. The said property is in mortgage – the mortgagees are the lesser and the lessee according to their share in the property.



3.9 Other assets

			in EUR	
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Inventories	3,670,574	3,944,779	222,659	210,250
Deferred costs	3,763,822	3,639,852	1,926,409	2,403,195
Assets invested in computer programs for the Group entities	642,611	845,147	642,611	845,147
Other assets	57,755	39,688	0	0
TOTAL	8,134,762	8,469,466	2,791,679	3,458,592

3.10 Cash and cash equivalents

			in EUR	
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Cash in bank accounts	33,226,581	15,391,016	7,541,489	5,635,107
Deposits redeemable at notice	14,247,701	6,466,588	0	0
Cash on hand and cheques	453,566	596,579	8,469	15,562
Other	920	404,205	0	0
TOTAL	47,928,768	22,858,388	7,549,958	5,650,669

3.11 Non-current assets held for sale

			in EUR	
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Non-current assets Triglav Pojišt'ovna	0	38,910,979	0	0
Non-current assets Slovenijales	0	1,710,595	0	0
Non-current assets Avrigo Group	23,545,963	0	0	0
Non-current assets –land and property of company TUN ⁹⁹	10,891,123	0	0	0
TOTAL	34,437,086	40,621,574	0	0

In 2015, the assets of Avrigo d.o.o. and its subsidiaries Integral Zagorje d.o.o., Integral Notranjska d.o.o., Integral Stojna Kočevje d.o.o. and Alptours d.o.o. were disclosed among non-current assets held for sale. Details on the sale are described in [→ Section 2.7].

In addition, this item includes the value of land and buildings of Triglav, Upravljanje nepremičnin d.d., which are planned to be disposed of within a year. The largest portion of the amount refers to the land plot in BTC, Ljubljana.



3.12 Equity

As at 31 December 2015, the share capital amounted to EUR 73,701,392. The share capital was divided into 22,735,148 no-par value shares. Each share represents the same stake and a corresponding amount in the share capital. The portion of each no-par value share in the share capital is determined on the basis of the number of no-par value shares issued. All of the shares have been paid up in full.

Shareholders of Zavarovalnica Triglav

Shareholders	Number of shares		Percentage of ownership	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Zavod za pokojninsko in invalidsko zavarovanje, Ljubljana, Slovenia	7,836,628	7,836,628	34.47	34.47
Slovenski državni holding d.d., Ljubljana, Slovenia	6,386,644	6,386,644	28.09	28.09
Hypo Alpe Adria Bank d.d. Zagreb, Croatia	1,435,521	1,373,658	6.31	6.04
Balkan Fund, Luxembourg, Luxembourg	326,278	0	1.44	0
Hrvatska Poštanska Banka d.d. Zagreb, Croatia	322,557	347,477	1.42	1.53
Clearstream Banking SA, Luxembourg, Luxembourg	273,152	3,408	1.20	0.01
Pozavarovalnica Sava d.d., Ljubljana, Slovenia	166,678	166,678	0.73	0.73
Kuwait Investment Authority, Safat, Kuwait	154,771	0	0.68	0
Alpen. SI, mešani fleksibilni podsklad	144,532	152,477	0.64	0.67
Eastern European Fund, Luxembourg, Luxembourg	140,187	333,034	0.62	1.46
Other shareholders (each less than 1%)	5,548,200	6,135,144	24.40	27.00
TOTAL	22,735,148	22,735,148	100.00	100.00

Share price

	in EUR	
	31 Dec. 2015	31 Dec. 2014
Quoted price of the share	23.50	23.60
Carrying amount per share ¹⁰⁰	23.34	23.93

Distribution of accumulated profits of Zavarovalnica Triglav

	in EUR	
	2015	2014
Net profit/loss for the year	58,505,818	45,612,581
Net profit brought forward	4,849,167	39,176,417
Increase in retained income	2,361,643	0
Reduction in retained net profit to increase share capital	0	0
Decrease in retained income of deferred tax	0	-610,957
Reduction in net profit or loss to create credit risk provisions	-688,356	8,994
Increase of other reserves from profit based on the decision by the Management and Supervisory Boards	0	-22,500,000
ACCUMULATED PROFITS	65,028,272	61,687,037
Distribution of accumulated profits		
– to shareholders		56,837,870
– allocation to other reserves from profit		0
– transfer to the following year		4,849,167

The distribution of the accumulated profit for 2015 will be proposed by the Management and Supervisory Board and submitted for decision to the General Meeting of Shareholders of Zavarovalnica Triglav.

Dividends

	in EUR	
	2015	2014
Dividends to be distributed to shareholders ¹⁰¹	To be defined	56,837,870
Dividend per share	–	2.50

Authorised capital

In accordance with the Memorandum and Articles of Association of Zavarovalnica Triglav, in the period to 28 June 2016 the Management Board of Zavarovalnica Triglav is authorised to increase the share capital by up to EUR 11,055,209 with new share issues. The Management Board decides on new share issues, the amount of capital increases, the rights attached to new shares and the conditions of new share issues subject to the approval of the Supervisory Board.

To date, Zavarovalnica Triglav has not yet exercised the right to increase its share capital from said authorisation.

100 Carrying amount per share is calculated using the amount of controlling interests.

101 The total amount of dividend is also includes amounts to be paid to non-controlling interest holders.



Reserves from profit

In addition to legal and treasury share reserves, reserves from profit also comprise, in accordance with IFRS, credit risk equalisation reserves and other profit reserves.

According to the ZGD–1, the Management Board of Zavarovalnica Triglav may allocate net profit for the year to other profit reserves, i.e. up to one half of the net profit remaining after statutory allocations. In addition to prudent risk management, strategic capital needs are considered when forming these profit reserves.

Credit risk equalisation reserves in Slovenia are formed and calculated in line with the Insurance Act. The calculation of these reserves is also stipulated by local legislation in Montenegro. The abovementioned legal requirements treat these equalisation reserves as insurance technical provisions. Any change in these reserves should be recognised through the income statement. Since the above mentioned requirements do not comply with IFRS, insurance companies in compliance with IFRS disclose equalisation provisions in reserves from profit. Any changes in these reserves are also recognised as an increase or decrease in the net profit/loss for the year in the statement of changes in equity.

Reserves from treasury shares and treasury shares (as a deductible item)

The treasury shares include the shares of Zavarovalnica Triglav held by other companies of the Triglav Group, whose financial statements are included in the consolidated financial statements of the Triglav Group. Triglav, Upravljanje nepremičnin d.d. (in 2014: Slovenijales d.d.) holds 24,312 shares of Zavarovalnica Triglav in the amount of EUR 364,680, while Avrigo d.d. holds 8,820 shares in the amount of EUR 88,200.

In the consolidated statement of financial position, they are disclosed as a deductible equity item of the same amount. Equivalent reserves for treasury shares are formed for these shares in the consolidated statement of financial position.

Fair value reserve

The fair value reserve represents changes in the fair value of available-for-sale financial assets. The fair value reserve is reduced by the deferred tax liabilities. Changes in the fair value reserve are specified in more detail in the statement of comprehensive income in [→ Section 1.3].

Currency translation adjustment

Currency translation differences arise from foreign exchange differences in consolidation procedures. In 2015, the currency translation adjustment totalled EUR 48,074 evrov (vs. EUR 2014: 725,332)¹⁰². The translation differences refer to the elimination of negative translation adjustment of capital with regard to Triglav Pojišt'ovna and the reduction related to the growth of the Serbian dinar (RSD).

Notes to the statement of changes in equity

The following changes are shown in the statement of changes in equity for 2015:

- Based on the resolution passed by the General Meeting of Shareholders of Zavarovalnica Triglav on 9 June 2015 on the distribution of the accumulated profit for 2014, EUR 56,837,870 were allocated to dividend payments. For consolidation purposes the dividends paid to Slovenijales of EUR 60,780 and to Avrigo EUR 22,050 were eliminated.
- The legal and statutory reserves were increased by Triglav Osiguruvanje a.d., Skopje in the amount of EUR 218,184, Triglav, Zdravstvena zavarovalnica d.d. in the amount of EUR 102,761, Sarajevostan d.d. in the amount of EUR 34,376 and Triglav Osiguranje a.d., Banja Luka in the amount of EUR 1,602. Triglav Osiguranje d.d., Zagreb allocated EUR 7,791 to safety reserves, which were formed from net profit brought forward or net profit for the year.
- Credit risk equalisation reserves increased by EUR 161,355 in Pozavarovalnica Triglav Re, d.d., and by EUR 688,356 in Zavarovalnica Triglav.
- Share premium decreased by EUR 1,952,304 as a result of purchases of stakes from non-controlling shareholders of Triglav, Upravljanje nepremičnin d.d., Skupna pokojninska družba d.d. and Unis d.d. For a detailed explanation [→ see Section 2.7].

3.13 Subordinated liabilities

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Amortised cost	18,752,252	28,065,416	21,101,278	29,958,540
Fair value	21,686,280	31,168,626	24,402,840	32,985,000

As at the balance sheet date the principal of the ZT02 bonds – issued in 2009 as euro-dominated subordinated registered bonds in a dematerialised form – was recognised as a subordinated liability. A total of 30,000 bonds worth EUR 1,000 each were issued. All the bonds were sold. The fixed interest rate of the bond is 250 basis points above the 10-year mid-swap rate as at 15 December 2009 and equals 5.95% p.a. The last coupon and the principal will fall due on 21 March 2020.

Issued bonds are disclosed at amortised cost. The value of ZT02 bonds held by the companies of the Triglav Group (2,352 lots) was excluded from the consolidated financial statements. In the separate financial statements of the Company, subordinated debt was reduced by purchased bonds outside the Group (6,520 lots).

For the calculation of fair values, the last known price on the Ljubljana Stock Exchange is taken into account. As at 31 December 2015, ZT02 price stood at 115.5% (109.95% as at 31 December 2014).

In the event of winding-up or liquidation, liabilities arising from the above-mentioned bond issue are subordinated to net debt instruments and payable only after the satisfaction of all non-subordinated liabilities to ordinary creditors. These bonds may not be cashed before the maturity set by the amortisation schedule, and likewise Zavarovalnica Triglav has no right to redeem them before maturity. The bonds are not convertible into capital or any other form of debt. ZT02 bonds were listed on the Ljubljana Stock Exchange in 2010.

¹⁰² The amount does not include translation differences relating to non-controlling interests.

3.14 Insurance technical provisions and insurance technical provisions for unit-linked insurance contracts

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
NON-LIFE INSURANCE				
GROSS PROVISIONS FOR UNEARNED PREMIUMS	249,653,712	243,575,522	180,141,569	182,489,705
Gross provision for unearned premiums	249,489,890	243,466,826	179,977,747	182,381,009
Gross provisions for unearned premiums from coinsurance	163,822	108,696	163,822	108,696
GROSS CLAIMS PROVISIONS	613,245,763	620,460,168	467,032,829	489,862,786
Gross claims provisions for IBNR and IBNER	343,428,357	348,131,979	271,062,587	286,480,994
Gross provisions for incurred and reported claims	231,888,147	230,571,010	162,354,671	164,619,632
Gross claims provisions for co-insurance	1,160,536	1,646,992	1,160,536	1,167,517
Expected subrogation	-9,566,955	-10,144,686	-10,491,286	-10,144,686
Provisions for claim handling costs	46,335,678	50,254,873	42,946,321	47,739,329
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	17,382,035	15,845,556	16,817,528	15,380,257
OTHER GROSS INSURANCE TECHNICAL PROVISIONS	7,309,307	7,535,064	3,226,060	3,963,555
TOTAL NON-LIFE INSURANCE TECHNICAL PROVISIONS	887,590,817	887,416,310	667,217,986	691,696,303
LIFE INSURANCE				
GROSS UNEARNED PREMIUM PROVISIONS	441,971	437,169	417,422	412,831
GROSS MATHEMATICAL PROVISIONS	1,219,737,727	954,072,939	925,402,898	904,858,200
Gross mathematical provisions covering life insurance	763,602,056	752,223,177	711,985,994	703,008,437
Gross mathematical provisions covering SVPI	425,824,906	176,395,186	183,106,139	176,395,187
Gross mathematical provisions covering SVPI during the annuity pay-out period	30,310,765	25,454,576	30,310,765	25,454,576
GROSS CLAIMS PROVISIONS	20,097,218	20,074,018	19,214,892	19,136,346
Gross claims provisions for IBNR and IBNER	16,204,001	15,657,117	15,759,175	15,165,188
Gross provisions for incurred and reported claims	3,588,490	4,127,915	3,190,423	3,719,985
Gross claims provisions for co-insurance	265,294	279,671	0	0
Expected subrogation	4,019	0	0	0
Provisions for claim handling costs	35,414	9,315	265,294	251,173
OTHER INSURANCE TECHNICAL PROVISIONS	2,730,850	986,715	2,690,931	986,715
TOTAL LIFE INSURANCE TECHNICAL PROVISIONS	1,243,007,766	975,570,841	947,726,143	925,394,092
HEALTH INSURANCE				
GROSS PROVISIONS FOR UNEARNED PREMIUMS	1,962,273	1,983,042	0	0
Gross provision for unearned premiums	1,962,273	1,983,042	0	0
Gross provisions for unearned premiums from coinsurance	0	0	0	0
GROSS CLAIMS PROVISIONS	9,344,074	8,293,272	0	0
Gross claims provisions for IBNR and IBNER	8,439,749	7,829,092	0	0
Gross provisions for incurred and reported claims	683,931	278,273	0	0
Gross claims provisions for co-insurance	0	0	0	0
Expected subrogation	0	0	0	0
Provisions for claim handling costs	220,394	185,907	0	0
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	0	0	0	0
OTHER INSURANCE TECHNICAL PROVISIONS	1,490,285	1,492,548	0	0
TOTAL HEALTH INSURANCE TECHNICAL PROVISIONS	12,796,632	11,768,862	0	0
TOTAL INSURANCE TECHNICAL PROVISIONS	2,143,395,211	1,874,756,014	1,614,944,129	1,617,090,395
GROSS MATHEMATICAL PROVISIONS COVERING ULI	457,046,912	458,899,160	438,920,157	442,952,449

The gross insurance technical provisions, which include gross mathematical provisions for the guarantee fund backing unit-linked insurance, are disclosed in the financial statements under the separate item »Insurance technical provisions for unit-linked insurance«.

Other insurance technical provisions for non-life insurance include provisions for cancellations and provisions for unexpired risks, while other insurance technical provisions for life insurance include additional provisions for credit risks.

Breakdown of gross and net claims provisions

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
NON-LIFE INSURANCE				
Gross provisions for incurred and unreported claims	334,775,530	338,836,171	256,992,213	269,189,801
Gross claims provisions	343,428,357	348,131,979	271,062,587	286,480,993
Reinsurers' share	-8,652,827	-9,295,808	-14,070,374	-17,291,192
Gross provisions for incurred and reported claims	188,799,391	183,585,188	121,161,001	120,097,976
Gross claims provisions	231,888,147	230,571,010	162,354,671	164,619,632
Reinsurers' and co-insurers' share	-43,088,756	-46,985,822	-41,193,670	-44,521,656
Gross claims provisions for co-insurance	1,160,536	1,646,992	1,160,536	1,167,517
Gross claims provisions	1,160,536	1,646,992	1,160,536	1,167,517
Reinsurers' share	0	0	0	0
Expected subrogation	-8,849,252	-9,505,421	-9,773,583	-9,505,421
Gross claims provisions	-9,566,955	-10,144,686	-10,491,286	-10,144,686
Reinsurers' share	717,703	639,265	717,703	639,265
Provisions for claim handling costs	46,335,678	50,254,873	42,946,321	47,739,329
Gross claims provisions	46,335,678	50,254,873	42,946,321	47,739,329
Reinsurers' share	0	0	0	0
TOTAL NON-LIFE INSURANCE GROSS CLAIMS PROVISIONS	562,221,883	564,817,803	412,486,488	428,689,203
TOTAL GROSS CLAIMS PROVISIONS	613,245,763	620,460,168	467,032,829	489,862,786
TOTAL REINSURERS' SHARE	-51,023,880	-55,642,365	-54,546,341	-61,173,583
LIFE INSURANCE				
Gross provisions for incurred and unreported claims	16,204,001	15,657,118	15,759,175	15,165,189
Gross claims provisions	16,204,001	15,657,118	15,759,175	15,165,189
Reinsurers' share	0	0	0	0
Gross provisions for incurred and reported claims	3,588,490	4,127,915	3,171,930	3,627,613
Gross claims provisions	3,588,490	4,127,915	3,190,423	3,719,984
Reinsurers' share	0	0	-18,493	-92,371
Gross claims provisions for co-insurance	265,294	279,671	0	0
Gross claims provisions	265,294	279,671	0	0
Reinsurers' share	0	0	0	0
Expected subrogation	4,019	0	0	0
Gross claims provisions	4,019	0	0	0
Reinsurers' share	0	0	0	0
Provisions for claim handling costs	35,414	9,315	265,294	251,173
Gross claims provisions	35,414	9,315	265,294	251,173
Reinsurers' share	0	0	0	0
TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS	20,097,218	20,074,019	19,196,399	19,043,975
TOTAL GROSS CLAIMS PROVISIONS	20,097,218	20,074,019	19,214,892	19,136,346
TOTAL REINSURERS' SHARE	0	0	-18,493	-92,371
HEALTH INSURANCE				
Gross provisions for incurred and unreported claims	8,439,749	7,829,092	0	0
Gross claims provisions	8,439,749	7,829,092	0	0
Reinsurers' share	0	0	0	0
Gross provisions for incurred and reported claims	683,931	278,273	0	0
Gross claims provisions	683,931	278,273	0	0
Reinsurers' and co-insurers' share	0	0	0	0
Gross claims provisions for co-insurance	0	0	0	0
Gross claims provisions	0	0	0	0
Reinsurers' share	0	0	0	0
Expected subrogation	0	185,907	0	0
Gross claims provisions	0	185,907	0	0
Reinsurers' share	0	0	0	0
Provisions for claim handling costs	220,394	0	0	0
Gross claims provisions	220,394	0	0	0
Reinsurers' share	0	0	0	0
TOTAL HEALTH INSURANCE GROSS CLAIMS PROVISIONS	9,344,074	8,293,272	0	0
TOTAL GROSS CLAIMS PROVISIONS	9,344,074	8,293,272	0	0
TOTAL REINSURERS' SHARE	0	0	0	0



Analysis of changes in gross insurance technical provisions for Triglav Group

	in EUR					
	Gross unearned premium	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions
NON-LIFE INSURANCE						
1 January 2014	255,606,403	646,156,356	15,399,739	6,449,575	0	923,612,073
Increase	185,130,228	205,078,869	9,934,405	4,811,245	0	404,954,747
Use	-189,728,328	-206,290,737	-9,488,123	-3,446,667	0	-408,953,855
Exchange rate difference	-589,478	-947,741	-465	-55,076	0	-1,592,760
Transfer to non-current assets held for sale	-6,843,303	-23,536,578	0	-224,013	0	-30,603,894
31 December 2014	243,575,522	620,460,169	15,845,556	7,535,064	0	887,416,310
Increase	203,529,320	194,081,790	12,372,593	5,303,917	0	415,287,620
Use	-197,453,807	-201,319,002	-10,836,861	-5,529,447	0	-415,139,117
Exchange rate difference	2,677	22,803	747	-227	0	26,000
31 December 2015	249,653,712	613,245,760	17,382,035	7,309,307	0	887,590,817

	in EUR					
	Gross unearned premium	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions
LIFE INSURANCE						
1 January 2014	450,957	870,733,006	20,164,185	0	435,201,724	1,326,549,872
Increase	423,220	179,418,539	12,891,007	986,715	90,992,458	284,711,939
Use	-436,859	-95,864,183	-12,977,412	0	-67,233,863	-176,512,317
Exchange rate difference	-149	-214,423	-3,762	0	-61,159	-279,493
31 December 2014	437,169	954,072,939	20,074,018	986,715	458,899,160	1,434,470,001
Increase	430,301	131,204,318	12,653,572	1,938,785	58,819,881	205,046,857
Use	-425,521	-90,190,006	-12,631,541	-195,150	-60,713,886	-164,156,104
Acquisition	0	224,559,532	0	499	0	224,560,031
Exchange rate difference	22	90,944	1,168	1	41,756	133,891
31 December 2015	441,971	1,219,737,727	20,097,217	2,730,850	457,046,911	1,700,054,676

	in EUR					
	Gross unearned premium	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions
HEALTH INSURANCE						
1 January 2014	2,009,309	0	8,115,703	1,146,077	0	11,271,089
Increase	1,983,042	0	7,842,999	664,149	0	10,490,190
Use	-2,009,309	0	-7,665,430	-317,678	0	-9,992,417
Exchange rate difference	0	0	0	0	0	0
31 December 2014	1,983,042	0	8,293,272	1,492,548	0	11,768,862
Increase	1,962,273	0	8,926,980	615,205	0	11,504,458
Use	-1,983,042	0	-7,876,178	-617,468	0	-10,476,688
Exchange rate difference	0	0	0	0	0	0
31 December 2015	1,962,273	0	9,344,074	1,490,285	0	12,796,632



Analysis of changes in gross insurance technical provisions for Zavarovalnica Triglav

						in EUR
	Gross unearned premium	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance—technical provisions	Total gross insurance technical provisions
NON-LIFE INSURANCE						
1 January 2014	187,858,030	490,762,992	15,040,487	1,737,337	0	695,398,846
Increase	155,149,333	161,322,550	9,688,940	3,963,555	0	330,124,378
Use	-160,517,658	-162,222,756	-9,349,170	-1,737,337	0	-333,826,921
31 December 2014	182,489,705	489,862,786	15,380,257	3,963,555	0	691,696,303
Increase	154,534,870	158,785,126	11,889,019	3,226,060	0	328,435,075
Use	-156,883,005	-181,615,083	-10,451,748	-3,963,555	0	-352,913,391
31 December 2015	180,141,569	467,032,829	16,817,528	3,226,060	0	667,217,986

						in EUR
	Gross unearned premium	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance—technical provisions	Total gross insurance technical provisions
LIFE INSURANCE						
1 January 2014	428,747	823,783,519	19,328,000	0	420,333,091	1,263,873,357
Increase	412,831	173,160,366	12,746,921	986,715	89,774,022	277,080,857
Use	-428,747	-92,085,685	-12,938,575	0	-33,577,332	-172,607,672
31 December 2014	412,831	904,858,200	19,136,346	986,715	442,952,449	1,368,346,541
Increase	417,422	107,134,384	12,547,332	1,899,366	56,147,839	178,146,343
Use	-412,831	-86,589,686	-12,468,786	-195,150	-60,180,131	-159,846,585
31 December 2015	417,422	925,402,898	19,214,892	2,690,931	438,920,157	1,386,646,300

Analysis of the decrease in gross mathematical provisions

					in EUR
	Triglav Group		Zavarovalnica Triglav		
	2015	2014	2015	2014	
Surrenders	19,318,721	22,812,855	18,572,649	21,994,768	
Endowments	60,871,515	60,278,834	58,177,388	57,506,216	
Deaths	2,601,021	2,363,768	2,464,865	2,249,099	
Other	7,398,749	10,408,726	7,374,785	10,335,602	
TOTAL	90,190,006	95,864,183	86,589,686	92,085,685	

Other releases primarily concern life pension annuity pay-outs. The disclosed amount also includes releases of additional provisions as a result of shadow accounting in the PDPZ guarantee fund and releases of additional mathematical provisions for credit risk.

In accordance with the requirement by the ISA other insurance technical provisions were formed instead of the latter ones.

Analysis of changes in loss events for non-life insurance for Triglav Group

	Year of occurrence											TOTAL
	Before 2006	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Cumulative loss assessment												
– at the end of year of occurrence		395,532,468	452,588,309	580,563,977	560,952,881	535,615,958	509,028,152	537,773,397	540,980,548	523,335,884	494,721,974	5,131,093,548
– 1 year after year of occurrence		388,699,228	441,568,602	558,871,106	502,868,739	492,902,084	461,311,067	539,573,012	447,917,990	481,304,284		4,315,016,112
– 2 years after year of occurrence		386,951,625	437,542,206	531,833,942	492,609,753	473,335,579	474,755,005	500,921,267	463,342,293			3,761,291,670
– 3 years after year of occurrence		391,396,176	429,583,969	530,609,243	484,758,847	479,637,277	455,085,444	496,641,454				3,267,712,409
– 4 years after year of occurrence		391,600,750	430,229,469	526,347,769	484,136,193	467,602,633	458,416,153					2,758,332,968
– 5 years after year of occurrence		391,808,717	426,895,003	527,163,911	479,931,802	467,642,819						2,293,442,252
– 6 years after year of occurrence		397,476,476	429,407,513	529,614,877	477,637,233							1,834,136,098
– 7 years after year of occurrence		391,351,183	434,504,519	524,701,655								1,350,557,356
– 8 years after year of occurrence		416,552,986	429,749,459									846,302,444
– 9+ years after year of occurrence	49,992,640	401,903,966										401,903,966
Cumulative loss assessment		401,903,966	429,749,459	524,701,655	477,637,233	467,642,819	458,416,153	496,641,454	463,342,293	481,304,284	494,721,974	25,959,788,824
Cumulative payments until balance sheet date	2,144,590	387,652,770	410,310,266	502,516,825	451,326,229	433,791,302	417,290,855	436,291,590	391,099,224	392,804,040	298,236,405	4,123,464,095
Claim provisions balance	44,916,126	13,377,944	18,248,042	20,825,438	24,698,778	31,777,241	38,605,315	56,651,882	67,816,322	83,077,327	184,445,771	584,440,184

Analysis of changes in loss events for non-life insurance for Zavarovalnica Triglav

	Year of occurrence											TOTAL
	Before 2006	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Cumulative loss assessment												
– at the end of year of occurrence		333,104,982	375,371,479	474,044,321	428,334,819	397,894,156	344,766,188	357,523,991	317,835,549	320,473,605	288,017,455	3,637,366,546
– 1 year after year of occurrence		318,047,133	350,847,419	439,920,329	379,229,569	349,567,530	303,201,976	304,864,538	266,546,400	276,286,823		2,988,511,717
– 2 years after year of occurrence		306,581,723	340,005,493	419,626,410	365,975,020	333,049,538	288,324,957	296,542,971	256,384,328			2,606,490,438
– 3 years after year of occurrence		297,050,736	329,957,813	411,548,525	356,293,810	326,228,216	282,155,740	289,326,478				2,292,561,317
– 4 years after year of occurrence		294,148,611	325,364,482	405,638,003	352,427,627	320,837,129	281,692,146					1,980,107,998
– 5 years after year of occurrence		289,227,699	321,506,313	404,027,863	347,853,432	317,082,345						1,679,697,651
– 6 years after year of occurrence		286,419,831	319,930,935	401,458,477	344,803,291							1,352,612,534
– 7 years after year of occurrence		285,779,707	317,114,795	397,942,137								1,000,836,639
– 8 years after year of occurrence		284,857,676	315,370,469									600,228,146
– 9 years after year of occurrence		281,734,123										281,734,123
– 10 years after year of occurrence	58,927,438											
Cumulative loss assessment		281,734,123	315,370,469	397,942,137	344,803,291	317,082,345	281,692,146	289,326,478	256,384,328	276,286,823	288,017,455	3,048,639,595
Cumulative payments until balance sheet date		271,496,695	302,881,104	383,821,628	327,513,234	295,686,588	255,206,843	244,588,654	218,584,746	219,753,267	152,212,816	2,671,745,576
Claim provisions balance	56,523,240	10,237,428	12,489,365	14,120,509	17,290,057	21,395,756	26,485,303	44,737,824	37,799,582	56,533,555	135,804,639	433,417,258



3.15 Employee benefits

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Provisions for unused leave	3,585,033	3,674,116	2,928,334	3,163,254
Provisions for retirement benefits	6,743,572	6,924,311	5,006,984	5,198,930
Provisions for jubilee payments	1,896,526	1,667,155	1,253,720	1,046,470
TOTAL	12,225,131	12,265,582	9,189,038	9,408,654

Changes in provisions for unused annual leave and jubilee payments are fully recognised as operating expenses in the income statement. The same applies to changes in provisions for

retirement benefits, excluding actuarial gains and losses. The latter are recognised in comprehensive income where the differed tax charge is accounted for.

Analysis of the movement of employee benefits for the Triglav Group

	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
As at 1 January 2014	3,930,095	5,933,601	1,537,686	11,401,382
Use of provisions in the year	-3,380,911	-173,731	-233,191	-3,787,833
Release of provisions in the year	-30,560	-84,412	-16,123	-131,095
Creation of provisions in the year	3,335,446	1,274,081	316,179	4,925,706
Changes in Group	-178,924	-19,681	63,175	-135,430
Exchange rate difference	-1,030	-5,547	-571	-7,148
As at 31 December 2014	3,674,116	6,924,311	1,667,155	12,265,582
Use of provisions in the year	-3,317,163	-523,195	-26,182	-3,866,539
Release of provisions in the year	-2,770	-70,369	-6,432	-79,571
Creation of provisions in the year	3,230,520	654,218	342,689	4,227,428
Acquisition	0	148,800	61,374	210,174
Non-current assets held for sale	0	-390,303	-142,750	-533,053
Exchange rate difference	330	110	671	1,111
As at 31 December 2015	3,585,033	6,743,572	1,896,526	12,225,131

Analysis of the movement of employee benefits for the Zavarovalnica Triglav

	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
As at 1 January 2014	3,186,452	4,292,504	980,139	8,459,095
Use of provisions in the year	-3,186,452	-126,822	-166,514	-3,479,788
Creation of provisions in the year	3,163,254	1,033,248	232,845	4,429,347
As at 31 December 2014	3,163,254	5,198,930	1,046,470	9,408,654
Use of provisions in the year	-3,163,254	-422,154	0	-3,585,408
Creation of provisions in the year	2,928,334	230,208	207,250	3,365,792
As at 31 December 2015	2,928,334	5,006,984	1,253,720	9,189,038



Development of provisions for retirement benefits and jubilee payments in Triglav Group

	in EUR		
	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
As at 1 January 2014	5,933,601	1,537,686	7,471,287
Current service cost	455,737	146,011	601,748
Interest cost	121,167	16,434	137,601
Actuarial gains/losses due to:	611,867	142,541	754,408
- changes in demographic assumptions	-6,797	0	-6,797
- changes in financial assumptions	881,291	92,008	973,299
- experience adjustments	-262,627	50,533	-212,094
Past service cost	19,208	22,178	41,386
Benefits paid during the year	-169,892	-230,116	-400,008
Gains/losses upon payment	-21,823	-30,183	-52,006
Liabilities assumed in business combinations	-185,241	63,175	-122,066
Exchange rate difference	-5,873	-571	-6,444
As at 31 December 2014	6,758,751	1,667,155	8,425,906
Current service cost	303,076	174,200	477,276
Interest cost	62,705	6,760	69,465
Actuarial gains/losses due to:	-143,246	8,350	-134,896
- changes in demographic assumptions	-8,776	-450	-9,226
- changes in financial assumptions	34,469	14,178	48,647
- experience adjustments	-168,939	-5,378	-174,317
Past service cost	96,641	254,668	351,309
Benefits paid during the year	-97,632	-69,398	-167,030
Gains/losses upon payment	-196,360	-64,505	-260,865
Liabilities assumed in business combinations	148,800	61,374	210,174
Non-current assets held for sale	-390,303	-142,750	-533,053
Exchange rate difference	108	671	779
As at 31 December 2015	6,542,540	1,896,526	8,439,066

Sensitivity analysis of parameter changes for Triglav Group

		in EUR	
Parameter	Parameter change	2015	2014
Interest rate	shift in the discount curve by +0.25%	-423,528	68,949
	shift in the discount curve by -0.25%	436,039	448,215
Wage growth	change in annual wage growth by +0.5%	614,874	628,790
	change in annual wage growth by -0.5%	-536,075	-67,895
Mortality rate	constant increase in mortality by +20%	-365,219	150,764
	constant increase in mortality by -20%	373,494	369,039
Early employment termination	shift in the expense curve by +20%	-468,803	108,213
	shift in the expense curve by -20%	487,074	417,938



Development of provisions for retirement benefits and jubilee payments in Zavarovalnica Triglav

	in EUR		
	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
As at 1 January 2014	4,292,503	980,139	5,272,642
Current service cost	354,906	116,171	471,077
Interest expenses	86,963	11,682	98,645
Actuarial gains/loss due to:			
– change in demographic assumptions	0	0	0
– change in financial assumptions	846,342	86,860	933,202
– experience adjustments	-239,833	50,402	-189,431
Past service cost	0	0	0
Profit/loss upon payment	-15,130	-32,269	-47,400
Termination payments during the year	-126,822	-166,514	-293,335
As at 31 December 2014	5,198,929	1,046,471	6,245,400
Current service cost	193,964	83,264	277,228
Interest expenses	38,350	3,726	42,076
Actuarial gains/loss due to:			
– change in demographic assumptions	0	0	0
– change in financial assumptions	-66,115	-3,481	-69,596
– experience adjustments	-173,462	-5,378	-178,839
Past service cost	0	255,304	255,304
Profit/loss upon payment	-167,716	-119,447	-287,163
Termination payments during the year	-16,967	-6,738	-23,704
As at 31 December 2015	5,006,984	1,253,720	6,260,704

Sensitivity analysis of parameter changes for Zavarovalnica Triglav

		in EUR	
Parameter	Parameter change	2015	2014
Interest rate	shift in the discount curve by +0.25%	-146,514	-156,929
	shift in the discount curve by -0.25%	139,321	155,067
Wage growth	change in annual wage growth by +0.5%	292,153	307,122
	change in annual wage growth by -0.5%	-257,593	-269,604
Mortality rate	constant increase in mortality by +20%	-85,757	-88,274
	constant increase in mortality by -20%	88,172	90,295
Early employment termination	shift in the expense curve by +20%	-92,513	-102,572
	shift in the expense curve by -20%	96,086	106,730

3.16 Other provisions

	in EUR	
	Triglav Group	Zavarovalnica Triglav
As at 1 January 2014	16,218,730	570,449
Increase	1,829,817	717,003
Decrease	-10,441,644	-888,372
Transfer to non-current assets held for sale	-3,585,718	0
Exchange rate difference	-74,311	0
As at 31 December 2014	3,946,874	399,080
Increase	1,046,793	0
Decrease	-446,698	-17,318
Acquisition	1,824,621	0
Changes in Group	38,310	0
Transfer to non-current assets held for sale	-2,553,110	0
Exchange rate difference	-1,947	0
As at 31 December 2015	3,854,843	381,762

The maturity of over 90% of other provisions is above 12 months. The increase in other provisions is shown as »Other income« in the income statement.

3.17 Deferred tax assets and liabilities

	in EUR	
	Triglav Group	Zavarovalnica Triglav
DEFERRED TAX ASSETS		
As at 1 January 2014	23,696,799	19,106,545
– increase	0	5,634,381
– decrease	-3,224,605	-9,727,330
As at 31 December 2014	20,472,194	15,013,596
– merger of Triglav Naložbe as at. 1 January 2015	0	2,633,747
– transfer to non-current assets held for sale – Avrigo	-370,947	0
– increase	3,361,732	2,724,086
– decrease	-7,469,291	-5,644,442
As at 31 December 2015	15,993,688	14,726,987
DEFERRED TAX LIABILITIES		
As at 1 January 2014	18,465,042	14,055,080
– increase	12,287,153	13,931,557
– decrease	0	0
As at 31 December 2014	30,752,195	27,986,637
– increase	0	0
– decrease	-7,563,399	-6,991,497
As at 31 December 2015	23,188,796	20,995,140
NET DEFERRED TAX ASSETS		
As at 31 December 2014	-10,280,001	-12,973,041
As at 31 December 2015	-7,195,108	-6,268,154

Deferred tax assets are recognised for temporary differences arising from the impairment of receivables, financial assets and investment property, formation of post-employment benefits, jubilee benefits, actuarial losses and unused tax losses. Deferred tax assets are not recognized from impairments of investments in subsidiaries and associates disclosed in the stand-alone financial statements.

Deferred tax liabilities are recognised due to the valuation of available-for-sale financial assets and credit risk equalisation reserves.

The change in deferred tax assets is recognised in the income statement, increasing and/or decreasing income tax expense, except for actuarial losses for which deferred tax is recognised in other comprehensive income. The change in deferred tax liabilities is recognised in other comprehensive income. The impact of changes on the income statement and the comprehensive income is shown in [\[→ Section 4.15\]](#).



3.18 Other financial liabilities

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Long-term liabilities for a finance lease	187,828	7,885,859	0	0
Loans from banks	1,242,264	4,374,919	0	0
Financial liabilities for acquired securities	1,134,885	1,132,284	1,134,885	1,132,284
Loans from other institutions	0	11,574	0	0
Loans secured by fixed-return securities	0	229,022	0	0
Liabilities for dividends	604,359	552,224	604,359	552,224
Liabilities from derivative financial instruments	0	5,812	0	0
Liabilities for profit-sharing bonuses for employees	9,404	9,404	9,404	9,404
Other financial liabilities	605,542	882,921	4,341	0
TOTAL	3,784,282	15,084,019	1,752,990	1,693,912

As at 31 December 2015 the Company has four outstanding credit lines with four different banks, totalling EUR 40 million, same as previous year. As at 31 December 2015 the Company has no outstanding liabilities due to these credit lines.

The Company has also bank account limits with two different banks in total amount of EUR 9 million, same as at 31 December 2014. As at 31 December 2015 the Company has no outstanding liabilities due to these bank limits.

3.19 Operating liabilities

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
DIRECT INSURANCE LIABILITIES	16,617,928	15,644,384	10,985,581	10,631,799
Liabilities to policyholders	9,841,586	9,250,820	7,726,187	7,665,832
Liabilities to insurance brokers	1,437,370	1,185,718	882,127	795,650
Other liabilities from direct insurance operations	5,319,292	5,179,385	1,719,481	1,353,513
Liabilities from direct insurance operations to Group companies	19,680	28,461	657,785	816,805
LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	28,053,630	36,341,671	10,264,596	10,406,511
Liabilities for re/co-insurance premiums	14,575,061	15,637,224	1,234,140	1,090,852
Liabilities for co-insurers' share of claims	6,927,490	11,070,787	743	29,565
Other re/co-insurance liabilities	6,551,079	9,633,661	9,029,713	9,286,094
CURRENT TAX LIABILITIES	3,717,167	6,547,168	2,636,536	4,795,056
TOTAL LIABILITIES FROM INSURANCE OPERATIONS	48,388,725	58,533,223	23,886,713	25,833,367

All operating liabilities are short-term and are to be settled within 12 months.

3.20 Other liabilities

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Short-term liabilities to employees	17,553,397	18,576,576	15,144,644	15,761,663
Trade payables	6,887,357	10,832,874	6,887,357	10,832,874
Other short-term liabilities from insurance operations	12,358,102	9,785,855	5,647,260	5,289,844
Other short-term liabilities	14,010,310	15,183,969	2,163,531	2,012,784
Other long-term liabilities	19,857	536,482	19,500	19,500
Accrued interest on issued bonds	978,902	1,393,767	978,902	1,393,767
Short-term deferred income from charged interest on arrears	1,418,808	1,338,021	1,418,808	1,338,021
Other accruals	13,115,242	7,994,174	6,168,097	308,595
TOTAL OTHER LIABILITIES	66,341,975	65,641,718	38,428,098	36,957,048

4. Notes to the income statement

4.1 Premium income

	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
NON-LIFE INSURANCE				
Gross written premium	596,278,020	592,239,198	410,144,721	417,337,076
Assumed co-insurance written premium	1,917,039	2,100,859	1,391,448	1,452,748
Ceded co-insurance written premium	-1,579,444	-1,491,200	-664,645	-625,944
Reinsurance written premium	-75,445,453	-71,812,417	-71,409,223	-66,318,785
Changes in gross provisions for unearned premiums	-6,242,048	5,253,915	1,933,335	4,977,649
Changes in reinsurers' share of unearned premiums	3,322,468	-358,608	1,311,164	-598,671
Net premium income on non-life insurance	518,250,582	525,931,747	342,706,800	356,224,073
LIFE INSURANCE				
Gross written premium	212,546,504	186,582,727	174,724,776	173,829,628
Reinsurance written premium	-20,737	-12,946	-386,750	-342,426
Changes in gross provisions for unearned premiums	-4,785	13,631	-4,590	15,915
Changes in reinsurers' share of unearned premiums	210	-711	0	0
Net premium income on life insurance	212,521,192	186,582,701	174,333,436	173,503,117
HEALTH INSURANCE				
Gross written premium	108,374,702	107,323,819	0	0
Changes in gross provisions for unearned premiums	20,748	26,214	0	0
Net premium income on health insurance	108,395,450	107,350,033	0	0
TOTAL NET PREMIUM INCOME	839,167,224	819,864,481	517,040,236	529,727,190

Overview of premium income by insurance class for Triglav Group¹⁰³

	in EUR				
2015	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE					
Accident insurance	45,082,297	237,212	-262,403	-714,684	44,342,422
Health insurance	108,932,567	0	0	-69,398	108,863,169
Land motor vehicle insurance	114,024,141	33,299	-8,522	-8,045,576	106,003,342
Railway insurance	3,116,940	0	0	-598,383	2,518,557
Aircraft insurance	2,399,653	0	-26,630	-906,417	1,466,606
Marine Insurance	3,820,450	231,810	-2,148	-308,451	3,741,661
Cargo insurance	7,471,080	5,254	-304,698	-1,389,709	5,781,927
Fire and natural forces insurance	87,276,768	1,040,938	-461,975	-29,831,223	58,024,508
Other damage to property insurance	103,710,335	45,401	-353,260	-17,022,501	86,379,975
Motor TPL insurance	149,635,535	150,533	-43,269	-5,065,565	144,677,234
Aircraft liability insurance	899,103	0	-2,441	-622,311	274,351
Marine liability insurance	636,831	103,215	0	-36,361	703,685
General liability insurance	36,467,851	69,377	-112,723	-5,119,974	31,304,531
Credit insurance	24,195,667	0	0	-2,416,886	21,778,781
Suretyship insurance	2,117,086	0	-1,104	-499,565	1,616,417
Miscellaneous financial loss insurance	4,506,530	0	-271	-2,559,910	1,946,349
Legal expenses insurance	813,764	0	0	-7,997	805,767
Travel assistance insurance	9,546,125	0	0	-230,542	9,315,583
Total non-life insurance	704,652,723	1,917,039	-1,579,444	-75,445,453	629,544,865
LIFE INSURANCE					
Life insurance	93,434,259	0	0	-20,343	93,413,916
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	76,181,824	0	0	0	76,181,824
Tontines	0	0	0	0	0
Capital redemption insurance	42,879,265	0	0	0	42,879,265
Loss of income due to illness	51,155	0	0	-394	50,761
Total life insurance	212,546,503	0	0	-20,737	212,525,766
TOTAL	917,199,226	1,917,039	-1,579,444	-75,466,190	842,070,631

103 Non-life insurance also includes health insurance.

	in EUR				
	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
2014					
NON-LIFE INSURANCE					
Accident insurance	45,353,126	277,573	-107,396	-429,513	45,093,790
Health insurance	107,826,988	19,611	0	-8,655	107,837,944
Land motor vehicle insurance	115,945,800	61,819	-14,944	-6,672,314	109,320,361
Railway insurance	2,543,145	0	0	-617,402	1,925,743
Aircraft insurance	995,358	0	-101,529	-1,069,763	-175,934
Marine Insurance	3,177,495	391,784	-10,709	-347,233	3,211,337
Cargo insurance	6,993,095	32,540	-383,319	-1,629,870	5,012,446
Fire and natural forces insurance	84,839,005	952,360	-477,238	-29,937,432	55,376,695
Other damage to property insurance	95,819,630	149,198	-245,950	-13,945,005	81,777,873
Motor TPL insurance	157,668,733	4,957	-16,632	-3,921,779	153,735,279
Aircraft liability insurance	997,595	0	-17,779	-748,831	230,985
Marine liability insurance	618,732	0	0	-26,588	592,144
General liability insurance	36,317,587	211,017	-114,193	-6,374,058	30,040,353
Credit insurance	23,253,411	0	0	-2,077,889	21,175,522
Suretyship insurance	2,062,827	0	0	-570,919	1,491,908
Miscellaneous financial loss insurance	5,182,487	0	-1,511	-3,072,342	2,108,634
Legal expenses insurance	847,990	0	0	-5,781	842,209
Travel assistance insurance	9,120,012	0	0	-357,043	8,762,969
Total non-life insurance	699,563,016	2,100,859	-1,491,200	-71,812,417	628,360,258
LIFE INSURANCE					
Life insurance	95,244,344	0	0	-12,752	95,231,592
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	77,007,498	0	0	0	77,007,498
Tontines	0	0	0	0	0
Capital redemption insurance	14,281,171	0	0	0	14,281,171
Loss of income due to illness	49,715	0	0	-194	49,521
Total life insurance	186,582,728	0	0	-12,946	186,569,782
TOTAL	886,145,744	2,100,859	-1,491,200	-71,825,363	814,930,040

Overview of premium income by insurance class for Zavarovalnica Triglav

	in EUR				
2015	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE					
Accident insurance	29,255,847	0	0	-1,169,508	28,086,339
Health insurance	0	0	0	0	0
Land motor vehicle insurance	94,134,045	30,425	0	-9,165,565	84,998,905
Railway insurance	2,972,106	0	0	-532,351	2,439,754
Aircraft insurance	896,584	0	0	-435,064	461,519
Marine Insurance	341,035	231,810	0	-75,534	497,310
Cargo insurance	5,153,901	0	-304,697	-1,392,259	3,456,945
Fire and natural forces insurance	53,800,144	1,060,535	-126,151	-22,324,989	32,409,539
Other damage to property insurance	68,504,409	0	-127,564	-17,148,502	51,228,343
Motor TPL insurance	88,848,154	-340	0	-6,327,373	82,520,440
Aircraft liability insurance	728,616	0	0	-552,808	175,808
Marine liability insurance	354,939	0	0	-41,584	313,355
General liability insurance	29,178,517	69,018	-106,233	-6,637,014	22,504,288
Credit insurance	24,009,921	0	0	-3,140,829	20,869,092
Suretyship insurance	1,605,357	0	0	-519,733	1,085,623
Miscellaneous financial loss insurance	1,900,466	0	0	-1,473,719	426,747
Legal expenses insurance	786,043	0	0	-44,340	741,703
Travel assistance insurance	7,674,638	0	0	-428,051	7,246,588
Total non-life insurance	410,144,721	1,391,448	-664,645	-71,409,223	339,462,301
LIFE INSURANCE					
Life insurance	86,778,846	0	0	-386,750	86,392,096
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	73,332,570	0	0	0	73,332,570
Tontines	0	0	0	0	0
Capital redemption insurance	14,613,360	0	0	0	14,613,360
Loss of income due to illness	0	0	0	0	0
Total life insurance	174,724,777	0	0	-386,750	174,338,026
TOTAL	584,869,497	1,391,448	-664,645	-71,795,973	513,800,327



	in EUR				
	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
2014					
NON-LIFE INSURANCE					
Accident insurance	30,519,274	1,065	0	-1,013,487	29,506,852
Health insurance	0	0	0	0	0
Land motor vehicle insurance	96,884,071	22,110	0	-8,389,671	88,516,510
Railway insurance	2,354,281	0	0	-512,104	1,842,177
Aircraft insurance	579,659	0	0	-805,850	-226,191
Marine Insurance	293,062	391,784	0	-23,579	661,267
Cargo insurance	4,997,542	22,252	-383,319	-1,386,056	3,250,419
Fire and natural forces insurance	53,591,152	941,739	-126,150	-21,898,067	32,508,674
Other damage to property insurance	68,414,874	0	-14,408	-14,247,834	54,152,632
Motor TPL insurance	94,239,979	4,957	0	-5,712,410	88,532,526
Aircraft liability insurance	833,043	0	0	-934,851	-101,808
Marine liability insurance	341,687	0	0	-27,615	314,072
General liability insurance	28,919,122	68,841	-102,067	-6,074,637	22,811,259
Credit insurance	23,152,992	0	0	-2,742,805	20,410,187
Suretyship insurance	1,343,269	0	0	-586,494	756,775
Miscellaneous financial loss insurance	2,735,997	0	0	-1,574,210	1,161,787
Legal expenses insurance	831,956	0	0	-41,752	790,204
Travel assistance insurance	7,305,116	0	0	-347,363	6,957,753
Total non-life insurance	417,337,076	1,452,748	-625,944	-66,318,785	351,845,095
LIFE INSURANCE					
Life insurance	85,640,550	0	0	-342,426	85,298,124
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	73,907,907	0	0	0	73,907,907
Tontines	0	0	0	0	0
Capital redemption insurance	14,281,171	0	0	0	14,281,171
Loss of income due to illness	0	0	0	0	0
Total life insurance	173,829,628	0	0	-342,426	173,487,202
TOTAL	591,166,704	1,452,748	-625,944	-66,661,211	525,332,297



4.2 Income from financial assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
INTEREST INCOME FROM FINANCIAL ASSETS				
– available for sale	33,195,995	40,363,694	25,731,665	30,778,007
– loans and deposits	6,575,939	7,239,216	3,559,207	6,305,651
– held to maturity	12,208,566	12,347,556	8,742,333	10,735,161
– at fair value through profit and loss	11,980,848	6,335,220	6,068,429	6,211,639
– derivative financial instruments	37	0	0	0
– cash or cash equivalents	64,809	107,432	5,280	1,704
– interest on late payments of insurance receivables	1,256,669	1,116,119	1,133,638	896,961
– interest income from subrogated receivables	5,288,166	5,641,406	5,155,294	5,538,795
– other interest income from insurance operations	671,519	93,802	506,880	96,297
Total interest income	71,242,548	73,244,445	50,902,726	60,564,215
DIVIDENDS FROM				
– available-for-sale financial assets	2,683,559	4,014,365	2,018,680	3,116,665
– financial assets at fair value through profit and loss	534,961	828,910	465,373	427,860
– subsidiaries and associates	0	0	29,318,186	239,834
TOTAL DIVIDENDS	3,218,520	4,843,275	31,802,239	3,784,360
Fair value gains	132,167,603	90,291,113	118,126,053	89,734,083
Realised gains on disposals	81,907,308	60,089,485	68,918,402	54,194,732
Profit on investments accounted for using the equity method	1,024,797	147,755	0	0
Other financial income	11,347,798	7,762,172	5,133,749	3,736,357
TOTAL INVESTMENT INCOME	300,908,574	236,378,245	274,883,169	212,013,745

Fair value gains are described in detail in [→ Section 4.4], and realised gains on disposals in [→ Section 4.5].

4.3 Expenses from financial assets and liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Interest expense from derivative financial instruments held for trading	0	0	0	0
Interest expense from current debt	365,016	870,792	119,050	495,290
– on bank loans	20,718	354,492	0	0
– other loans	180,979	10,139	0	0
– other interest expense	163,319	506,161	119,050	495,290
Interest expense from noncurrent debt	169,357	19,321	0	0
– bank loans	94,714	4,191	0	0
– other loans	3,807	11,018	0	0
– other interest expense	70,836	4,112	0	0
Interest expense from bonds issued	1,643,073	2,058,687	1,781,192	1,785,000
Total interest expense	2,177,446	2,948,800	1,900,242	2,280,291
Fair value losses	132,970,263	32,416,003	117,501,323	30,242,378
Realised loss on disposals	22,669,050	9,930,193	21,384,755	8,433,700
Loss on equity investments in associates accounted for using the equity method	295,258	70,574	0	0
Loss on impairment of financial assets	3,827,449	6,341,300	46,582,800	20,563,363
Other finance costs	18,427,790	8,571,882	12,697,995	6,125,919
Loss arising from the merger	0	0	0	1,503,668
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	180,367,256	60,278,752	200,067,115	69,149,319

Fair value losses are described in detail in [→ Section 4.4], and realised loss on disposals of financial assets in [→ Section 4.5].

4.4 Fair value gains and losses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Financial assets recognised at fair value through profit/loss	-4,113,137	57,817,228	-1,668,089	59,169,232
– gains	127,004,034	89,396,839	113,980,141	88,839,810
– losses	-131,117,171	-31,579,611	-115,648,230	-29,670,578
Derivative financial instruments	3,310,477	57,882	2,292,819	322,474
– gains	5,163,569	894,274	4,145,911	894,274
– losses	-1,853,092	-836,392	-1,853,092	-571,800
NET GAINS FROM CHANGES IN FAIR VALUE	-802,660	57,875,110	624,730	59,491,706

Net income from changes in fair value of financial assets includes net unrealised gains on unit-linked life insurance assets. Net expenses from changes in fair value of financial assets include net unrealised losses on unit-linked life insurance assets.

4.5 Realised gains and losses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Financial assets recognised at fair value through profit/loss	17,182,570	1,144,411	16,556,564	1,163,131
– realised gains on disposals	24,318,431	6,624,980	23,493,112	6,525,878
– realised losses on disposals	-7,135,861	-5,480,569	-6,936,548	-5,362,747
Available-for-sale financial assets	41,641,824	49,508,782	31,195,761	45,077,130
– realised gains on disposals	56,801,597	53,045,732	45,337,595	47,250,080
– realised losses on disposals	-15,159,773	-3,536,950	-14,141,834	-2,172,950
Loans and deposits	481,276	37,556	-218,309	52,227
– realised gains on disposals	785,715	222,479	86,130	222,479
– realised losses on disposals	-304,439	-184,923	-304,439	-170,252
Derivative financial instruments	-400	-70,271	-400	-70,271
– realised gains on disposals	1,533	196,294	1,533	196,294
– realised losses on disposals	-1,933	-266,565	-1,933	-266,565
Held-to-maturity financial assets	-67,012	-461,186	32	-461,186
– realised gains on disposals	32	0	32	0
– realised losses on disposals	-67,044	-461,186	0	-461,186
TOTAL REALISED GAINS AND LOSSES	59,238,258	50,159,292	47,533,648	45,761,031

4.6 Other insurance income

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Fees and commission income	2,494,636	4,110,851	12,996,626	12,557,361
– reinsurance commission income	2,184,907	4,023,128	12,686,896	12,475,847
– investment management services	309,729	81,514	309,730	81,514
– policyholder administration	0	0	0	0
– surrender charges and other contract fees	0	0	0	0
– other fees and commission income	0	6,210	0	0
Other income from insurance operations	4,936,322	4,633,665	4,687,205	4,321,135
– income from sale of green cards for motor vehicles	2,036,026	2,006,109	1,016,317	1,070,473
– income from claims settled for other insurance companies	752,060	687,144	463,691	447,771
– income from assistance services	39,430	35,927	33,292	25,105
– other income from insurance operations	2,108,806	1,904,485	3,173,905	2,777,785
OTHER INSURANCE INCOME	7,430,958	8,744,516	17,683,831	16,878,496

Other insurance income refers mostly to the reimbursement of costs arising from subrogations and the settlement of claims.

4.7 Other income

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Income from investment property	5,966,424	6,516,584	3,763,183	2,338,998
Income from disposal of investment property	171,336	2,070,271	170,319	2,036,854
Income from disposal of property, plant and equipment	270,127	264,907	121,811	264,907
Income from other services	2,889,069	2,515,546	5,148,603	5,909,446
Income from non-insurance companies in the Group	67,644,580	71,903,464	0	0
Fair value gains	129,577	670,277	120,000	0
Claims refund	189,143	256,324	55,036	88,964
TOTAL OTHER INCOME	77,260,256	84,197,373	9,258,952	10,639,169



4.8 Claims

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
NON-LIFE INSURANCE				
Gross claims settled	347,013,253	378,912,006	244,433,885	268,771,536
Income from gross subrogated receivables	-17,001,266	-19,759,678	-13,961,178	-16,154,360
Reinsurers' share of gross claims settled	-24,035,839	-21,030,263	-24,900,097	-21,259,122
Co-insurers' share of gross claims settled	516,517	701,734	594,950	743,826
Change in gross claims provisions	-18,508,858	-2,151,501	-22,829,957	-900,206
Change in gross claims provisions for re/co-insurer's share	8,931,308	-6,321,996	6,627,241	-7,216,564
Net claims incurred on non-life insurance	296,915,115	330,350,302	189,964,845	223,985,110
LIFE INSURANCE				
Gross claims settled	178,448,266	176,410,422	160,094,850	168,504,399
Reinsurers' share in gross claims	-16,075	-1,777	-613,810	-195,482
Change in gross claims provisions	21,875	-83,441	78,546	-191,654
Change in reinsurers' share in gross claims provisions	73,878	-64,106	73,878	-64,107
Net claims incurred on life insurance	178,527,944	176,261,098	159,633,465	168,053,156
HEALTH INSURANCE				
Gross claims settled	86,422,887	80,210,891	0	0
Subrogation income	-42,624	-51,112	0	0
Change in gross claims provisions	1,050,802	177,569	0	0
Equalisation scheme expenses	7,469,170	7,777,860	0	0
NET CLAIMS INCURRED ON HEALTH INSURANCE	94,900,235	88,115,208	0	0
TOTAL NET CLAIMS INCURRED	570,343,294	594,726,608	349,598,310	392,038,266

Overview of net claims incurred by insurance class

	in EUR			
Triglav Group 2015	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE				
Accident insurance	25,129,092	-8,975	-229,186	24,890,931
Health insurance	86,820,082	-43,824	-59,351	86,716,907
Land motor vehicle insurance	86,611,322	-2,584,970	-2,383,496	81,642,856
Railway insurance	2,536,352	-118,249	0	2,418,103
Aircraft insurance	68,121	0	-84	68,037
Marine Insurance	2,942,050	-1,874	-17,734	2,922,442
Cargo insurance	2,252,616	-241,737	-98,308	1,912,571
Fire and natural forces insurance	38,066,991	-140,157	-9,042,932	28,883,902
Other damage to property insurance	58,695,177	-176,146	-4,812,763	53,706,268
Motor TPL insurance	85,986,395	-3,637,571	-4,177,087	78,171,737
Aircraft liability insurance	884,310	0	-313,523	570,787
Marine liability insurance	123,420	0	-409	123,011
General liability insurance	17,020,649	-257,227	-399,698	16,363,724
Credit insurance	13,258,389	-9,626,106	-504,952	3,127,331
Suretyship insurance	1,215,544	-173,650	-76,284	965,610
Miscellaneous financial loss insurance	3,097,841	-3,807	-1,820,386	1,273,648
Legal expenses insurance	64,118	0	-224	63,894
Travel assistance insurance	8,663,672	-29,597	-99,422	8,534,653
Total non-life insurance	433,436,141	-17,043,890	-24,035,839	392,356,412
LIFE INSURANCE				
Life insurance	95,180,478	0	-16,075	95,164,403
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	63,630,224	0	0	63,630,224
Tontines	0	0	0	0
Capital redemption insurance	19,603,354	0	0	19,603,354
Loss of income due to illness	34,209	0	0	34,209
Total life insurance	178,448,265	0	-16,075	178,432,190
TOTAL	611,884,406	-17,043,890	-24,051,914	570,788,602

	in EUR			
Triglav Group 2014		Income from subrogated receivables		
	Gross claims		Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE				
Accident insurance	24,302,295	-2,628	-85,847	24,213,820
Health insurance	80,805,213	-51,378	-4,275	80,749,560
Land motor vehicle insurance	89,577,022	-2,515,998	-1,849,470	85,211,554
Railway insurance	2,724,569	-53,187	0	2,671,382
Aircraft insurance	231,244	0	-163,429	67,815
Marine Insurance	3,021,136	-135,025	-588,086	2,298,025
Cargo insurance	2,181,383	-72,474	-25,439	2,083,470
Fire and natural forces insurance	49,729,358	-93,005	-9,043,336	40,593,017
Other damage to property insurance	70,647,222	-312,215	-4,412,760	65,922,247
Motor TPL insurance	91,226,067	-4,358,617	-1,418,133	85,449,317
Aircraft liability insurance	677,010	0	-659,224	17,786
Marine liability insurance	306,668	0	-1,019	305,649
General liability insurance	16,849,408	-430,399	-1,201,432	15,217,577
Credit insurance	15,332,958	-11,229,150	-561,877	3,541,931
Suretyship insurance	1,532,613	-521,255	-33,195	978,163
Miscellaneous financial loss insurance	1,693,222	0	-917,312	775,910
Legal expenses insurance	58,872	0	-43	58,829
Travel assistance insurance	8,226,640	-35,459	-65,386	8,125,795
Total non-life insurance	459,122,900	-19,810,790	-21,030,263	418,281,847
LIFE INSURANCE				
Life insurance	96,387,829	0	0	96,387,829
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	69,749,831	0	0	69,749,831
Tontines	0	0	0	0
Capital redemption insurance	10,243,569	0	0	10,243,569
Loss of income due to illness	29,190	0	-1,777	27,413
Total life insurance	176,410,419	0	-1,777	176,408,642
TOTAL	635,533,319	-19,810,790	-21,032,040	594,690,489



	in EUR			
Zavarovalnica Triglav 2015	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE				
Accident insurance	13,229,246	-7,787	-351,170	12,870,289
Health insurance	0	0	0	0
Land motor vehicle insurance	72,230,499	-1,577,455	-3,684,763	66,968,281
Railway insurance	2,536,352	-118,249	0	2,418,103
Aircraft insurance	33,224	0	-487	32,736
Marine Insurance	236,320	-1,874	-8,585	225,861
Cargo insurance	1,121,132	-238,147	-261,197	621,788
Fire and natural forces insurance	21,431,524	-103,745	-6,303,744	15,024,035
Other damage to property insurance	36,975,917	-132,365	-4,860,427	31,983,124
Motor TPL insurance	57,926,297	-2,238,411	-5,189,019	50,498,867
Aircraft liability insurance	872,692	0	-806,318	66,374
Marine liability insurance	62,619	0	-1,500	61,119
General liability insurance	14,219,456	-235,382	-973,229	13,010,845
Credit insurance	12,774,316	-9,107,557	-476,751	3,190,007
Suretyship insurance	401,627	-170,108	-66,994	164,525
Miscellaneous financial loss insurance	2,121,190	-1,621	-1,548,719	570,851
Legal expenses insurance	59,292	0	-453	58,839
Travel assistance insurance	8,202,183	-28,477	-366,738	7,806,968
Total non-life insurance	244,433,885	-13,961,178	-24,900,097	205,572,610
LIFE INSURANCE				
Life insurance	88,473,478	0	-613,810	87,859,669
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	62,570,579	0	0	62,570,579
Tontines	0	0	0	0
Capital redemption insurance	9,050,793	0	0	9,050,793
Loss of income due to illness	0	0	0	0
Total life insurance	160,094,850	0	-613,810	159,481,040
TOTAL	404,528,735	-13,961,178	-25,513,906	365,053,650

	in EUR			
Zavarovalnica Triglav 2014	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE				
Accident insurance	14,041,629	-1,511	-381,572	13,658,546
Health insurance	0	0	0	0
Land motor vehicle insurance	73,928,723	-1,558,423	-3,579,235	68,791,065
Railway insurance	2,724,529	-53,187	0	2,671,342
Aircraft insurance	38,976	0	-593	38,383
Marine Insurance	328,168	0	-12,979	315,189
Cargo insurance	1,409,751	-67,807	-269,364	1,072,580
Fire and natural forces insurance	28,799,498	-89,520	-5,436,107	23,273,871
Other damage to property insurance	49,331,691	-265,326	-5,306,997	43,759,368
Motor TPL insurance	58,467,965	-2,483,867	-3,160,339	52,823,759
Aircraft liability insurance	656,375	0	-596,875	59,500
Marine liability insurance	278,423	0	-12,238	266,185
General liability insurance	14,529,155	-412,323	-885,374	13,231,458
Credit insurance	14,632,295	-10,722,680	-712,288	3,197,327
Suretyship insurance	539,264	-464,887	-5,858	68,519
Miscellaneous financial loss insurance	1,127,279	0	-549,338	577,941
Legal expenses insurance	58,734	0	-400	58,334
Travel assistance insurance	7,879,084	-34,829	-349,565	7,494,690
Total non-life insurance	268,771,539	-16,154,360	-21,259,122	231,358,057
LIFE INSURANCE				
Life insurance	89,900,409	0	-195,482	89,704,927
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	68,360,419	0	0	68,360,419
Tontines	0	0	0	0
Capital redemption insurance	10,243,569	0	0	10,243,569
Loss of income due to illness	0	0	0	0
Total life insurance	168,504,397	0	-195,482	168,308,915
TOTAL	437,275,936	-16,154,360	-21,454,604	399,666,972

4.9 Reinsurance result

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Reinsurance premiums	-75,466,190	-71,825,363	-72,460,618	-67,287,155
Changes in reinsurers' share of unearned premiums	3,322,678	-359,319	1,311,164	-598,671
Reinsurers' share of claims	24,051,914	21,032,040	25,513,906	21,454,604
Changes in claims provisions for reinsurers' shares	-9,005,186	6,386,102	-6,701,119	7,280,671
Net result from reinsurance operations	-57,096,784	-44,766,540	-52,336,667	-39,150,551
Reinsurance commission	2,109,692	3,884,829	12,686,896	12,475,846
GROSS REINSURANCE RESULT	-54,987,092	-40,881,711	-39,649,771	-26,674,705

4.10 Change in other insurance-technical provisions

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Change in other insurance technical provisions	60,340,392	59,648,824	39,257,225	58,391,620
– changes in gross provisions for cancellations	-54,837	-54,209	-160,008	30,312
– changes in gross provisions for unexpired risks	-241,593	-238,824	-577,487	2,195,906
– changes in gross provisions for life insurance	55,467,144	54,831,429	34,825,042	49,229,016
– changes in gross provisions for bonuses from with-profits life insurance	5,169,678	5,110,428	5,169,678	6,936,386
Change in gross provisions for unit-linked insurance contracts	-1,882,145	23,841,561	-4,032,292	22,619,358
TOTAL CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	58,458,247	83,490,385	35,224,933	81,010,978

4.11 Expenses for bonuses and discounts

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Settled bonuses and discounts	8,755,172	8,911,042	6,827,769	8,292,320
Changes in gross provisions for bonuses and discounts	1,447,787	1,308,279	1,437,271	339,769
TOTAL EXPENSES FOR BONUSES AND DISCOUNTS	10,202,959	10,219,321	8,265,040	8,632,089

4.12 Acquisition costs and other operating expenses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Acquisition costs	136,158,419	135,886,064	99,608,988	99,854,627
Other operating costs	65,637,714	63,537,439	38,252,981	38,584,792
Claim handling costs*	26,229,076	27,483,591	20,067,306	20,699,345
Costs of asset management**	3,562,397	4,104,873	3,036,890	3,554,154
Operating expenses from non-insurance operations***	66,026,770	64,921,730	0	0
TOTAL	297,614,376	295,933,697	160,966,165	162,692,918

* Claim handling costs are disclosed as a part of gross claims incurred.

** Costs of asset management are disclosed as financial expenses.

*** Operating expenses from non-insurance operations are disclosed as other expenses.



4.12.1 Gross operating expenses by nature and business segment

	in EUR					
Triglav Group 2015	Non-life insurance	Life insurance	Health insurance	Total costs of insurance operations	Costs of non-insurance operations	TOTAL
Acquisition costs	27,029,765	4,506,860	1,843,062	33,379,687	0	33,379,687
Cost of goods sold	0	0	0	0	17,384,659	17,384,659
Depreciation of operating assets	9,292,813	1,836,829	300,388	11,430,030	4,448,897	15,878,927
Labour costs	97,985,970	17,957,490	3,435,037	119,378,497	22,937,892	142,316,389
Wages and salaries	68,806,421	12,898,853	2,528,172	84,233,446	16,414,483	100,647,929
Social security and pension insurance costs	16,095,086	2,550,655	443,624	19,089,365	3,618,757	22,708,122
Other labour costs	13,084,463	2,507,982	463,241	16,055,686	2,904,652	18,960,338
Costs of services provided by natural persons other than SPs, including related taxes	1,842,119	404,994	152,697	2,399,810	0	2,399,810
Other operating costs	50,068,612	10,639,973	4,290,997	64,999,582	21,255,322	86,254,904
Costs of entertainment, advertising, trade shows	13,057,284	2,131,073	462,987	15,651,344	1,129,620	16,780,964
Costs of material and energy	5,329,253	1,044,569	231,649	6,605,471	6,190,218	12,795,689
Maintenance costs	7,146,959	2,047,163	1,406,782	10,600,904	1,266,851	11,867,755
Reimbursement of labour-related costs	3,956,224	500,922	122,301	4,579,447	997,948	5,577,395
Costs of intellectual and personal services	3,276,415	847,939	561,973	4,686,327	859,132	5,545,459
Membership fees and charges	2,041,832	432,178	90,562	2,564,572	864,371	3,428,943
Costs of services - transport and communications	3,398,432	879,909	545,531	4,823,872	1,719,946	6,543,818
Costs for insurance premiums	1,499,615	228,301	19,287	1,747,203	69,767	1,816,970
Payment transaction costs and banking services	1,350,295	809,972	278,034	2,438,301	774,569	3,212,870
Rents	4,092,827	689,963	11,777	4,794,567	1,680,265	6,474,832
Costs of professional training services	435,002	106,268	47,877	589,147	178,033	767,180
Other costs of services	4,484,474	921,716	512,237	5,918,427	5,524,602	11,443,029
TOTAL OPERATING EXPENSES	186,219,279	35,346,146	10,022,181	231,587,606	66,026,770	297,614,376

	in EUR					
Triglav Group 2014	Non-life insurance	Life insurance	Health insurance	Total costs of insurance operations	Costs of non-insurance operations	TOTAL
Acquisition costs	26,641,661	7,949,553	1,923,653	36,514,867	0	36,514,867
Cost of goods sold	0	0	0	0	17,373,878	17,373,878
Depreciation of operating assets	10,092,266	2,454,111	389,301	12,935,678	5,167,064	18,102,742
Labour costs	99,777,085	17,228,698	3,402,468	120,408,251	20,952,188	141,360,439
Wages and salaries	70,556,267	12,441,595	2,473,834	85,471,696	15,022,054	100,493,750
Social security and pension insurance costs	16,489,767	2,295,993	435,067	19,220,827	3,430,199	22,651,026
Other labour costs	12,731,051	2,491,110	493,567	15,715,728	2,499,935	18,215,663
Costs of services provided by natural persons other than SPs, including related taxes	2,038,936	329,718	171,985	2,540,639	0	2,540,639
Other operating costs	48,771,202	6,591,414	3,249,915	58,612,532	21,428,600	80,041,130
Costs of entertainment, advertising, trade shows	11,566,564	318,683	171,769	12,057,016	929,142	12,986,158
Costs of material and energy	5,856,056	572,829	211,726	6,640,611	6,338,400	12,979,011
Maintenance costs	6,502,163	1,154,564	1,173,346	8,830,073	1,558,123	10,388,196
Reimbursement of labour-related costs	3,782,000	505,386	99,711	4,387,097	887,106	5,274,203
Costs of intellectual and personal services	2,679,990	429,642	94,262	3,203,894	775,251	3,979,145
Membership fees and charges	1,796,355	467,456	93,262	2,357,073	2,082,383	4,439,456
Costs of services - transport and communications	3,256,786	974,420	550,759	4,781,965	1,739,525	6,521,490
Costs for insurance premiums	1,440,650	308,183	805	1,749,638	47,879	1,797,517
Payment transaction costs and banking services	1,601,680	747,245	268,901	2,617,826	501,618	3,119,444
Rents	4,485,422	515,678	25,582	5,026,682	1,190,674	6,217,356
Costs of professional training services	560,444	135,752	49,077	745,273	178,359	923,632
Other costs of services	5,243,091	461,576	510,715	6,215,382	5,200,140	11,415,522
TOTAL OPERATING EXPENSES	187,321,150	34,553,495	9,137,322	231,011,967	64,921,730	295,933,697



	2015			2014		
	Non-life insurance	Life insurance	TOTAL	Non-life insurance	Life insurance	TOTAL
Zavarovalnica Triglav						
Acquisition costs	15,293,129	7,256,804	22,549,933	14,439,588	7,341,736	21,781,324
Depreciation of operating assets	6,575,644	1,571,463	8,147,107	7,573,149	2,275,405	9,848,554
Labour costs	73,655,835	15,015,758	88,671,593	75,814,670	15,887,641	91,702,311
Wages and salaries	53,868,860	10,975,210	64,844,070	55,726,129	11,604,668	67,330,797
Social security and pension insurance costs	8,920,772	1,825,503	10,746,275	9,087,027	1,908,911	10,995,938
Other labour costs	10,866,203	2,215,045	13,081,249	11,001,514	2,374,062	13,375,576
Costs of services provided by natural persons other than SPs, including related taxes	1,226,241	370,897	1,597,139	1,452,120	304,690	1,756,810
Other operating costs	31,301,298	8,699,095	40,000,394	29,201,511	8,402,408	37,603,919
Costs of entertainment, advertising, trade shows	7,854,465	1,948,321	9,802,785	6,726,421	1,561,191	8,287,612
Costs of material and energy	3,038,178	848,398	3,886,577	3,382,717	937,768	4,320,485
Maintenance costs	6,316,947	1,951,678	8,268,625	5,561,150	1,895,336	7,456,486
Reimbursement of labour-related costs	2,783,618	412,503	3,196,121	2,947,770	432,835	3,380,605
Costs of intellectual and personal services	1,808,447	671,992	2,480,439	1,364,411	563,140	1,927,551
Membership fees and charges	1,344,821	414,942	1,759,763	1,257,640	397,619	1,655,259
Costs of services - transport and communications	2,208,211	791,852	3,000,063	1,981,905	857,202	2,839,107
Costs for insurance premiums	1,033,418	201,426	1,234,844	995,040	282,310	1,277,350
Payment transaction costs and banking services	1,120,604	614,363	1,734,967	1,126,995	669,466	1,796,461
Rents	1,985,301	393,006	2,378,308	1,998,135	356,949	2,355,084
Costs of professional training services	294,868	82,671	377,539	354,115	110,380	464,495
Other costs of services	1,512,420	367,943	1,880,362	1,505,212	338,212	1,843,424
TOTAL OPERATING EXPENSES	128,052,148	32,914,018	160,966,165	128,481,038	34,211,880	162,692,918

In addition to the above—stated amount of EUR 64,844,070 (vs. EUR 67,330,797 in 2014), total wages and salaries include employee bonuses based on performance results in 2015 in the total amount of EUR 6,204,134 (vs. EUR 7,062,877 in 2014). Total costs for wages and salaries in 2015 thus amount to EUR 71,048,204 (vs. EUR 74,393,674 in 2014).

Total costs of Zavarovalnica Triglav for the above—mentioned item, including taxes and other contributions chargeable to the employer, amount to EUR 7,203,000 and are disclosed as other expenses.



4.12.2 Gross operating expenses by nature and function

						in EUR
Triglav Group 2015	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	Costs of non-insurance operations	TOTAL
Acquisition costs	33,379,687	0	0	0	0	33,379,687
Cost of goods sold	0	0	0	0	17,384,659	17,384,659
Depreciation of operating assets	5,405,981	1,643,602	167,174	4,213,273	4,448,897	15,878,927
Labour costs	62,481,378	17,935,954	1,957,911	37,003,254	22,937,892	142,316,389
Wages and salaries	44,882,462	12,471,411	1,465,868	25,413,705	16,414,483	100,647,929
Social security and pension insurance costs	9,931,239	2,814,559	270,380	6,073,187	3,618,757	22,708,122
Other labour costs	7,667,677	2,649,984	221,663	5,516,362	2,904,652	18,960,338
Costs of services provided by natural persons other than SPs, including related taxes	873,769	807,691	120,384	597,966	0	2,399,810
Other operating costs	34,017,604	5,841,829	1,316,928	23,823,221	21,255,322	86,254,904
Costs of entertainment, advertising, trade shows	14,412,924	63,465	12,366	1,162,589	1,129,620	16,780,964
Costs of material and energy	3,297,571	1,050,419	76,452	2,181,029	6,190,218	12,795,689
Maintenance costs	3,521,528	1,358,612	178,363	5,542,401	1,266,851	11,867,755
Reimbursement of labour-related costs	3,449,234	234,162	26,893	869,158	997,948	5,577,395
Costs of intellectual and personal services	937,554	333,163	488,249	2,927,361	859,132	5,545,459
Membership fees and charges	945,739	209,151	52,899	1,356,783	864,371	3,428,943
Costs of services - transport and communications	2,355,853	655,767	46,050	1,766,202	1,719,946	6,543,818
Costs for insurance premiums	912,253	253,571	22,935	558,444	69,767	1,816,970
Payment transaction costs and banking services	717,706	14,482	106,692	1,599,421	774,569	3,212,870
Rents	1,839,763	666,988	86,155	2,201,661	1,680,265	6,474,832
Costs of professional training services	184,796	74,886	10,670	318,795	178,033	767,180
Other costs of services	1,442,683	927,163	209,204	3,339,377	5,524,602	11,443,029
TOTAL OPERATING EXPENSES	136,158,419	26,229,076	3,562,397	65,637,714	66,026,770	297,614,376

	in EUR					
Triglav Group 2014	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	Costs of non-insurance operations	TOTAL
Acquisition costs	36,514,867	0	0	0	0	36,514,867
Cost of goods sold	0	0	0	0	17,373,878	17,373,878
Depreciation of operating assets	6,240,540	1,916,383	303,104	4,475,651	5,167,064	18,102,742
Labour costs	61,892,300	18,321,509	2,434,990	37,759,454	20,952,188	141,360,439
Wages and salaries	44,962,501	12,995,443	1,872,657	25,641,097	15,022,054	100,493,750
Social security and pension insurance costs	9,818,838	2,972,579	333,914	6,095,496	3,430,199	22,651,026
Other labour costs	7,110,961	2,353,487	228,419	6,022,861	2,499,935	18,215,663
Costs of services provided by natural persons other than SPs, including related taxes	937,117	880,156	14,486	708,880	0	2,540,639
Other operating costs	30,301,240	6,365,543	1,352,293	20,593,454	21,428,600	80,041,130
Costs of entertainment, advertising, trade shows	11,098,310	56,086	19,977	882,643	929,142	12,986,158
Costs of material and energy	2,994,494	1,151,322	109,751	2,385,044	6,338,400	12,979,011
Maintenance costs	3,197,459	1,401,383	238,255	3,992,976	1,558,123	10,388,196
Reimbursement of labour-related costs	3,413,254	180,566	63,926	729,351	887,106	5,274,203
Costs of intellectual and personal services	1,060,041	483,659	368,160	1,292,034	775,251	3,979,145
Membership fees and charges	879,492	162,561	74,544	1,240,476	2,082,383	4,439,456
Costs of services - transport and communications	2,291,987	574,982	45,406	1,869,590	1,739,525	6,521,490
Costs for insurance premiums	778,310	217,893	63,176	690,259	47,879	1,797,517
Payment transaction costs and banking services	643,002	29,306	124,374	1,821,144	501,618	3,119,444
Rents	2,062,381	933,379	82,250	1,948,672	1,190,674	6,217,356
Costs of professional training services	198,419	70,164	20,829	455,861	178,359	923,632
Other costs of services	1,684,091	1,104,242	141,645	3,285,404	5,200,140	11,415,522
TOTAL OPERATING EXPENSES	135,886,064	27,483,591	4,104,873	63,537,439	64,921,730	295,933,697



	in EUR				
Zavarovalnica Triglav 2015	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	TOTAL
Acquisition costs	22,549,933	0	0	0	22,549,933
Depreciation of operating assets	4,510,190	1,327,250	139,903	2,169,764	8,147,107
Labour costs	48,504,739	14,415,319	1,644,402	24,107,133	88,671,593
Wages and salaries	36,201,012	10,372,196	1,246,283	17,024,578	64,844,070
Social security and pension insurance costs	5,938,280	1,699,508	207,673	2,900,814	10,746,275
Other labour costs	6,365,447	2,343,616	190,446	4,181,741	13,081,249
Costs of services provided by natural persons other than SPs, including related taxes	497,269	670,156	118,747	310,967	1,597,139
Other operating costs	23,546,857	3,654,581	1,133,839	11,665,117	40,000,394
Costs of entertainment, advertising, trade shows	9,525,312	43,885	8,153	225,436	9,802,785
Costs of material and energy	2,010,768	697,931	58,572	1,119,306	3,886,577
Maintenance costs	2,789,892	1,146,664	165,668	4,166,402	8,268,625
Reimbursement of labour-related costs	2,850,908	65,403	15,740	264,069	3,196,121
Costs of intellectual and personal services	620,060	66,373	474,056	1,319,950	2,480,439
Membership fees and charges	746,906	172,763	49,065	791,029	1,759,763
Costs of services - transport and communications	1,742,037	484,109	37,835	736,081	3,000,063
Costs for insurance premiums	721,294	203,083	14,798	295,669	1,234,844
Payment transaction costs and banking services	642,485	3,922	85,636	1,002,924	1,734,967
Rents	1,047,991	374,039	70,625	885,652	2,378,308
Costs of professional training services	145,080	43,962	9,398	179,100	377,539
Other costs of services	704,124	352,447	144,292	679,499	1,880,362
TOTAL OPERATING EXPENSES	99,608,988	20,067,306	3,036,890	38,252,981	160,966,165

	in EUR				
Zavarovalnica Triglav 2014	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	TOTAL
Acquisition costs	21,781,324	0	0	0	21,781,324
Depreciation of operating assets	5,345,099	1,554,843	270,782	2,677,830	9,848,554
Labour costs	49,284,136	14,471,323	2,127,260	25,819,592	91,702,311
Wages and salaries	37,213,444	10,602,644	1,657,503	17,857,206	67,330,797
Social security and pension insurance costs	6,053,665	1,716,931	270,097	2,955,245	10,995,938
Other labour costs	6,017,027	2,151,748	199,660	5,007,141	13,375,576
Costs of services provided by natural persons other than SPs, including related taxes	536,745	748,327	13,198	458,540	1,756,810
Other operating costs	22,907,323	3,924,852	1,142,914	9,628,830	37,603,919
Costs of entertainment, advertising, trade shows	7,997,217	31,095	16,596	242,704	8,287,612
Costs of material and energy	2,166,570	778,913	96,081	1,278,921	4,320,485
Maintenance costs	3,575,136	1,209,746	222,100	2,449,504	7,456,486
Reimbursement of labour-related costs	2,978,816	78,293	53,478	270,018	3,380,605
Costs of intellectual and personal services	778,550	102,775	353,332	692,894	1,927,551
Membership fees and charges	646,974	137,223	63,200	807,862	1,655,259
Costs of services - transport and communications	1,660,834	412,574	36,365	729,334	2,839,107
Costs for insurance premiums	557,923	176,068	56,149	487,210	1,277,350
Payment transaction costs and banking services	569,662	15,359	93,606	1,117,834	1,796,461
Rents	1,025,061	583,067	64,823	682,133	2,355,084
Costs of professional training services	148,647	44,800	19,309	251,739	464,495
Other costs of services	801,933	354,939	67,875	618,677	1,843,424
TOTAL OPERATING EXPENSES	99,854,627	20,699,345	3,554,154	38,584,792	162,692,918

4.13 Other expenses from insurance operations

			in EUR	
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Expenses from impairment of insurance receivables and write-offs	2,566,459	7,945,710	796,830	5,644,551
Fire tax	4,205,195	4,234,373	3,928,049	3,857,431
Expenses of preventive activity	3,145,662	2,544,767	1,448,331	1,356,581
Contributions for claims from uninsured or unidentified vehicles	2,682,241	1,982,707	458,414	1,208,825
Supervisory authority fees	1,381,336	1,102,850	773,945	659,739
Other net insurance expenses	4,231,252	2,538,758	430,430	-729,483
OTHER EXPENSES FROM INSURANCE OPERATIONS	18,212,146	20,349,159	7,835,999	11,997,644

4.14 Other expenses

			in EUR	
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Depreciation of investment property	1,423,100	1,368,634	817,623	655,802
Expenses from impairment of investment property	4,867,849	2,755,995	996,552	0
Loss from investment property disposal	116,208	379,754	108,709	347,171
Other investment property expenses	2,942,483	1,117,871	1,864,712	1,122,995
Expenses from disposal of property, plant and equipment	50,475	50,729	28,492	41,265
Expenses from reversal of impairment of other receivables	383,804	300,833	-21,800	-272,475
Operating expenses of non-insurance companies	65,448,684	63,183,790	0	0
Other expenses	7,676,697	11,128,258	7,785,035	8,600,059
TOTAL OTHER EXPENSES	82,909,300	80,285,864	11,579,325	10,494,817

Other expenses relate to bonuses for employees based on business results for 2015 in total amount of EUR 8,0 million (in Zavarovalnica Triglav EUR 7,2 million).

4.15 Income tax expense

4.15.1 Tax expense in the income statement

	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Current tax expense	10,597,942	8,846,235	7,031,995	4,795,045
Deferred tax expense	3,018,541	5,882,325	2,895,684	7,088,443
TOTAL TAX EXPENSE IN THE INCOME STATEMENT	13,616,483	14,728,560	9,927,679	11,883,488

4.15.2 Tax expense in other comprehensive income

	2015			2014		
Triglav Group	Before tax	Tax	After tax	Before tax	Tax	After tax
Profit from increase in fair value of available for sale financial assets	-47,480,684	11,027,704	-36,452,980	99,631,785	-21,123,966	78,507,819
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	21,373,822	-3,633,550	17,740,272	-31,353,277	5,453,305	-25,899,972
Gains/losses recognised in fair value reserve and net profit/loss brought forward arising from equity in associates and jointly controlled entities recognised using the equity method	-312,985	53,207	-259,778	-194,626	33,087	-161,539
Actuarial gains/losses	143,337	-28,189	115,148	-611,867	103,106	-508,761
Translation differences	50,969	0	50,969	-730,806	0	-730,806
TOTAL OTHER COMPREHENSIVE INCOME	-26,225,541	7,419,172	-18,806,369	66,741,209	-15,534,468	51,206,741

	2015			2014		
Zavarovalnica Triglav	Before tax	Tax	After tax	Before tax	Tax	After tax
Profit from increase in fair value of available-for-sale financial assets	-46,075,349	10,625,046	-35,450,303	83,035,666	-18,773,905	64,261,761
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	21,373,822	-3,633,550	17,740,272	-31,353,277	5,453,305	-25,899,972
Actuarial gains /losses	239,577	-24,672	214,905	-606,509	103,107	-503,403
TOTAL OTHER COMPREHENSIVE INCOME	-24,461,950	6,966,824	-17,495,126	51,075,880	-13,217,494	37,858,386

4.15.3 Reconciliation between tax expense and accounting profit

	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
ACCOUNTING PROFIT	102,477,678	100,411,028	68,433,497	57,496,069
Income tax rate - tax rate average of several countries	16.87%	16.85%	17%	17%
Accounting profit multiplied by tax rate	17,289,768	16,923,538	11,633,695	9,774,332
Tax effect of income deductible for tax purposes	-1,215,272	-3,621,735	-6,144,287	-3,016,115
Tax effect of income added for tax purposes	1,173,752	284,068	9,026	16,340
Tax effect on the reduction in expenses not deductible for tax purposes	-3,815,963	-4,208,082	4,476,621	3,918,047
Tax relief, tax losses	-2,850,399	-954,288	-2,959,116	-5,897,558
Changes in temporary differences	3,018,541	6,305,058	2,895,684	7,088,443
Changes due to a new accounting method	16,056	0	16,056	0
TOTAL TAX EXPENSE	13,616,483	14,728,559	9,927,679	11,883,489
Effective tax rate ¹⁰⁴	13.29%	14.67%	14.51%	20.67%
Final liabilities for corporate income tax	10,597,942	8,846,235	7,031,994	4,795,045

In accordance with the Corporate Income Tax Act (ZDDPO-2), the applicable tax rate in Slovenia was 17% in 2015 the same as in 2014.

In subsidiaries operating outside the Republic of Slovenia, tax rates were used as applicable in the country of operation and in compliance with the local legislation. For the applied tax rates see [\[→ Section 2.7\]](#).

Unused tax losses of the Group amounted to EUR 29.3 million as at 31 December 2015 (EUR 48 million as at 31 December 2014).

104 In the data of the Triglav Group, the average of all countries was taken into account in the corporate income tax rate.



5. Other information

5.1 Fair value of assets and liabilities

5.1.1 Fair value hierarchy

In measuring financial assets at fair value Zavarovalnica Triglav applied the following fair value hierarchy:

- 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 e.g. Bloomberg). The fair value is determined purely on the basis of directly observable

data and without using any indirectly observable data, whereby the share of binding listings must be at least 90% and at least three binding listings not older than one day must be available.

- 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 (10 percent).
- 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.

The tables below show financial assets and liabilities carried at fair value, classified according to the fair value hierarchy.

Triglav Group

					in EUR
As at 31 December 2015	Measurement date	Level 1	Level 2	Level 3	Total
Assets – measured at fair value					
Equity securities	31 Dec 2015	177,134,043	0	27,715,791	204,849,834
Debt securities	31 Dec 2015	421,029,312	1,353,836,183	0	1,774,865,495
Derivative financial instruments	31 Dec 2015	1,101,100	1,607,814	0	2,708,914
Unit-linked insurance assets	31 Dec 2015	353,025,835	103,581,740	0	456,607,575
Assets – fair value disclosed					
Land and buildings for insurance activities	31 Dec 2015	0	0	126,564,580	126,564,580
Land and buildings for investment activities	31 Dec 2015	0	0	80,265,592	80,265,592
Held-to-maturity assets	31 Dec 2015	16,926,121	205,340,209	0	222,266,331
Liabilities – fair value disclosed					
Subordinated bonds	31 Dec 2015	21,686,280	0	0	21,686,280

					in EUR
As at 31 December 2014	Measurement date	Level 1	Level 2	Level 3	Total
Assets – measured at fair value					
Equity securities	31 Dec 2014	118,936,045	6,876	25,063,177	144,006,098
Debt securities	31 Dec 2014	1,037,735,308	628,779,902	150,756	1,666,665,966
Derivative financial instruments	31 Dec 2014	0	698,620	0	698,620
Unit-linked insurance assets	31 Dec 2014	353,737,731	100,086,925	0	453,824,656
Assets – fair value disclosed					
Land and buildings for insurance activities	31 Dec 2013 and 31 Dec 2014	0	0	105,000,268	105,000,268
Land and buildings for investment activities	30 June 2014	0	0	117,234,177	117,234,177
Held-to-maturity assets	31 Dec 2014	258,617,374	0	0	258,617,374
Liabilities – fair value disclosed					
Subordinated bonds	31 Dec 2014	31,168,626	0	0	31,168,626

Zavarovalnica Triglav

					in EUR
As at 31 December 2015	Measurement date	Level 1	Level 2	Level 3	Total
Assets – measured at fair value					
Equity securities	31 Dec 2015	100,553,534	0	9,623,123	110,176,657
Debt securities	31 Dec 2015	232,252,553	1,114,956,666	0	1,347,209,218
Derivative financial instruments	31 Dec 2015	1,101,100	1,607,814	0	2,708,914
Unit-linked insurance assets	31 Dec 2015	335,500,199	103,131,709	0	438,631,908
Investments in associates	31 Dec 2015	0	0	7,259,875	7,259,875
Assets – fair value disclosed					
Land and buildings for insurance activities	31 Dec 2015	0	0	62,260,845	62,260,845
Land and buildings for investment activities	31 Dec 2015	0	0	52,306,224	52,306,224
Debt securities	31 Dec 2015	16,926,121	205,340,209	0	222,266,331
Liabilities – fair value disclosed					
Subordinated bonds	31 Dec 2015	24,402,840	0	0	24,402,840

					in EUR
As at 31 December 2014	Measurement date	Level 1	Level 2	Level 3	Total
Assets – measured at fair value					
Equity securities	31 Dec 2014	90,422,335	0	3,633,127	94,055,462
Debt securities	31 Dec 2014	900,248,452	503,433,285	0	1,403,681,737
Derivative financial instruments	31 Dec 2014	0	698,620	0	698,620
Unit-linked insurance assets	31 Dec 2014	338,338,690	99,662,396	0	438,001,086
Investments in associates	31 Dec 2014	0	0	10,427,236	10,427,236
Assets – fair value disclosed					
Land and buildings for insurance activities	31 Dec 2013	0	0	60,720,099	60,720,099
Land and buildings for investment activities	30 June 2014	0	0	45,045,259	45,045,259
Debt securities	31 Dec 2014	63,104,084	168,142,096	0	231,246,180
Liabilities – fair value disclosed					
Subordinated bonds	31 Dec 2014	32,985,000	0	0	32,985,000

5.1.2 Fair value assessment techniques

Value assessment techniques and inputs used to the development of these techniques are presented below.

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
Equity securities	stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, volatility indices		level 2
Derivatives	Black-Scholes model	index volatility		level 2
BLOOMBERG BVAL				
Debt securities – companies, financial institutions and government	cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		level 2
INTERNAL APPRAISERS				
Debt securities – government	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	1y: 0.1604 %, 2y: 0.2125%, 3y: 0.2799 %, 4y: 0.4860%, 5Y: 0.6823%, 6y: 0.9727%, 7Y: 1.205%, 8Y: 1.4202%, 9y: 1.594%, 10y: 1.7062%; credit spreads between 0% and 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	1y: 0.1604 %, 2y: 0.2125%, 3y: 0.2799 %, 4y: 0.4860%, 5Y: 0.6823%, 6y: 0.9727%, 7Y: 1.205%, 8Y: 1.4202%, 9y: 1.594%, 10y: 1.7062%; credit spreads between 1% and 3,2%	level 2
Equity securities	cash flow discounting	g (growth rate during constant growth period)	2%	level 3
		EBIT margin (constant growth period)	30.54%	
		discount rate	13.48%	
Equity investment in associates	cash flow discounting	lack of marketability discount	10%	level 3
		NAV method		
		real property price changes		
		g (growth rate during constant growth period)	2%	
		net margin (constant growth period)	45.74%	
		re-discount rate	13.04%	
		Lack of marketability discount	10%	



5.1.3 Financial assets classified into Level 3

	Triglav Group			in EUR
	AFS	FVTPL	TOTAL	Zavarovalnica Triglav AFS
Value as at 31 December 2013	17,357,609	935,544	18,293,153	13,337,709
Purchases	15,547	0	15,547	417
Disposals	-35,773	0	-35,773	-23,555
Revaluation through profit or loss	-1,798,393	91,148	-1,707,245	0
Revaluation in other comprehensive income	518,945	0	518,945	743,563
Transfers from levels 1 and 2	8,134,239	0	8,134,239	0
Merger	0	0	0	2,229
Foreign exchange differences	-804	-4,129	-4,933	0
Value as at 31 December 2014	24,191,370	1,022,563	25,213,933	14,060,363
Purchases	1,114,896	43,307	1,158,203	1,114,896
Disposals	-165,400	-106,510	-271,910	-93,889
Revaluation through profit or loss	0	-473,160	-473,160	0
Revaluation in other comprehensive income	2,084,318	0	2,084,318	2,193,223
Transfers from levels 1 and 2	0	0	0	0
Merger	0	0	0	2,963,092
Changes in Group	0	0	0	-3,354,688
Foreign exchange differences	22	4,384	4,406	0
Value as at 31 December 2015	27,225,206	490,584	27,715,790	16,882,997

In 2015, Level 3 assets:

- increased as a result of the recapitalisation of Gorenjska banka d.d. and the purchase of shares of the funds of AB CITI d.o.o.;
- increased due to the revaluation through equity with regard to the shares of Gorenjska banka d.d. and Poteza Capital Management B.V.;
- the decrease in the value of shares of TOZ Penkala d.d., Zagreb was recognised through profit or loss;
- the sale of shares of Hranilnica in posojilnica Vipava d.d. resulted in a loss of EUR 20,000, recognised through profit or loss, while the sale of shares of Goriške opekarne d.d. generated a profit of EUR 40,000;
- the figures for Zavarovalnica Triglav also show the effect of the absorption of the assets of the company Triglav Naložbe d.d. These include shares of Elektro Primorska d.d. and Hoteli Bernardin d.d.;
- changes of the Group refer to the elimination of the investment in Skupna pokojninska družba d.d. that became a subsidiary in 2015.

5.1.4 Sensitivity analysis of non-marketable equity securities

Sensitivity analysis of financial assets, classified in Level 3 is disclosed below. In analysis Zavarovalnica Triglav includes equity investment in associates. The sensitivity analysis shows the level of increase or decrease in the fair value of Level 3 equity financial assets in case of differently applied assumptions that are not based on available market data. The sensitivity analysis considered a median scenario of value appraisals.

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Non-marketable assets (Level 3)	27,715,790	25,213,933	9,623,123	3,633,127
Estimated value deviation +/-	-1,100,000/+2,300,000	-5,184,888/+6,740,011	-610,000/+2,110,000	-340,000/+400,000
Equity investment in associates	n/a	n/a	7,259,875	10,427,236
Estimated value deviation +/-	n/a	n/a	-920,000/+1,000,000	-3,090,000/+3,170,000

In the discounted cash flow method, the assumptions of +/-1% of the cost of capital (WACC) and +/-0.5% of growth rate (g) were taken into account. In non-marketable assets, +/-10% of the change in asset value was taken into account in the calculation of deviation.

In appraising the value of the associate Nama d.d., Ljubljana, an estimate of the company's value was made using the discounted cash flow method and the net asset value method under the assumption of regular liquidation of commercial activity and the continued activity of leasing investment properties. Under the first method, the value of investment amounted to EUR 2,336,327

(current use of financial asset), while under the second method it was valued at EUR 7,221,375 (highest and best use of financial asset). For accounting purposes, the value under the net asset value method was used, which differs from the current use of financial asset; however, the applicable strategy also provides for such use of asset as one of available options.



5.1.5 Reclassification of financial assets between levels

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Reclassification from level 1 to level 2	568,557,618	375,800,589	503,945,690	294,089,890
Reclassification from level 2 to level 1	3,384,252	0	3,107,873	0

In 2015, the method of measuring fair value did not change, the only amendment was related to the required share of binding listing for Level 1, which increased from 50% at the 2014 year-end to 90% at the 2015 year-end. The modified method of measuring fair value had no impact on the amount of financial assets, but it did affect the classification of financial assets based on the fair value hierarchy.

5.1.6 Reclassification of financial assets between categories

In accordance with amendments to IFRS, the Company opted for the reclassification of financial assets already in 2008. Available-for-sale financial assets have been reclassified into categories »loans and receivables« and »held to maturity«. The financial assets reclassified from »available-for-sale« to »held to maturity« category were fully disposed of in 2014. The effects of other reclassifications are disclosed below.

Reclassifications from AFS to HTM	Triglav Group	Zavarovalnica Triglav
Date of reclassification	1 July 2008	1 July 2008
Amount of reclassified financial assets (in EUR)	73,746,981	73,746,981
Effective interest rate at the date of reclassification	5.8%	5.8%

Reclassifications from AFS to HTM	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Carrying amount of reclassified assets as at 31 December	48,516,751	38,269,398	29,677,491	38,269,398
Fair value of reclassified assets as at 31 December	56,949,159	44,402,638	35,299,913	44,402,638
Impact on comprehensive income if not reclassified	5,622,422	6,133,241	5,622,422	6,133,241
Impact on net profit if not reclassified	0	0	0	0
Profit from disposal of reclassified financial assets	0	0	0	0
Estimated cash flows	38,669,814	48,065,162	37,521,726	48,065,162

5.2 Additional notes to the cash flow statement

Operating cash flows and cash flows from investing activities are recognised based on the data from financial statements and adjusted for the non-cash flow items (impairments, changes of claims and other provisions). Receipts/payments for intangible assets, for property, plant and equipment and for investment property were calculated based on the changes in their carrying amount, adjusted by depreciation charges and increased or decreased by realised losses or gains on disposals. Therefore, the figures differ from those in the tables of changes in [→ Sections 3.1, 3.2 and 3.3].

Cash flow from financing activities is prepared based on actual payments. The amount of dividend payments in the cash flow statement differs from that disclosed in the statement of changes in equity by the amount of unpaid dividends.

The consolidated cash flow statement is composed of the combined cash flows of all Triglav Group companies, taking into account intercompany eliminations.



5.3 Amounts spent on auditors

The audit of separate and consolidated financial statements for 2014 and 2015 was performed by the auditing company Ernst&Young, Revizija, poslovno svetovanje d.o.o., Ljubljana,

while the financial statements of the company Skupna pokojninska družba were audited by Deloitte Revizija d.o.o., Ljubljana. The amounts, paid for auditing services were as follows:

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
Auditing of the Annual Report	412,039	535,667	130,234	141,215
Other auditing services	114,680	0	114,680	0
Other assurance services	54,011	48,096	610	610
Other non-auditing services	739	13,329	0	0
TOTAL	581,469	597,092	245,524	141,825

5.4 Related party transaction

Related party transactions are disclosed separately for the Group and Zavarovalnica Triglav:

- transactions with subsidiaries are disclosed only at the level of Zavarovalnica Triglav and include transactions with entities in which Zavarovalnica Triglav has a dominant influence [→ presented in Section 3.4]). At the level of the Triglav Group, these transactions are eliminated in the consolidation processes.
- Associates in whom the Group and Zavarovalnica Triglav have significant influence – these are presented in [→ Section 3.5].
- Key management personnel denote individuals in the management and supervisory bodies of Zavarovalnica Triglav, i.e. members of the Management and Supervisory Boards. Key management personnel and their remuneration are disclosed in [→ Section 5.7].

The related parties of Zavarovalnica Triglav include the companies that through ownership exercise significant influence on it: these are the two major shareholders (ZPIZ – Institute of Pension and Disability Insurance of Slovenia) with 34.47% and Slovenski državni holding d.d. with 28.09%) together with their

subsidiaries. In, 2014 they were not considered as related parties because the Securities Market Agency had suspended their voting rights in 2013. This suspension expired in 2015, allowing the largest shareholders to exert influence on the operations of Zavarovalnica Triglav and the Triglav Group again. For disclosure purposes, the two entities are therefore considered as related parties again. For details regarding the decision of the Securities Market Agency, see [→ Section 5.11].

Business cooperation with the two largest shareholders is limited to insurance business only. In 2015, Zavarovalnica Triglav charged the two largest shareholders with premium in the amount of EUR 14,342 and paid them claims in the amount of EUR 7,335.

The services exchanged between Group companies are rendered at prices that are applied to other companies outside the Group. Pricing methods include external comparable, internal comparable and cost contribution arrangement.

Outstanding balances referring to the above-mentioned related parties as at the reporting date and income and expenses during the period are shown below.

Transactions with subsidiaries

	in EUR	
	31 December 2015	31 December 2014
ASSETS		
Stakes and shares	134,689,036	133,799,163
Debt securities and loans given to members of the Group	18,223,726	47,456,254
Other financial investments	924,125	1,478,265
Receivables from insurance premium	1,914,689	1,515,587
Co-insurance receivables	22,812	7,888
Receivables for reinsurer's share in claims	10,147,257	5,529,833
Other short-term receivables from insurance operations	18,060	13,303
Short-term receivables from financing	13,656,651	2,922,209
Other short-term receivables	810,511	2,224,579
LIABILITIES		
Liabilities to insureds	344,344	608,278
Liabilities to agents and brokers	294,961	179,398
Liabilities for reinsurance premiums	9,028,603	9,286,094
Liabilities for shares in claims from coinsurance	1,110	0
Other short-term liabilities	189,389	229,471



	in EUR	
	2015	2014
INCOME AND EXPENSES		
Gross written premium	10,948,070	4,186,771
Assumed coinsurance written premium	36,981	8,116
Outward reinsurance premium (–)	-60,525,507	-57,478,384
Net premium income	-49,540,456	-53,283,497
Reinsurance commission income	10,787,451	11,068,891
Other income from insurance operations	4,712,061	3,810,212
Interest income	1,985,141	2,193,168
Other insurance income	2,295,231	1,934,716
Income from land and buildings	323,036	165,958
Income from disposal of financial assets	329,158	0
Other income	197,611	550,959
Dividends	29,172,864	179,293
Other income from financial assets	8,399	8,317
TOTAL INCOME	270,496	-33,371,983
Gross claims settled	1,211,401	1,584,878
Reinsurers' share in gross claims	-21,199,636	-19,685,169
Net claims	-19,988,235	-18,100,291
Expenses from investment property	0	15,043
Loss on merger	0	1,503,668
Other expenses from financial assets and liabilities	882,000	0
Other financial expenses	59,097	19,968
Other expenses	16,878	0
TOTAL EXPENSES	-19,030,260	-16,561,612

Transactions with associates

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
ASSETS				
Stakes and shares	6,939,700	10,371,335	7,259,875	10,427,236
Receivables from insurance premium	987	5,208	769	5,000
Short-term receivables from financing	0	1,111,728	0	1,111,728
Other short-term receivables	0	26,121	0	16,121
LIABILITIES				
Liabilities to agents and brokers	19,681	28,461	18,480	24,919
Other short-term liabilities	553	1,123	0	0
Accrued costs and expenses	116	14	0	0

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2015	2014	2015	2014
INCOME AND EXPENSES				
Gross written premium	97,511	118,848	95,158	118,848
Income from dividends and stakes	0	0	145,322	60,541
Income from disposal of financial assets	0		47,255	0
Other income	0	875	0	875
TOTAL INCOME	97,511	119,723	287,735	180,264
Gross claims settled	60,498	37,551	60,498	37,551
TOTAL EXPENSES	60,498	37,551	60,498	37,551

5.5 Members of the Management Board and Supervisory Board

In 2015, the Management Board members were paid the following amounts as compensation for their work:

	in EUR						
Management board	Fixed salary (gross)	Other additional payments*	Bonuses	Net pay received	Insurance premiums **	Other benefits***	Reimbursements
Slapar Andrej	153,770	898	36,478	68,709	49,843	4,494	1,938
Makoter Marica	146,435	791	36,010	62,741	35,062	4,639	502
Jošar Benjamin	146,435	896	24,007	56,743	34,242	7,696	1,588
Ivanc Uroš	146,435	810	10,803	54,791	35,098	1,580	1,431
Čoroli Tadej	146,435	791	9,002	54,653	35,074	670	741
Vrtunski Stanislav****	0	0	21,606	12,623	0	0	0
TOTAL	739,510	4,186	137,906	310,260	189,319	19,079	6,200

* 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.

**** Vrtunski Stanislav received a bonus for 2014 when he served as a Member of the Management Board, although in the reporting period he was no longer a Management Board Member.

As at 31 December 2015, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

	in EUR	
Management board	Receivables as at 31 December 2015	Liabilities as at 31 December 2015
Slapar Andrej	0	18,689
Makoter Marica	16	18,136
Jošar Benjamin	6	18,612
Ivanc Uroš	6,789	8,515
Čoroli Tadej	29	8,001
TOTAL	6,840	71,953

In 2015, the Supervisory Board members and members of Committees were paid the following amounts as compensation for their work:

	in EUR				
Supervisory board	Compensation	Attendance fee	Reimbursements	Total gross pay	Total net pay
Blažič Matija	13,000	2,695	1,849	17,544	12,760
Celar Peter	16,250	3,135	610	19,995	14,542
Gobbo Mario	19,500	4,895	25,679	50,074	32,986
Gorjan Branko	6,727	2,475	1,281	10,483	7,624
Kastelic Gregor	20,800	3,135	10,250	34,185	26,493
Krštinč Miran	6,727	2,255	324	9,306	6,768
Molan Boštjan	8,806	1,760	1,572	12,138	8,829
Nose Barbara*	6,500	2,200	0	8,700	6,328
Runjak Matej	24,375	4,015	372	28,762	20,918
Sotošek Ivan	8,806	1,760	1,551	12,117	8,813
Stanković Rajko	16,250	4,455	497	21,202	15,420
Štimac Dubravko	0	0	466	466	361
TOTAL	147,741	32,780	44,451	224,972	161,842

* External committee members.

As at 31 December 2015, Zavarovalnica Triglav had the outstanding payables to the above stated members of the Supervisory Board, its committees and commission were as follows:

	in EUR	
Surname and name	Receivables as at 31 December 2015	Liabilities as at 31 December 2015
Gobbo Mario	0	2,494
Kastelic Gregor	0	556
Sotošek Ivan	0	142
Štimac Dubravko	157	0
TOTAL	157	3,192



Proposed criteria for the assessment of the performance of Management Board members are proposed by the Appointments and Compensation Committee and approved by the Supervisory Board. The purpose of these criteria is to maximise the objective monitoring of existing goal achievement and to periodically evaluate the performance of Management Board members. The performance criteria are designed to follow the long-term business objectives of the Company, making part of the annual business plans and other strategic documents of the Company. The definition of an individual objective includes the following: its description, expected target value, assigned weight and method for measuring or assessing its achievement. According to this method, a Management Board member is entitled to a bonus in the case of over-performance and a pay deduction in the case of underperformance.

A one-off annual bonus for good performance is paid in two parts: the first half within 30 days of the Supervisory Board approving the annual report and adopting a resolution on the bonus amount, or, in the event the annual report is approved at the General Meeting of Shareholders, within 30 days of the General Meeting of Shareholders approving the annual report and the Supervisory Board adopting a resolution on the bonus amount. The remaining half of the bonus is paid after two years; however, both payments must be proportionate to the period in office in any calendar year.

Management Board members are entitled to severance pay equalling six time average monthly salary they received as board members, if they are dismissed on economic and business grounds, and their employment is terminated as a consequence. Severance is paid within one month of dismissal.

5.6 Contingent assets and contingent liabilities

	in EUR	
	31 Dec. 2015	31 Dec. 2014
Outstanding subrogated receivables	42,875,344	34,818,498
Bonds, guarantees and other sureties issued	5,895,180	484,625
Contingent assets	311,047	0
Receivables from option agreements	15,192,000	15,192,000
Receivables from Zavarovalnica Kopaonik based on a separation balance sheet	1,855,664	1,855,664
Receivables from forward contracts	50,000,000	0
Receivables from Association of Yugoslav Insurance Organizations	40,647	40,647
TOTAL OFF-BALANCE SHEET ITEMS	116,169,882	52,391,434

At the reporting date, Zavarovalnica Triglav disclosed a contingent liability in the amount of EUR 3.6 million for a guarantee in relation to liabilities for due premium of Triglav Pojišt'ovna a.s. dating back to 2014 and 2013. The total amount of the guarantee is EUR 9.2 million, of which EUR 5.6 million is recognised as a financial

expense through profit or loss. The rest of the guarantee refers to a warranty bond in the amount of EUR 187,000 issued to Banka Celje d.d. for the sale of the housing estate Perovo, acquired from the company Triglav Nepremičnine d.o.o.

5.7 Employees

The table below shows the number and educational structure of employees in the Group and Zavarovalnica Triglav.

Level of education	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Primary and vocational	1,267	1,401	154	166
Secondary school	1,553	1,552	908	967
Post-Secondary Education	622	593	371	357
Higher Education and University	1,773	1,676	837	778
Masters and Doctorates	164	184	71	97
TOTAL	5,379	5,406	2,341	2,365
Average number of employees	5,251	5,397	2,357	2,378

5.8 Significant legal disputes

- Zavarovalnica Triglav as the plaintiff against Milan Marolt and Nadežda Klemenčič as the defendants

On 12 August 2004, Zavarovalnica Triglav filed a suit against Milan Marolt and Nadežda Klemenčič claiming unlawful decision making and misuse of powers. The defendants alleged an erroneous interpretation of the Companies Act and claimed no elements of tort existed to prove their liability for damages. The Court accepted their argument, and on 8 November 2006 rendered a decision rejecting the claim. On 29 December 2006, Zavarovalnica Triglav appealed against the ruling of the court of first instance and on 9 January 2009 the Higher Court in Ljubljana ruled in favour of the appellant, reversed the decision and ordered a retrial at the court of first instance which took place and in which on 11 January 2012 the court of first instance again rejected both claims. On 23 February 2012, Zavarovalnica Triglav appealed against the ruling of the court of first instance. On 6 May 2015, the Higher Court in Koper issued a judgement rejecting the appeal of Zavarovalnica Triglav and upholding the judgement of the court of first instance. The dispute has been resolved.

- Matjaž Rakovec as the plaintiff against Zavarovalnica Triglav for the annulment of the resolution of the Supervisory Board dated 22 May 2013 referring to the dismissal of Matjaž Rakovec from the office of President of the Management Board and appointment of Andrej Slapar as President of the Management Board and for the payment of damages

On 3 June 2013 the District Court in Ljubljana dismissed the application to issue a temporary injunction filed by Matjaž Rakovec, in which he proposed to suspend the implementation of a Supervisory Board's resolution dated 22 May 2013 in the part referring to the recall of Matjaž Rakovec, President of the Management Board, and appointment of Andrej Slapar as temporary President of the Management Board. The plaintiff also asked the Court to verify that Matjaž Rakovec is the only President of the Company's Management Board. The Court dismissed the temporary injunction arguing that the plaintiff's claim was probably shown; however, there was no risk supporting the issue of the requested temporary injunction.

On 19 August 2013, Zavarovalnica Triglav received a claim filed by Matjaž Rakovec in which he requests the annulment of the Supervisory Board's resolution dated 22 May 2013 with respect to the dismissal of Matjaž Rakovec from the office of President of the Management Board and the appointment of Andrej Slapar as temporary President of the Management Board, the annulment of the entry of changes related to the President of the Management Board into the Court Register and the payment of damages amounting to EUR 516,399. In the alternative the plaintiff requests that the defendant reappoint him President of the Management Board and recognise an uninterrupted service as the President and all the rights arising from the employment contract for the entire duration of unlawful dismissal from the office of the until his reappointment. Zavarovalnica Triglav responded to the claim lodged by Matjaž Rakovec within the period specified by law. On 3 November 2014, Zavarovalnica Triglav was served a partial judgement of the District Court in Ljubljana in the case of Mr Matjaž Rakovec claiming the nullity and voidness of the Supervisory Board's resolution of 22 May 2013, reinstatement and damages. The court decided that the challenged resolution of the Supervisory Board on the dismissal of Matjaž Rakovec as the President of the Management Board was null and void, since the grounds for his dismissal were not

in compliance with the Companies Act (ZGD-1). On the grounds of the lack of legal interest, the Court rejected the claim of Mr Rakovec for nullity and voidness of the resolution of 22 May 2013 on the appointment of an acting President of the Management Board of Zavarovalnica Triglav, as his term of office had already been terminated and any decision of the Court in this matter was devoid of purpose. On the same grounds the Court refused the claim by Mr Rakovec for the nullity and voidness of the entry into the Companies Register (of the President of the Management Board) on 29 May 2013 was. The damages for material loss claimed by Mr. Rakovec were also denied by the Court on the grounds of *lis pendens*. On the claimed amount of EUR 80,000 of damages for immaterial loss the Court will decide when and if the partial decision becomes final. In the event the partial decision becomes final, the damages for material loss of approximately EUR 430,000 Mr. Rakovec claims in a labour dispute will also be decided on. Zavarovalnica Triglav lodged an appeal against the above-stated judgement. The Higher Court of Ljubljana confirmed the partial judgement rendered by the District Court of Ljubljana dated 3 November 2014 and set aside the resolution with respect to the nullity and voidness of the claim of Matjaž Rakovec for the payment of material damage; at the same time, the Court referred this part of the claim to the Labour and Social Court in Ljubljana. Zavarovalnica Triglav appealed against the decision of the Higher Court of Ljubljana on a point of law. The appeal is pending before the Supreme Court.

- Zavarovalnica Triglav d.d. as the plaintiff against Skupna pokojninska družba d.d., Ljubljana, as the defendant and counterclaim

On 26 February 2013, Zavarovalnica Triglav lodged a claim in which it requested the payment of dividend amounting to EUR 750,904.00 with interest and any other related costs. The defendant counters by arguing that the liability was offset in the amount of EUR 926,170 with interest and any other related costs disclosed by SKUPNA POKOJNINSKA DRUŽBA d.d., Ljubljana to the plaintiff based on a concluded contract on the payment of additional pensions pursuant to the retirement plan from 2000. On 23 April 2013, the defendant responded to the plaintiff's claim and at the same time filed a counterclaim for the payment of EUR 926,170 with interest and any other related costs. Zavarovalnica Triglav responded by rejecting all the allegations of Skupna pokojninska družba d.d., Ljubljana as unfounded.

On 28 January 2014, Zavarovalnica Triglav d.d. started a new legal action against the company Skupna pokojninska družba d.d., Ljubljana, claiming EUR 360,844 in dividend payments which fell due in 2013. On 24 March 2014, the defendant filed a defence statement and a counterclaim against Zavarovalnica Triglav for EUR 642,473 on the basis of an agreement on the payment of supplemental pensions under a pension scheme by 2000. Zavarovalnica Triglav filed a defence statement against the counterclaim in which it negates all the claims by Skupna pokojninska družba d.d., Ljubljana, in their entirety.

- Nova Ljubljanska banka d.d., Ljubljana, Maksima holding d.d., Ljubljana, FMR d.d., Idrija and Helios d.d., Domžale as the moving parties against Zavarovalnica Triglav d.d. Ljubljana as the opposing party – non-litigious civil case requiring judicial review of the adequacy of the amount of monetary compensation

The General Meeting of Shareholders (GMS) of Pozavarovalnica Triglav RE d.d., Ljubljana on 18 April 2012, based on a proposal by Zavarovalnica Triglav d.d. as its largest shareholder, passed a resolution on the transfer of the remaining shares held by minority shareholders (the moving parties) for a monetary

compensation of EUR 1,441 per share. In their application for judicial review of the adequacy of the amount of that monetary compensation, in a non-litigious civil case started before the District Court in Ljubljana, the moving parties allege that the offered compensation, set by Zavarovalnica Triglav based on a valuation by a certified business appraiser in accordance with applicable valuation standards defined by law, failed to account for the actual asset and profit position of Pozavarovalnica Triglav RE d.d., Ljubljana, at the time the GMS adopted the exclusion of minority shareholders. On the contrary, Zavarovalnica Triglav alleges to have offered such an amount of monetary compensation which fully accounted for the asset and profit position of Pozavarovalnica Triglav RE d.d., Ljubljana, in compliance with the Companies Act (ZGD-1), as proven by both documents submitted by it at the GMS before it decided on the exclusion: i.e. a report explaining the assumptions for the transfer of shares and the adequacy of the amount of monetary compensation and an auditors' report in which a court-appointed auditor verified that the amount of offered monetary compensation is adequate. In April 2014, the Court decided to seek an opinion from the settlement committee on the review of the share exchange ratio. In late October 2014 the settlement committee issued an opinion stating that the monetary compensation offered by Zavarovalnica Triglav to the moving parties was too low and that it should have amounted to EUR 2,652 per share. Zavarovalnica Triglav did not agree with that opinion and negated the statement, Zavarovalnica Triglav also suggested that the Court appoint an expert on company valuation. The Court granted the request and appointed an expert in May 2015 who has yet to deliver her report.

The Management Board of Zavarovalnica Triglav assumes that there is no need to form provisions for potential costs arising from the abovementioned disputes.

■ Triglav osiguranje d.d., Sarajevo, versus SCT BBM d.o.o., Sarajevo

After a failed mediation, the company Triglav osiguranje d.d., Sarajevo proceeded with its action against the defendants SCT BBM d.o.o., Sarajevo, and JP Ceste Federacije BiH. The dispute concerns a claim for compensation in the amount of BAM 6,385,104, of which BAM 2,065,759 refers to the company Triglav osiguranje d.d., Sarajevo. The legal basis is the payment of a performance bond. Three preliminary hearings have taken place where the appointment of experts was discussed. The case is still pending.

■ Triglav osiguranje Belgrade vs. Dunav Re

On 14 April 2014, Triglav osiguranje Belgrade, filed an application for enforcement on the basis of an authentic document claiming EUR 1,934,707. The party against whom enforcement is sought appealed and the court referred the parties to litigation. At the hearing on 25 February 2015, the defendant entered a counterclaim for the rescission of the reinsurance contract. At the hearing on 29 June 2015, witnesses were heard and a financial analysis was presented. The next hearing is scheduled for 15 March 2016. The case is still pending.

■ Minority shareholders of Triglav osiguranje a.d., Skopje (plaintiff) versus Zavarovalnica Triglav and Triglav osiguranje a.d., Skopje (defendants)

In May 2013, the minority shareholders Triglav osiguranja a.d., Skopje, filed a legal action on the grounds of the breaches of an agreement on a sale and/or put option amounting to just under EUR 2.5 million. In October 2013, a statement of defence was submitted by Triglav Osiguranje a.d., Skopje, but Zavarovalnica

Triglav d.d. was only served with the claim in January 2016. Zavarovalnica Triglav submitted a statement of defence in due time, contesting the claim in its entirety.

■ Stojan Klopčevski versus Triglav Osiguranje a.d., Skopje

In April 2012, the former general manager of Triglav Osiguranje a.d., Skopje, lodged a claim against the company for damages in the amount of EUR 2.6 million. The claim was based on an unlawful decision on the termination of employment and the resulting loss of the possibility to exercise put option and call option agreements concluded with Zavarovalnica Triglav. The court granted the appeal and referred the case back to the court of first instance for a fresh decision. On 10 November 2014, the plaintiff responded to the defence lodged by the defendant. The case is at the preparatory stage where evidence is being heard. The case is still pending.

■ Triglav osiguranje a.d., Banja Luka, versus Republic of Srpska Public Corporation »Business Premises« and the Republic of Srpska

In 2001, Triglav osiguranje a.d., Banja Luka, lodged a claim against the Republic of Srpska Public Corporation "Business Premises" and the Republic of Srpska in which it requested the payment of outstanding insurance premium of EUR 612,727 plus cost and interest on late payment which as at 31 December 2015 totalled EUR 31,888. The part of the claim referring to the Republic of Srpska was rejected, while the part referring to the Public Corporation was granted. However, the Public Corporation has no assets from which the claim of Triglav Osiguranje could be recovered.

■ Lovćen a. d., Podgorica, vs. Mir-Mont d.o.o., Nikšić

Lovćen a. d., Podgorica, filed for the rescission of a sales contract and reimbursement of the sales proceeds. The Plaintiff and the Defendant made a contractual agreement on the sale of flats and business premises. The subject matter of that agreement was the construction and delivery of turn-key flats and business premises. According to the agreement the Plaintiff shall pay for the flats and premises by assigning their receivables from third parties arising from outstanding premium. The Plaintiff discharged that obligation as opposed to the Defendant who defaulted by failing to construct the flats and business premises. On 12 June 2015, the Court delivered a judgement granting the Plaintiff's claim for the payment of EUR 337,291 and related sums. No appeal was lodged against the judgement.

5.9 Reviews by supervisory bodies

■ Review of the operations of Zavarovalnica Triglav d.d. by the Insurance Supervision Agency

In 2014, the Insurance Supervision Agency (hereinafter: ISA) performed a review of operations of Zavarovalnica Triglav d.d. in order to inspect whether the Company operated in compliance with the Insurance Act and applicable secondary legislation, regulating its operations and accounting activities. Based on the said review, on 10 June 2015 the ISA issued the Order to eliminate the violations pertaining to the valuation of certain investments and to the amendment and testing of the business continuity plan (hereinafter: the Order). In line with the issued Order, Zavarovalnica Triglav is required to implement the additional measures imposed by the order: to revise the internal documents which define the values of such investments and to take them into account in the future when evaluating and/or categorizing investments, as well as to amend and test the business continuity plan. On 22 June 2015, Zavarovalnica Triglav lodged an appeal

against this Order, stating that the violations mentioned in the Order were not present. The Insurance Supervision Agency rejected the Company's appeal and established that the Company eliminated the violations pertaining to valuation of certain investments within the prescribed time limit. On 8 March 2016, it was further established that the alleged violation was eliminated in the part relating to the amendment and testing of the business continuity plan. On 7 August 2015, Zavarovalnica Triglav brought legal proceedings before the Administrative Court of the Republic of Slovenia, challenging the validity of the ISA Order and stating that the said violations were not mentioned in the issued Order.

■ Securities Market Agency Decision for Zavarovalnica Triglav, d.d.

On 5 March 2013, Zavarovalnica Triglav d.d. was served a Securities Market Agency Decision of 4 March 2013, ordering the Company to prohibit, as at the day the decision takes effect, the following persons from exercising their voting rights:

- Slovenska odškodninska družba d.d., Mala ulica 5, Ljubljana, for the rights attached to the shares with the ticker symbol ZVTG held by Zavarovalnica Triglav d.d., and the rights attached to the shares, held by Zavod za pokojninsko in invalidsko zavarovanje, Kolodvorska 15, Ljubljana, which are exercised on behalf of and for the account of the letter by Slovenska odškodninska družba d.d., Mala ulica 5, Ljubljana;
- HIT Hoteli, igralnice, Turizem d.d., Delpinova ulica 7a, Nova Gorica;
- Elektro–Slovenija d.o.o., Hajdrihova ulica 2, Ljubljana;
- D.S.U., družba za svetovanje in upravljanje, d.o.o., Dunajska cesta 160, Ljubljana;
- Nova KBM d.d., Ulica Vita Kraigherja 4, Maribor;
- Telekom Slovenije d.d., Cigaletova ulica 15, Ljubljana.

On 18 December 2015, Zavarovalnica Triglav received the Securities Market Agency Decision dated 2 December 2015, in which the Agency responded to the request of certain shareholders of the Company by issuing a declaratory decision on re-establishing the suspended voting rights of Zavarovalnica Triglav d.d. to the following shareholders: Zavod za pokojninsko in invalidsko zavarovanje d.d., Slovenski državni holding d.d., Telekom Slovenije d.d., Eles d.o.o., PS za avto d.o.o., Savske elektrarne Ljubljana d.o.o., Pošta Slovenije d.o.o., Elektro Celje d.d., ECE d.o.o., Elektro Ljubljana d.d., Elektro Primorska d.d. and the Republic of Slovenia.

On 9 February 2016, Zavarovalnica Triglav received the Securities Market Agency Decision, establishing that suspension of its voting rights based on the Securities Market Agency Decision dated 4 March 2013 expired with the issue of the Securities Market Agency Decision of 2 December 2015. On this basis, Zavarovalnica Triglav re-established the voting rights to the abovementioned shareholders.

■ Lovćen Osiguranje, a.d., Podgorica

On 24 July 2015, the Competition Office of Montenegro adopted a decision establishing that Lovćen and Sava Montenegro had violated competition rules under points 1, 2 and 3 of paragraph 8, Article 8 of the Competition Protection Act. The violation is related to non-life insurance, more specifically to the negotiation, conclusion and implementation of an agreement aimed at limiting and distorting competition. The decision established that such agreement were null and void and prohibited both parties from implementing them. In a decision issued on 21 August 2015, the Competition Office of Montenegro granted the request by

Lovćen to suspend the implementation of the initial decision of the Competition Office until a final ruling has been delivered by the Administrative Court of Montenegro. Lovćen brought an action against the decision of the Competition Office on 25 August 2015. The case is still pending.

The Competition Office also filed a complaint against Lovćen and the responsible person before the Court in Podgorica. In a minor offence proceeding, on 2 March 2016 the Court issued a decision on the termination of the proceeding due to the statute of limitations and unauthorised retroactive application of regulations. The judgement is not yet final.

■ Triglav Osiguranje, a.d., Banja Luka

The Insurance Supervision Agency of the Republic of Srpska issued a report on the performed audit on 8 July 2015. The company appealed against the report. The appeal was granted with regard to the following issues: payment of prevention funds, comprehensive car insurance policies and other non-life insurance policies, additional explanation regarding the reinsurance contract, arguments regarding the financial report and individual arguments regarding cash payments. On 5 November 2015, the Agency issued a decision ordering the company to implement 14 corrective measures to rectify the detected irregularities. The company drafted a report on the implementation of corrective measures that was submitted to the Board of Directors on 29 January 2016. The report was transmitted to the Agency on 1 February 2016.

■ Triglav Osiguranje, d.d., Zagreb

In November 2013, a tax audit was conducted by the Ministry of Finance – Tax Administration. The audit referred to the regularity of the levying and payment of corporate income tax and personal income tax for 2009 and was completed on 27 November 2014. In December 2014, the company received an audit report that resulted in the assessment of an additional personal income tax liability of HRK 1,209,080 plus default interest of HRK 2,000,000. The company settled a part of this tax liability with HRK 1,500,000. With respect to the outstanding amount, the company filed a complaint against the audit report, as it did not agree with certain findings. The complaint was rejected at the first instance, but the company will appeal at the second instance, since the management believes the findings to be erroneous. The management expects a positive outcome of the second-instance appeal. The amount of the settled additional tax liability was disclosed in the financial statements for the year ending 31 December 2015.

■ Triglav Osiguruvanje, a.d., Skopje

In the period from 22 September 2014 to 3 October 2014, a comprehensive audit of operations was performed in Triglav Osiguruvanje a.d., Skopje. The company received a final decision on established irregularities in February 2015. The audit revealed a number of irregularities and incompliance that the company is required to eliminate by 31 December 2015. A fine of EUR 5,000 was also imposed. The fine is disclosed in the financial statements for the year ending 31 December 2015. All recommendations were implemented within the prescribed time limit.

5.10 Subsequent events

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 consolidated and separate financial statements of Zavarovalnica Triglav for 2015 as well as no material non-adjusting events.

Events after the reporting date that are important for the operations in 2016 are the following:

- Amendments and supplements to the Governance Policy of Zavarovalnica Triglav

On 4 January 2016, Zavarovalnica Triglav d.d. published the Governance Policy of Zavarovalnica Triglav d.d., including the amendments thereto, which were approved by the Management Board and Supervisory Board and became applicable on 1 January 2016. Information on the governance system and policy is available on the Company's official web pages (<http://www.triglav.eu>).

- Agreement on the sale of land to IKEA

Triglav, Upravljanje nepremičnin d.d. and IKEA Slovenija, trgovina na drobno d.o.o. concluded an agreement on the sale and development of a land plot on the site of BTC in Ljubljana. The total value of the transaction excluding VAT is EUR 16 million. In accordance with the strategic guidelines of the Triglav Group, the remaining land at the location owned by the Group is also earmarked for development and sale.

- Disposal of the equity stake in Avrigo d.o.o.

On 5 February 2016, Zavarovalnica Triglav fulfilled all regulatory and other contractual conditions and completed the sale of its 97.31% equity stake in the company Avrigo d.o.o. The impact of the sale will be recognised in the financial statements of the Group and Zavarovalnica Triglav in Q1 2016.

- The reduction of the share capital of Slovenijales trgovina d.d., Ljubljana and the sale of Slovenijales trgovina Nepremičnine d.o.o.

In February 2016, Slovenijales trgovina d.d. decreased its share capital by EUR 3.6 million and at the same time sold its 100% stake in Slovenijales trgovina Nepremičnine d.o.o. to Triglav, Upravljanje nepremičnin d.d.

- Insurance Supervision Agency Order relating to Two Supervisory Board Members – Employee Representatives

Based on the order of the Insurance Supervision Agency received by Zavarovalnica Triglav on 19 February 2016, Ivan Sotošek and Boštjan Molan as the Supervisory Board members – Employee Representatives do not meet the legal requirements to serve on the insurer's Supervisory Board arising from Article 67(1)(1) of the Insurance Act to (ZZavar-1). This provision stipulates that only persons with adequate professional qualifications, personal characteristics and experience required for supervising insurance operations may be appointed Supervisory Board members of insurance companies. Both above-mentioned members were elected into the Supervisory Board by the Works Council of Zavarovalnica Triglav d.d. in 2015 in line with the Worker Participation in Management Act.

- Resignation of Matej Runjak, Member and Chairman of the Supervisory Board of Zavarovalnica Triglav

On 3 March 2016, Matej Runjak, Member and Chairman of the Supervisory Board of Zavarovalnica Triglav, submitted his letter of irrevocable resignation effective as of the date of the first regular General Meeting of Shareholders of Zavarovalnica Triglav, which is scheduled for 31 May 2015 in line with the financial calendar.

- Appointment of Marica Makoter to the Management Board as Employee Representative

As moved by the Worker's Council, the Supervisory Board of Zavarovalnica Triglav d.d. reappointed Marica Makoter to the Management Board as Employee Representative for a five-year term of office, commencing on 22 December 2016.

5.11 Improvements in standards and interpretations

New standards and interpretations issued but not yet effective

The standards and interpretations disclosed below have been issued but were not yet effective up to the date of issuance of the consolidated and separate financial statements. Zavarovalnica Triglav intends to adopt these standards and interpretations, if applicable, in the preparation of its financial statements when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which includes the requirements of all phases of the IFRS 9 improvement project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The revised standard introduces new requirements for the classification and measurement of financial assets and liabilities, the recognition of their impairment, and hedge accounting. The revised IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 issued in 2009, 2010 and 2013 is permitted if an entity made a transition to IFRS before 1 February 2015.

The amendment to the standard is not expected to have any impact on the separate or consolidated financial statements.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity to continue applying most of its existing generally accepted accounting principles to accounting for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statements of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016.

The amendment to the standard is not expected to have any impact on the separate or consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the International Accounting Standards Board issued IFRS 15, which establishes a new five-step model for the recognition of revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new standard is applicable to all entities and supersedes all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017. Early application is permitted.

The amendment to the standard is not expected to have any impact on the separate or consolidated financial statements.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exception has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. They are effective for annual periods beginning on or after 1 January 2016. Early application is permitted.

The amendment to the standard is not expected to have any impact on the separate or consolidated financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective for annual periods beginning on or after 1 January 2016. Early application is permitted.

These amendments are not expected to have any impact on the Group's consolidated financial statements or the Company's separate financial statements given that neither has used a revenue-based method to depreciate its non-current assets.

The amendment to the standard is not expected to have any impact on the separate or consolidated financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. Following initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity).

The amendments also require that produce that grows on bearer plants will remain within the scope of IAS 41, measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016. Early application is permitted.

The amendment to the standard is not expected to have any impact on the separate or consolidated financial statements.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments have no impact on the consolidated financial statements of the Group. Any potential impact on separate financial statement is under review.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

The amendment to the standard is not expected to have any impact on the separate or consolidated financial statements.

Annual improvements 2012–2014 Cycle

The IASB issued the Annual Improvements to IFRSs 2012–2014 Cycle, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016, but can be applied earlier.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Changes in methods of disposal)

The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment applies for annual periods beginning on or after 1 January 2016.

The amendments introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments state that:

- such reclassifications should not be considered changes to a plan of sale or a plan of distribution to owners and that the classification, presentation and measurement requirements applicable to the new method of disposal should be applied; and
- assets that no longer meet the criteria for held for distribution to owners (and do not meet the criteria for held for sale) should be treated in the same way as assets that cease to be classified as held for sale.

The revised standard had no significant impact on the financial statements of the Group and the Company.

IFRS 7 Financial Instruments: Disclosures in relation to servicing contracts and the application of amendments in separate financial statements, affecting the amendment to IFRS 1

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

The amendments provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purposes of the disclosures required in relation to transferred assets. Paragraph 42C(c) of IFRS 7 states that a pass through arrangement under a servicing contract does not, in itself, constitute a continuing involvement for the purposes of the transfer disclosure requirements. However, in practice, most service contracts have additional features that lead to a continuing involvement in the asset, for example, when the amount and/or timing of cash flows collected.

Applicability of the amendments to IFRS 7 offsetting disclosure to condensed interim financial statements

Amendments to IFRS 7 were made to remove uncertainty as to whether the disclosure requirements on offsetting financial assets and financial liabilities (introduced in on December 2011 and effective for periods beginning on or after 1 January 2013) should be included in condensed interim financial statements, and if so, whether in all Interim financial statements after 1 January 2013 or only in the first year. The amendments clarify that the offsetting disclosures are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 Interim Financial Reporting.

The amendments apply retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment to the standard is not expected to have any impact on the separate or consolidated financial statements.

IAS 19 Employee Benefits (discount rate: regional market issue)

Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendment to the standard is not expected to have any impact on the separate or consolidated financial statements.

IAS 34 Interim Financial Reporting (disclosure of information »elsewhere in the interim financial report«)

The amendments clarify the requirements relating to information required by IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the Interim financial report that is available to users on the same terms and at the same time as the Interim financial statements.

The amendments apply retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment to the standard is not expected to have any impact on the separate or consolidated financial statements.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

The amendment to the standard is not expected to have any impact on the separate or consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

The amendment to the standard is not expected to have any impact on the separate or consolidated financial statements.

New and amended standards and interpretations, beginning on 1 January 2015

The accounting policies applied in the compilation of separated and consolidated financial statements are the same as those used in the preparation of separated and consolidated financial statements for the year ended 31 December 2014, except for adoption of new or amended standards that came into effect for annual periods beginning on or after 1 January 2015 and which are presented below.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014.

The revised standard had no significant impact on the financial statements of the Group and the Company.

Annual Improvements 2010–2012 Cycle

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions.

The revised standard had no significant impact on the financial statements of the Group and the Company.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39.

The revised standard had no significant impact on the financial statements of the Group and the Company.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The revised standard had no significant impact on the financial statements of the Group and the Company.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

The revised standard had no significant impact on the financial statements of the Group and the Company, as assets are not valued using the revaluation model.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

The revised standard had no significant impact on the financial statements of the Group and the Company.

Annual Improvements 2011–2013 Cycle

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3.
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The revised standard had no significant impact on the financial statements of the Group and the Company.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39.

The revised standard had no significant impact on the financial statements of the Group and the Company.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination.

The revised standard had no significant impact on the financial statements of the Group and the Company.

5.12 Segment reporting

Zavarovalnica Triglav is a composite insurance company, providing non-life and life insurance services. As these are integral economic units, separate accounting records and books of account are kept. Distribution of income and expenses between non-life and life insurance is described below. Assets and their sources, including equity, are also disclosed separately.

The management monitors the operations of the Group based by business segments (non-life insurance, life insurance, health insurance and non-insurance operations) and by geographical segments (separately for the Slovene market and foreign markets).

The distribution of income and expenses between segments for reporting purposes is described below.

Reconciliation of total assets

Assets and liabilities items in the statement of financial position by business segment have not been offset. Mutual receivables and liabilities arising from non-life and life insurance operations and deferred tax assets and liabilities have been offset in the consolidated statement of financial position, as shown in the following table:

	in EUR	
	31 Dec. 2015	31 Dec. 2014
Balance sheet total (without offsetting)	2,707,758,359	2,742,729,353
Mutual receivables and liabilities	-7,598,782	-6,448,805
Deferred tax assets and liabilities	-14,726,987	-15,013,596
Offset balance	2,685,432,591	2,721,266,953

Mutual receivables and liabilities arise from cost sharing, as explained below.

Distribution of income and expenses between business segments is described below.

Income

Income from insurance premiums is disclosed separately by insurance group and insurance class.

Investment income is posted separately by insurance group. Within individual insurance classes and types of insurance technical provisions, investment income is distributed according to the structure of technical provisions. Investment income from assets backing liabilities, long-term business funds and investments not financed by insurance technical provisions is accounted for separately. The latter are also accounted for separately by insurance group.

Other net income from insurance operations is accounted for separately by insurance group and insurance class, partly directly and partly by using a matrix (the matrix is the same as for investment income). Other income from insurance operations and other income is accounted for by insurance group.

All income is also accounted for separately according to geographical segmentation – for Slovenia and for other countries.

Expenses

Net claims incurred are disclosed separately by insurance group and insurance class. Direct claim handling costs are posted by insurance class. Part of the claim handling costs, primarily accounted for by their natural type within operating costs, is shown by insurance groups and insurance classes directly and by using a matrix that is the same as that used for distributing other operating costs.

Changes in insurance technical provisions (provisions for bonuses and discounts and other insurance technical provisions) are accounted for directly by insurance group and by insurance class.

Investment expenses are posted separately by insurance groups. Investment expenses within individual insurance classes and types of insurance technical provisions are distributed according to the same criteria as investment income. Within individual insurance groups, expenses from investments are disclosed separately for assets backing liabilities, long-term business funds and investments not financed by insurance technical provisions. The latter are also accounted for separately by insurance group.

Other net insurance expenses are accounted for separately by insurance group and by insurance class, partly directly and partly by using a matrix. Other expenses from insurance operations and other expenses are posted separately by insurance group. In order to ensure the appropriate presentation of the insurance-technical result, operating expenses of non-insurance companies are disclosed as other expenses in the income statement. In the Notes to financial statements they are disclosed also by nature.

Furthermore, all expenses are accounted for by geographical area – separately for Slovenia and for other countries.

Additional disclosures of Triglav Group and Zavarovalnica Triglav

Depreciation and amortisation charges by business segment are disclosed under operating expenses in [→ Section 4.12].

Values of investments in intangible assets, property, plant and equipment and investment property by business segments are shown in the table below:

	in EUR				
Triglav Group 2015	Non-life	Life	Health	Non-insurance	TOTAL
Investments in intangible assets	4,657,694	608,150	641,837	148,870	6,056,551
Investments in property plant and equipment	6,138,992	150,240	290,528	4,570,828	11,150,588
Investments in investment property	425,441	0	0	4,463	429,904

	in EUR				
Triglav Group 2014	Non-life	Life	Health	Non-insurance	TOTAL
Investments in intangible assets	6,678,245	800,018	23,895	1,163,247	8,665,405
Investments in property plant and equipment	4,707,889	180,497	229,310	4,700,250	9,817,948
Investments in investment property	1,739,490	0	0	785,118	2,524,608



The highest exposure of Triglav Group to individual financial institutions is:

- in non-life insurance, exposure to Nova ljubljanska banka, d.d. of EUR 14,747,016;
- in life insurance, exposure to Commerzbank AG of EUR 65,025,259;
- in health insurance, exposure to Abanka Vipra, d.d. of EUR 949,667;
- in non-insurance, exposure to Abanka Vipra, d.d. of EUR 8,076,992.

	in EUR		
Zavarovalnica Triglav 2015	Non-life	Life	TOTAL
ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION			
Investments in intangible assets	4,220,723	586,034	4,806,757
Investments in property, plant and equipment	4,412,800	129,928	4,542,728
Investments in investment property	18,512,765	0	18,512,765
ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT			
Depreciation charge for the current year	-7,360,629	-1,604,101	-8,964,730
Expenses from the impairment of premium and subrogation receivables	-15,584,813	-6,667	-15,591,480
Income from reversal of impairment of receivables	14,961,629	0	14,961,629
Expenses from impairment of investment property	-996,552	0	-996,552
Expenses from impairment of other receivables	-95,441	-17,876	-113,317
Income from reversal of impairment of other receivables	118,855	16,261	135,117

	in EUR		
Zavarovalnica Triglav 2014	Non-life	Life	TOTAL
ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION			
Investments in intangible assets	5,596,126	800,018	6,396,144
Investments in property, plant and equipment	1,859,060	175,260	2,034,320
Investments in investment property	861,786	0	861,786
ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT			
Depreciation charge for the current year	-8,194,527	-2,309,829	-10,504,356
Expenses from the impairment of premium and subrogation receivables	-20,077,414	-9,344	-20,086,758
Income from reversal of impairment of receivables	14,644,861	0	14,644,861
Expenses from impairment of property, plant and equipment	0	0	0
Expenses from impairment of other receivables	-104,492	-20,426	-124,918
Income from reversal of impairment of other receivables	377,369	20,024	397,393

Maximum individual exposure of Zavarovalnica Triglav to financial institutions is:

- for non-life insurance: Nova ljubljanska banka, d.d.: EUR 12,236,295 and
- for life insurance: Commerzbank, AG: EUR 65,025,259.

	2015					2014					in EUR
Triglav Group Comprehensive income by business segments	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	
NET PROFIT FOR THE YEAR AFTER TAX	59,973,409	19,932,426	5,690,619	3,264,740	88,861,194	58,816,295	14,665,532	10,910,117	1,290,525	85,682,468	
OTHER COMPREHENSIVE INCOME AFTER TAX	-13,072,485	-5,299,412	-769,437	334,965	-18,806,369	36,007,054	11,588,065	1,536,645	2,074,977	51,206,741	
Items which will not be transferred in P&L in future periods	158,819	36,305	3,605	-83,581	115,148	-409,430	-86,938	-28,357	15,964	-508,761	
Net actuarial gains/losses for pension plans	182,824	40,489	3,605	-83,581	143,337	-494,730	-104,744	-28,357	15,964	-611,867	
Tax on items which will not be transferred in P&L	-24,005	-4,184	0	0	-28,189	85,300	17,806	0	0	103,106	
Items which could be transferred into P&L in future periods	-13,231,304	-5,335,717	-773,042	418,546	-18,921,517	36,416,484	11,675,003	1,565,002	2,059,013	51,715,502	
Fair value gains/losses on available-for-sale financial assets	-15,939,755	-27,589,269	-931,376	994,492	-43,465,908	44,058,663	45,265,959	1,885,545	2,816,680	94,026,847	
– net gains/losses recognized directly in equity	-8,907,223	-3,721,391	194,931	994,492	-11,439,191	66,405,409	67,379,134	3,185,707	2,819,928	139,790,178	
– transfers from equity to income statement	-7,032,532	-23,867,878	-1,126,307	0	-32,026,717	-22,346,746	-22,113,175	-1,300,162	-3,248	-45,763,331	
Fair value gains/losses on non-current assets held for sale	0	-381,226	0	0	-381,226	0	0	0	0	0	
Share of OCI of entities accounted for using the equity method	0	30,807	0	-343,792	-312,985	0	19,780	0	-62,773	-42,993	
Liabilities from insurance contracts with DPF	0	17,740,272	0	0	17,740,272	0	-25,899,972	0	0	-25,899,972	
Currency translation differences	61,261	-16,622	0	6,330	50,969	-399,321	-123,768	0	-207,717	-730,806	
Tax on other comprehensive income	2,647,190	4,880,321	158,334	-238,484	7,447,361	-7,242,858	-7,586,996	-320,543	-487,177	-15,637,574	
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	46,900,923	14,633,014	4,921,182	3,599,705	70,054,825	94,823,349	26,253,597	12,446,762	3,365,502	136,889,210	
Controlling interest	47,040,569	14,365,821	4,921,182	3,893,462	70,221,035	94,302,331	26,046,455	12,446,762	3,463,965	136,259,514	
Non-controlling interest	-139,646	267,193	0	-293,757	-166,210	521,018	207,142	0	-98,463	629,696	

	2015			2014			in EUR
Zavarovalnica Triglav Comprehensive income by business segments	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	
Net profit for the year after tax	40,333,066	18,172,752	58,505,818	32,453,152	13,159,430	45,612,582	
Other comprehensive income after tax	-9,541,648	-7,953,479	-17,495,126	26,959,202	10,899,184	37,858,386	
Items which will not be transferred in P&L in future periods	178,600	36,305	214,905	-416,465	-86,938	-503,403	
Net actuarial gains/losses for pension plans	199,088	40,489	239,577	-501,765	-104,744	-606,509	
Tax on items which will not be transferred in P&L	-20,488	-4,184	-24,672	85,300	17,806	103,106	
Items which could be transferred into P&L in future periods	-9,720,248	-7,989,784	-17,710,031	27,375,667	10,986,122	38,361,789	
Fair value gains/losses on available-for-sale financial assets	-11,711,142	-30,730,657	-42,441,799	32,982,731	44,599,630	77,582,361	
– net gains/losses recognized directly in equity	-4,113,934	-6,862,923	-10,976,857	55,855,747	66,712,620	122,568,367	
– transfers from equity to income statement	-7,597,208	-23,867,734	-31,464,942	-22,873,016	-22,112,990	-44,986,006	
Liabilities from insurance contracts with DPF	0	17,740,272	17,740,272	0	-25,899,972	-25,899,972	
Tax on other comprehensive income	1,990,894	5,000,601	6,991,496	-5,607,064	-7,713,536	-13,320,600	
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	30,791,418	10,219,273	41,010,692	59,412,354	24,058,614	83,470,968	

5.12.1 Reporting by business segment for Triglav Group

The statement of financial position and income statement by business segment are shown below for the reporting and the previous year.

In the consolidation process, the key inter-company eliminations between segments which influenced their profit/loss were the following: acquisition costs and acquisition income, premium income and operating expenses. The aforementioned eliminations had no impact on the consolidated profit/loss. The key inter-company eliminations, which did impact both the profit/loss of individual segments and the consolidated profit/loss, were the effects of the capital method and the elimination of investment impairments in subsidiary companies. These effects are disclosed under financial income and financial expenses.

The management monitors the operations of the Group according to the following main segments:

- non-life insurance,
- life insurance,
- health insurance and
- non-insurance operations.

in EUR

	31 Dec. 2015						
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	1,679,001,567	1,889,678,781	50,604,574	210,850,496	3,830,135,418	-336,678,618	3,493,456,800
Intangible assets	63,377,779	1,712,780	719,922	4,428,428	70,238,909	-106,577	70,132,332
Property, plant and equipment	86,951,057	10,775,245	1,441,300	24,002,591	123,170,193	-1,359,833	121,810,360
Deferred tax assets	14,008,148	1,289,370	560,675	511,746	16,369,939	-376,251	15,993,688
Investment property	62,922,320	2,340,472	0	14,260,530	79,523,322	-48,039	79,475,283
Investments in subsidiaries	133,536,347	11,644,151	0	55,021,301	200,201,799	-200,201,799	0
Investments in associates	0	4,206,493	0	5,516,391	9,722,884	-2,783,184	6,939,700
Financial assets	968,653,371	1,835,345,188	43,252,890	53,452,910	2,900,704,359	-27,267,576	2,873,436,783
Financial investments	968,653,371	1,370,611,265	43,252,890	53,452,910	2,435,970,436	-27,267,576	2,408,702,860
– loans and deposits	99,310,574	91,929,553	3,450,433	12,631,671	207,322,231	-23,450,012	183,872,219
– held to maturity	0	242,406,400	0	0	242,406,400	0	242,406,400
– available for sale	858,642,721	671,189,004	39,802,457	40,821,239	1,610,455,421	-2,773,783	1,607,681,638
– recognised at fair value through profit and loss	10,700,076	365,086,308	0	0	375,786,384	-1,043,781	374,742,603
Unit-linked insurance assets	0	464,733,923	0	0	464,733,923	0	464,733,923
Reinsurers' share of technical provisions	135,405,518	18,982	9,264	0	135,433,764	-66,709,459	68,724,305
Receivables	192,056,461	7,410,928	4,543,950	21,340,783	225,352,122	-58,908,389	166,443,733
– receivables from direct insurance operations	81,032,421	590,747	3,609,052	0	85,232,220	-1,983,214	83,249,006
– receivables from reinsurance and coinsurance operations	73,340,738	31,639	33,225	0	73,405,602	-30,581,934	42,823,668
– current tax receivables	293,547	154	0	7,572	301,273	0	301,273
– other receivables	37,389,755	6,788,388	901,673	21,333,211	66,413,027	-26,343,241	40,069,786
Other assets	4,216,294	95,710	41,536	4,350,746	8,704,286	-569,524	8,134,762
Cash and cash equivalents	17,874,272	14,839,462	35,037	17,073,947	49,822,718	-1,893,950	47,928,768
Non-current assets held for sale	0	0	0	10,891,123	10,891,123	23,545,963	34,437,086
EQUITY AND LIABILITIES	1,679,001,567	1,889,678,781	50,604,574	210,850,496	3,830,135,418	-336,678,618	3,493,456,800
Equity	546,002,252	154,237,056	27,937,085	164,399,854	892,576,247	-188,531,748	704,044,499
Controlling interests	546,002,252	154,237,056	27,937,085	164,399,854	892,576,247	-199,650,382	692,925,865
– share capital	114,852,545	41,915,113	25,822,144	159,318,064	341,907,866	-268,206,474	73,701,392
– share premium	42,947,231	13,658,828	0	29,208,975	85,815,034	-30,859,122	54,955,912
– reserves from profit	256,014,524	47,036,141	102,761	2,780,443	305,933,869	-4,988,403	300,945,466
– fair value reserve	55,437,376	12,282,668	1,060,976	20,795,083	89,576,103	-12,008,784	77,567,319
– net profit brought forward	40,642,684	18,952,322	0	-36,651,961	22,943,045	81,560,829	104,503,874
– net profit/loss for the year	38,725,413	21,541,846	951,204	-10,352,735	50,865,728	34,936,824	85,802,552
– currency translation differences	-2,617,521	-1,149,862	0	-698,015	-4,465,398	-45,085	-4,510,483
– reserve of disposal group held for sale	0	0	0	0	0	-40,167	-40,167
Non-controlling interests	0	0	0	0	0	11,118,634	11,118,634
Subordinated liabilities	12,437,213	10,028,667	1,500,000	0	23,965,880	-5,213,628	18,752,252

	31 Dec. 2015							in EUR
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)	
Insurance technical provisions	954,328,993	1,243,003,784	12,802,170	0	2,210,134,947	-66,739,736	2,143,395,211	
– unearned premiums	264,095,070	437,990	1,967,811	0	266,500,871	-14,442,915	252,057,956	
– mathematical provisions	0	1,219,737,727	0	0	1,219,737,727	0	1,219,737,727	
– claims provisions	665,542,581	20,097,217	9,344,074	0	694,983,872	-52,296,821	642,687,051	
– other insurance technical provisions	24,691,342	2,730,850	1,490,285	0	28,912,477	0	28,912,477	
Insurance technical provisions for unit-linked insurance contracts	0	457,046,912	0	0	457,046,912	0	457,046,912	
Employee benefits	9,228,780	1,844,498	377,843	1,307,063	12,758,184	-533,053	12,225,131	
Other provisions	1,287,507	1,824,621	256,630	3,039,196	6,407,954	-2,553,110	3,854,844	
Deferred tax liabilities	15,923,234	5,012,534	0	2,253,028	23,188,796	0	23,188,796	
Other financial liabilities	2,123,870	1,111,726	98,854	17,482,923	20,817,373	-17,033,091	3,784,282	
Operating liabilities	70,745,189	6,492,542	3,930,080	259,979	81,427,790	-33,039,065	48,388,725	
– liabilities from direct insurance operations	7,160,205	6,464,014	3,908,662	0	17,532,881	-914,953	16,617,928	
– liabilities from reinsurance and co-insurance operations	60,130,067	22,394	21,418	0	60,173,879	-32,120,249	28,053,630	
– current tax liabilities	3,454,917	6,134	0	259,979	3,721,030	-3,863	3,717,167	
Other liabilities	66,924,529	9,076,441	3,701,912	22,108,453	101,811,335	-35,469,360	66,341,975	
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	12,434,173	12,434,173	



in EUR

	31 Dec. 2014						
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	1,759,924,416	1,599,102,861	47,400,951	246,079,705	3,652,507,933	-377,079,929	3,275,428,004
Intangible assets	65,313,174	1,981,789	166,917	4,974,788	72,436,668	-666,200	71,770,468
Property, plant and equipment	86,299,084	10,150,879	1,363,295	26,040,287	123,853,545	-185,000	123,668,545
Deferred tax assets	14,543,422	1,365,064	0	4,563,708	20,472,194	0	20,472,194
Investment property	52,038,598	2,392,292	0	39,451,441	93,882,331	10,979,148	104,861,479
Investments in subsidiaries	137,410,590	1,673,699	0	83,961,758	223,046,047	-223,046,048	0
Investments in associates	0	6,947,477	0	3,423,858	10,371,335	0	10,371,335
Financial assets	1,049,930,735	1,555,734,901	41,606,936	53,053,759	2,700,326,331	-80,950,002	2,619,376,329
Financial investments	1,049,930,735	1,089,947,162	41,606,936	53,053,759	2,234,538,592	-80,950,002	2,153,588,590
– loans and deposits	126,163,566	43,795,855	3,488,986	8,999,572	182,447,979	-52,410,556	130,037,423
– held to maturity	2,629,394	207,974,734	0	0	210,604,128	0	210,604,128
– available for sale	907,799,452	647,232,852	38,117,950	44,054,187	1,637,204,441	-28,539,446	1,608,664,995
– recognised at fair value through profit and loss	13,338,323	190,943,721	0	0	204,282,044	0	204,282,044
Unit-linked insurance assets	0	465,787,739	0	0	465,787,739	0	465,787,739
Reinsurers' share of technical provisions	148,892,065	98,709	5,134	0	148,995,908	-77,848,191	71,147,717
Receivables	193,017,524	14,438,068	4,185,748	13,053,713	224,695,053	-42,884,543	181,810,510
– receivables from direct insurance operations	92,166,177	528,085	3,714,473	0	96,408,735	-9,994,217	86,414,518
– receivables from reinsurance and coinsurance operations	67,280,352	109,556	3,450	0	67,393,358	-25,931,435	41,461,923
– current tax receivables	1,789,634	154	0	29,227	1,819,015	0	1,819,015
– other receivables	31,781,361	13,800,273	467,825	13,024,486	59,073,945	-6,958,891	52,115,054
Other assets	5,429,449	194,582	48,338	4,071,503	9,743,872	-1,274,406	8,469,465
Cash and cash equivalents	7,049,775	4,125,401	24,583	11,774,295	22,974,054	-115,666	22,858,388
Non-current assets held for sale	0	0	0	1,710,595	1,710,595	38,910,979	40,621,574
EQUITY AND LIABILITIES	1,759,924,416	1,599,102,861	47,400,951	246,079,705	3,652,507,933	-377,079,929	3,275,428,004
Equity	563,764,261	126,570,893	25,582,145	183,580,049	899,497,348	-211,356,580	688,140,772
Controlling interests	563,764,261	126,570,893	25,582,145	183,580,049	899,497,348	-218,085,190	681,412,162
– share capital	119,150,607	32,537,938	25,822,144	164,823,636	342,334,325	-268,632,936	73,701,392
– share premium	42,947,231	13,067,907	0	19,885,891	75,901,029	-18,992,813	56,908,216
– reserves from profit	254,865,877	46,096,003	0	4,019,317	304,981,197	-5,250,157	299,731,040
– fair value reserve	72,205,662	16,062,519	1,830,413	17,166,315	107,264,909	-12,324,881	94,940,028
– net profit brought forward	53,621,488	11,735,279	-10,345,255	-12,794,604	42,216,908	54,489,075	96,705,983
– net profit/loss for the year	23,556,864	8,203,216	8,274,843	-8,840,602	31,194,321	31,575,480	62,769,801
– currency translation differences	-2,583,468	-1,131,969	0	-679,904	-4,395,341	-163,216	-4,558,557
– reserve of disposal group held for sale	0	0	0	0	0	1,214,258	1,214,258

in EUR							
31 Dec. 2014							
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
Non-controlling interests	0	0	0	0	0	6,728,610	6,728,610
Subordinated liabilities	19,340,876	11,983,413	1,500,000	0	32,824,289	-4,758,873	28,065,416
Insurance technical provisions	994,560,298	975,570,841	11,769,739	0	1,981,900,878	-107,144,864	1,874,756,014
– unearned premiums	264,596,865	437,169	1,983,919	0	267,017,953	-21,022,220	245,995,733
– mathematical provisions	0	954,072,939	0	0	954,072,939	0	954,072,939
– claims provisions	706,358,800	20,074,018	8,293,272	0	734,726,090	-85,898,631	648,827,459
– other insurance technical provisions	23,604,633	986,715	1,492,548	0	26,083,896	-224,013	25,859,883
Insurance technical provisions for unit-linked insurance contracts	0	458,899,160	0	0	458,899,160	0	458,899,160
Employee benefits	9,170,486	1,677,127	357,461	1,074,822	12,279,896	-14,314	12,265,582
Other provisions	4,353,756	34,682	263,483	2,730,828	7,382,749	-3,435,875	3,946,874
Deferred tax liabilities	18,596,092	10,007,750	2,856	2,145,497	30,752,195	0	30,752,195
Other financial liabilities	12,371,023	3	0	41,320,220	53,691,246	-38,607,227	15,084,019
Operating liabilities	77,950,115	6,706,526	3,945,570	959,710	89,561,921	-31,028,698	58,533,223
– liabilities from direct insurance operations	9,918,780	6,658,904	3,527,320	0	20,105,004	-4,460,620	15,644,384
– liabilities from reinsurance and co-insurance operations	62,884,706	18,708	6,335	0	62,909,749	-26,568,078	36,341,671
– current tax liabilities	5,146,629	28,914	411,915	959,710	6,547,168	0	6,547,168
Other liabilities	59,817,511	7,652,464	3,979,697	14,268,579	85,718,251	-20,076,529	65,641,718
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	39,343,031	39,343,031

	2015					2014				
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL
Income statement										
Net premium income	518,250,582	212,521,192	108,395,450	0	839,167,224	525,931,747	186,582,701	107,350,033	0	819,864,481
– gross written premium	598,195,059	212,546,504	108,374,702	0	919,116,265	594,340,057	186,582,727	107,323,819	0	888,246,603
– ceded written premium	-77,024,897	-20,737	0	0	-77,045,634	-73,303,617	-12,946	0	0	-73,316,563
– change in unearned premiums	-2,919,580	-4,575	20,748	0	-2,903,407	4,895,307	12,920	26,214	0	4,934,441
Total income from financial assets	65,263,497	231,305,439	2,081,917	2,257,721	300,908,574	70,853,365	161,493,376	2,186,391	1,845,113	236,378,245
Income from financial assets in associates	2,737,091	1,692,712	0	1,024,797	5,454,600	0	77,201	0	70,554	147,755
– profit on equity investments accounted for using the equity method	0	0	0	1,024,797	1,024,797	0	77,201	0	70,554	147,755
– interest income	0	0	0	0	0	0	0	0	0	0
– dividends	0	0	0	0	0	0	0	0	0	0
– fair value gains	0	0	0	0	0	0	0	0	0	0
– realised gains on disposals	2,737,091	1,692,712	0	0	4,429,803	0	0	0	0	0
– other financial income	0	0	0	0	0	0	0	0	0	0
Income from other financial assets	62,526,406	136,735,933	2,081,917	1,232,924	202,577,180	70,853,365	97,924,295	2,186,391	1,774,559	172,738,610
– interest income	30,029,389	40,276,814	810,115	126,230	71,242,548	33,057,558	39,075,932	875,134	235,821	73,244,445
– dividends	1,578,310	1,070,818	0	569,392	3,218,520	2,585,860	1,047,969	0	1,209,446	4,843,275
– fair value gains	3,890,812	35,399,997	0	0	39,290,809	1,599,981	25,199,252	0	0	26,799,233
– realised gains on disposals	18,254,536	57,721,163	1,271,796	230,010	77,477,505	28,190,442	30,587,560	1,311,257	226	60,089,485
– other financial income	8,773,359	2,267,141	6	307,292	11,347,798	5,419,524	2,013,582	0	329,066	7,762,172
Net unrealised gains on unit-linked life insurance assets	0	92,876,794	0	0	92,876,794	0	63,491,880	0	0	63,491,880
Other income from insurance operations	6,997,314	347,086	86,558	0	7,430,958	8,603,134	90,317	51,065	0	8,744,516
– fees and commission income	2,182,847	311,789	0	0	2,494,636	4,028,351	82,500	0	0	4,110,851
– other income from insurance operations	4,814,467	35,297	86,558	0	4,936,322	4,574,783	7,817	51,065	0	4,633,665
Other income	5,620,632	1,635,822	40,005	69,963,797	77,260,256	7,692,553	311,872	26,965	76,165,983	84,197,373
Net claims incurred	296,915,115	178,527,944	94,900,235	0	570,343,294	330,350,302	176,261,098	88,115,208	0	594,726,608
– gross claims settled	330,011,987	178,448,266	86,380,263	0	594,840,516	359,152,328	176,410,422	80,159,779	0	615,722,529
– reinsurers' and co-insurers' share	-23,519,322	-16,075	0	0	-23,535,397	-20,328,529	-1,777	0	0	-20,330,306
– changes in claims provisions	-9,577,550	95,753	1,050,802	0	-8,430,995	-8,473,497	-147,547	177,569	0	-8,443,475
– equalisation scheme expenses for supplementary health insurance	0	0	7,469,170	0	7,469,170	0	0	7,777,860	0	7,777,860
Change in other insurance technical provisions	-294,167	60,636,822	-2,263	0	60,340,392	723,414	58,578,938	346,472	0	59,648,824
Change in insurance technical provisions for unit-linked insurance contracts	0	-1,882,145	0	0	-1,882,145	0	23,841,561	0	0	23,841,561
Expenses for bonuses and discounts	10,199,444	3,515	0	0	10,202,959	10,217,080	2,241	0	0	10,219,321
Operating expenses	159,840,354	32,246,863	9,708,916	0	201,796,133	159,591,009	31,006,481	8,826,013	0	199,423,503
– costs of insurance contract acquisition	114,029,487	19,339,326	2,789,606	0	136,158,419	113,039,555	20,192,195	2,654,314	0	135,886,064
– other operating costs	45,810,867	12,907,537	6,919,310	0	65,637,714	46,551,454	10,814,286	6,171,699	0	63,537,439

in EUR

	2015					2014				
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL
Income statement										
Expenses from financial assets and liabilities	29,200,580	150,083,982	182,081	900,613	180,367,256	11,667,658	39,825,066	51,800	8,734,223	60,278,747
Expenses from financial assets and liabilities in associates	4	18,800	0	1,141,611	1,160,415	0	0	0	70,574	70,574
– loss on investments accounted for using the equity method	0	18,800	0	276,458	295,258	0	0	0	70,574	70,574
– interest expense	0	0	0	0	0	0	0	0	0	0
– fair value losses	0	0	0	0	0	0	0	0	0	0
– realised loss on disposals	0	0	0	865,153	865,153	0	0	0	0	0
– impairments	4	0	0	0	4	0	0	0	0	0
– other financial expenses	0	0	0	0	0	0	0	0	0	0
Expenses from other financial assets and liabilities	29,200,576	66,632,220	182,081	-240,998	95,773,879	11,667,658	20,306,349	51,800	8,663,649	40,689,456
– interest expense	1,115,699	687,215	0	374,532	2,177,446	1,869,632	747,145	0	332,025	2,948,802
– fair value losses	1,728,879	47,808,348	0	74	49,537,301	1,336,251	9,498,050	0	2,062,985	12,897,286
– realised loss on disposals	7,232,495	15,101,943	145,488	-676,029	21,803,897	2,432,147	7,489,833	8,213	0	9,930,193
– impairments	3,638,012	189,433	0	0	3,827,445	152,292	202,192	0	5,986,816	6,341,300
– other financial expenses	15,485,491	2,845,281	36,593	60,425	18,427,790	5,877,336	2,369,129	43,587	281,823	8,571,875
Net unrealised losses on unit-linked life insurance assets	0	83,432,962	0	0	83,432,962	0	19,518,717	0	0	19,518,717
Other insurance expenses	16,909,788	1,042,941	259,417	0	18,212,146	19,522,947	326,433	499,779	0	20,349,159
Other expenses	14,300,153	1,605,296	80,293	66,923,558	82,909,300	10,199,321	1,887,638	137,508	68,061,397	80,285,864
Profit before tax	69,060,758	23,544,321	5,475,251	4,397,347	102,477,677	70,809,068	16,748,810	11,637,674	1,215,476	100,411,028
Income tax expense	9,087,349	3,611,895	-215,368	1,132,607	13,616,483	11,992,773	2,083,278	727,557	-75,048	14,728,560
Net profit	59,973,409	19,932,426	5,690,619	3,264,740	88,861,194	58,816,295	14,665,532	10,910,117	1,290,524	85,682,468
Net profit attributable to the controlling company	59,978,948	19,597,367	5,690,619	3,558,501	88,825,435	58,487,735	14,601,176	10,910,117	1,388,988	85,388,016
Net profit attributable to non-controlling interest holders	-5,539	335,059	0	-293,761	35,759	328,560	64,356	0	-98,464	294,452

in EUR



5.12.2 Reporting by business segment for Zavarovalnica Triglav

	31 Dec. 2015			31 Dec. 2014		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Statement of financial position						
ASSETS	1,174,656,551	1,533,101,808	2,707,758,359	1,227,775,291	1,514,954,062	2,742,729,353
Intangible assets	51,469,624	1,674,020	53,143,644	52,399,202	1,974,521	54,373,723
Property, plant and equipment	57,485,007	9,549,987	67,034,994	55,023,599	10,119,416	65,143,015
Deferred tax assets	13,476,586	1,250,401	14,726,987	13,687,399	1,326,197	15,013,596
Investment property	51,575,234	1,295,574	52,870,808	36,650,566	1,321,891	37,972,457
Investments in subsidiaries	126,143,038	8,545,998	134,689,036	132,284,491	1,514,671	133,799,163
Investments in associates	0	7,259,875	7,259,875	0	10,427,236	10,427,236
Financial assets	699,630,730	1,494,809,747	2,194,440,477	766,880,684	1,473,503,611	2,240,384,295
Financial investments	699,630,730	1,048,220,186	1,747,850,916	766,880,684	1,023,700,840	1,790,581,524
– loans and deposits	40,234,999	68,346,748	108,581,747	73,297,578	31,233,604	104,531,182
– held to maturity	0	178,250,255	178,250,255	0	186,136,258	186,136,258
– available for sale	651,006,775	617,271,546	1,268,278,321	682,592,871	616,822,203	1,299,415,075
– investments recognised at fair value	8,388,956	184,351,637	192,740,593	10,990,235	189,508,775	200,499,010
Unit-linked insurance assets	0	446,589,561	446,589,561	0	449,802,771	449,802,771
Reinsurers' share of technical provisions	69,916,901	18,493	69,935,394	75,232,980	92,371	75,325,350
Receivables	98,253,231	5,062,276	103,315,507	89,481,822	11,699,435	101,181,257
– receivables from direct insurance operations	57,484,337	474,676	57,959,013	61,078,223	449,516	61,527,739
– receivables from reinsurance and co-insurance operations	12,204,759	14,439	12,219,198	6,678,668	10,957	6,689,625
– current tax receivables	0	0	0	0	0	0
– other receivables	28,564,135	4,573,161	33,137,296	21,724,931	11,238,962	32,963,893
Other assets	2,784,635	7,044	2,791,679	3,455,548	3,044	3,458,593
Cash and cash equivalents	3,921,565	3,628,393	7,549,958	2,679,000	2,971,669	5,650,669
EQUITY AND LIABILITIES	1,174,656,551	1,533,101,808	2,707,758,359	1,227,775,291	1,514,954,062	2,742,729,353
Equity	416,857,921	113,702,351	530,560,272	436,494,941	107,505,526	544,000,467
– 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	237,152,390	45,513,891	282,666,281	236,464,034	45,513,891	281,977,925
– fair value reserve	43,547,114	12,204,329	55,751,443	53,067,785	20,153,444	73,221,229
– net profit brought forward	4,828,190	2,382,620	7,210,810	38,565,461	0	38,565,461
– net profit/loss for the year	39,644,710	18,172,752	57,817,462	16,712,143	6,409,432	23,121,575
Subordinated liabilities	11,072,611	10,028,667	21,101,278	17,975,127	11,983,413	29,958,540
Insurance technical provisions	667,217,986	947,726,143	1,614,944,129	691,696,303	925,394,092	1,617,090,395
– unearned premiums	180,141,569	417,422	180,558,991	182,489,705	412,831	182,902,536
– mathematical provisions	0	925,402,898	925,402,898	0	904,858,200	904,858,200
– claims provisions	467,032,829	19,214,892	486,247,722	489,862,786	19,136,346	508,999,132
– other insurance technical provisions	20,043,588	2,690,931	22,734,518	19,343,812	986,715	20,330,526

in EUR

	31 Dec. 2015			31 Dec. 2014		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Statement of financial position						
Insurance technical provisions for unit-linked insurance contracts	0	438,920,157	438,920,157	0	442,952,449	442,952,449
Employee benefits	7,559,612	1,629,426	9,189,038	7,742,113	1,666,541	9,408,654
Other provisions	381,762	0	381,762	399,080	0	399,080
Deferred tax liabilities	14,179,377	6,815,763	20,995,140	16,170,272	11,816,365	27,986,637
Other financial liabilities	1,752,990	0	1,752,990	1,693,912	0	1,693,912
Operating liabilities	18,165,801	5,720,912	23,886,713	19,659,271	6,174,096	25,833,367
– liabilities from direct insurance operations	5,270,069	5,715,512	10,985,581	4,457,703	6,174,096	10,631,799
– liabilities from reinsurance and co-insurance operations	10,259,196	5,400	10,264,596	10,406,511	0	10,406,511
– current tax liabilities	2,636,536	0	2,636,536	4,795,056	0	4,795,056
Other liabilities	37,468,491	8,558,389	46,026,880	35,944,272	7,461,580	43,405,852



	2015			2014		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Income statement						
Net premium income	342,706,800	174,333,436	517,040,236	356,224,073	173,503,117	529,727,190
– gross written premium	411,536,169	174,724,776	586,260,945	418,789,823	173,829,628	592,619,451
– ceded written premium	-72,073,868	-386,750	-72,460,618	-66,944,728	-342,426	-67,287,154
– change in unearned premiums	3,244,499	-4,590	3,239,909	4,378,978	15,915	4,394,893
Total income from financial assets	70,575,579	204,307,590	274,883,169	54,803,374	157,210,371	212,013,745
Income from financial assets in associates	29,275,772	2,412,367	31,688,139	2,380,777	60,541	2,441,318
– interest income	1,985,141	0	1,985,141	2,193,168	0	2,193,168
– dividends	26,905,819	2,412,367	29,318,186	179,293	60,541	239,834
– realised gains on disposals	376,413	0	376,413	0	0	0
– other financial income	8,399	0	8,399	8,317	0	8,317
Income from other financial assets	41,299,807	110,022,606	151,322,413	52,422,597	93,870,494	146,293,090
– interest income	20,330,127	28,587,457	48,917,584	22,640,099	35,730,949	58,371,048
– dividends	1,494,241	989,813	2,484,054	2,496,557	1,047,969	3,544,526
– fair value gains	3,525,559	22,727,877	26,253,436	1,279,428	25,175,318	26,454,746
– realised gains on disposals	12,907,061	55,634,928	68,541,989	24,007,249	30,187,483	54,194,732
– other financial income	3,042,819	2,082,531	5,125,350	1,999,264	1,728,774	3,728,038
Net unrealised gains on unit-linked life insurance assets	0	91,872,617	91,872,617	0	63,279,337	63,279,337
Other income from insurance operations	17,349,033	334,798	17,683,831	16,707,205	171,291	16,878,496
– fees and commission income	12,661,828	334,798	12,996,626	12,386,070	171,291	12,557,361
– other income from insurance operations	4,687,205	0	4,687,205	4,321,135	0	4,321,135
Other income	5,219,708	4,039,244	9,258,952	7,129,748	3,509,421	10,639,169
Net claims incurred	189,964,845	159,633,465	349,598,310	223,985,110	168,053,156	392,038,267
– gross claims settled	230,472,707	160,094,850	390,567,557	252,617,177	168,504,399	421,121,575
– reinsurers' share	-24,305,147	-613,809	-24,918,956	-20,515,296	-195,482	-20,710,778
– changes in claims provisions	-16,202,715	152,424	-16,050,291	-8,116,770	-255,761	-8,372,531
Change in other insurance technical provisions	-737,495	39,994,720	39,257,225	2,226,218	56,165,402	58,391,620
Change in insurance technical provisions for unit-linked insurance contracts	0	-4,032,292	-4,032,292	0	22,619,358	22,619,358
Expenses for bonuses and discounts	8,265,040	0	8,265,040	8,632,089	0	8,632,089
Operating expenses	107,699,032	30,162,937	137,861,969	107,563,221	30,876,196	138,439,417
– costs of insurance contract acquisition	78,975,624	20,633,364	99,608,988	78,492,287	21,362,340	99,854,627
– other operating costs	28,723,408	9,529,573	38,252,981	29,070,934	9,513,856	38,584,790
Expenses from financial assets and liabilities	66,316,362	133,750,753	200,067,115	29,715,987	39,433,332	69,149,319
Expenses from financial assets and liabilities in associates	47,292,586	0	47,292,586	22,048,541	0	22,048,541
– realised loss on disposals	882,000	0	882,000	1,503,668	0	1,503,668
– loss on impairment of financial assets	46,351,490	0	46,351,490	20,524,904	0	20,524,904
– other expenses from financial assets and liabilities	59,096	0	59,096	19,968	0	19,968

in EUR

	2015			2014			in EUR
Income statement	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	
Expenses from other financial assets and liabilities	19,023,776	50,317,791	69,341,567	7,667,447	19,914,615	27,582,062	
– interest expense	1,180,586	719,656	1,900,242	1,549,374	730,917	2,280,291	
– fair value losses	1,554,335	32,514,026	34,068,361	1,238,032	9,485,629	10,723,661	
– realised loss on disposals	5,595,339	14,907,416	20,502,755	1,092,690	7,341,010	8,433,700	
– loss on impairment of financial assets	231,310	0	231,310	22,630	15,829	38,459	
– other expenses from financial assets and liabilities	10,462,206	2,176,693	12,638,899	3,764,720	2,341,231	6,105,951	
Net unrealised losses on unit-linked life insurance assets	0	83,432,962	83,432,962	0	19,518,717	19,518,717	
Other insurance expenses	7,603,408	232,591	7,835,999	11,793,877	203,767	11,997,644	
Other expenses	10,071,067	1,508,258	11,579,325	8,646,485	1,848,331	10,494,816	
Profit before tax	46,668,861	21,764,636	68,433,497	42,301,412	15,194,657	57,496,069	
Income tax expense	6,335,795	3,591,884	9,927,679	9,848,263	2,035,225	11,883,488	
Net profit for the accounting period	40,333,066	18,172,752	58,505,818	32,453,149	13,159,432	45,612,581	

5.12.3 Reporting by geographical area for Triglav Group

Statement of financial position	31 Dec. 2015				
	SLOVENIA	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	3,475,955,971	354,179,447	3,830,135,418	-336,678,618	3,493,456,800
Intangible assets	58,308,428	11,930,481	70,238,909	-106,577	70,132,332
Property, plant and equipment	88,915,999	34,254,194	123,170,193	-1,359,833	121,810,360
Deferred tax assets	15,692,464	677,475	16,369,939	-376,251	15,993,688
Investment property	62,223,242	17,300,080	79,523,322	-48,039	79,475,283
Investments in subsidiaries	191,482,451	8,719,348	200,201,799	-200,201,799	0
Investments in associates	9,722,884	0	9,722,884	-2,783,184	6,939,700
Financial assets	2,703,969,214	196,735,145	2,900,704,359	-27,267,576	2,873,436,783
Financial investments	2,257,379,652	178,590,784	2,435,970,436	-27,267,576	2,408,702,860
– loans and deposits	147,216,758	60,105,473	207,322,231	-23,450,012	183,872,219
– held to maturity	223,562,676	18,843,724	242,406,400	0	242,406,400
– available for sale	1,514,419,654	96,035,767	1,610,455,421	-2,773,783	1,607,681,638
– recognised at fair value through profit and loss	372,180,564	3,605,820	375,786,384	-1,043,781	374,742,603
Unit-linked insurance assets	446,589,562	18,144,361	464,733,923	0	464,733,923
Reinsurers' share of technical provisions	116,118,364	19,315,400	135,433,764	-66,709,459	68,724,305
Receivables	179,223,864	46,128,258	225,352,122	-58,908,389	166,443,733
– receivables from direct insurance operations	61,568,523	23,663,697	85,232,220	-1,983,214	83,249,006
– receivables from reinsurance and coinsurance operations	66,267,315	7,138,287	73,405,602	-30,581,934	42,823,668
– current tax receivables	1,520	299,753	301,273	0	301,273
– other receivables	51,386,506	15,026,521	66,413,027	-26,343,241	40,069,786
Other assets	6,472,963	2,231,323	8,704,286	-569,524	8,134,762
Cash and cash equivalents	32,934,975	16,887,743	49,822,718	-1,893,950	47,928,768
Non-current assets held for sale	10,891,123	0	10,891,123	23,545,963	34,437,086
EQUITY AND LIABILITIES	3,475,955,971	354,179,447	3,830,135,418	-336,678,618	3,493,456,800
Equity	805,360,060	87,216,187	892,576,247	-188,531,748	704,044,499
Controlling interests	805,360,060	87,216,187	892,576,247	-199,650,382	692,925,865
– share capital	254,276,474	87,631,393	341,907,866	-268,206,474	73,701,392
– share premium	84,359,485	1,455,549	85,815,034	-30,859,122	54,955,912
– reserves from profit	289,215,855	16,718,014	305,933,869	-4,988,403	300,945,466
– fair value reserve	86,744,877	2,831,226	89,576,103	-12,008,784	77,567,319
– net profit brought forward	28,608,097	-5,665,052	22,943,045	81,560,829	104,503,874
– net profit/loss for the year	62,155,272	-11,289,544	50,865,729	34,936,824	85,802,552
– currency translation differences	0	-4,465,398	-4,465,398	-45,085	-4,510,483
– reserve of disposal group held for sale	0	0	0	-40,167	-40,167
Non-controlling interests	0	0	0	11,118,634	11,118,634
Subordinated liabilities	22,601,278	1,364,602	23,965,880	-5,213,628	18,752,252
Insurance technical provisions	2,012,095,221	198,039,726	2,210,134,947	-66,739,736	2,143,395,211
– unearned premiums	206,018,138	60,482,733	266,500,871	-14,442,915	252,057,956
– mathematical provisions	1,168,121,665	51,616,062	1,219,737,727	0	1,219,737,727
– claims provisions	613,576,044	81,407,828	694,983,872	-52,296,821	642,687,051
– other insurance technical provisions	24,379,374	4,533,103	28,912,477	0	28,912,477
Insurance technical provisions for unit-linked insurance contracts	438,920,157	18,126,755	457,046,912	0	457,046,912
Employee benefits	11,057,978	1,700,206	12,758,184	-533,053	12,225,131
Other provisions	5,387,726	1,020,228	6,407,954	-2,553,110	3,854,844
Deferred tax liabilities	22,456,661	732,135	23,188,796	0	23,188,796
Other financial liabilities	18,610,929	2,206,444	20,817,373	-17,033,091	3,784,282
Operating liabilities	69,219,963	12,207,827	81,427,790	-33,039,065	48,388,725
– liabilities from direct insurance operations	14,894,693	2,638,188	17,532,881	-914,953	16,617,928
– liabilities from reinsurance and co-insurance operations	50,796,666	9,377,213	60,173,879	-32,120,249	28,053,630
– current tax liabilities	3,528,604	192,426	3,721,030	-3,863	3,717,167
Other liabilities	70,245,998	31,565,337	101,811,335	-35,469,360	66,341,975
Non-current liabilities held for sale and discontinued operations	0	0	0	12,434,173	12,434,173

	in EUR				
	31 Dec. 2014				
Statement of financial position	SLOVENIA	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	3,271,522,874	380,985,059	3,652,507,933	-377,079,929	3,275,428,004
Intangible assets	59,479,415	12,957,253	72,436,668	-666,200	71,770,468
Property, plant and equipment	89,096,874	34,756,671	123,853,545	-185,000	123,668,545
Deferred tax r assets	19,461,412	1,010,782	20,472,194	0	20,472,194
Investment property	72,360,293	21,522,038	93,882,331	10,979,148	104,861,479
Investments in subsidiaries	217,660,943	5,385,104	223,046,047	-223,046,048	0
Investments in associates	10,371,335	0	10,371,335	0	10,371,335
Financial assets	2,482,842,591	217,483,740	2,700,326,331	-80,950,002	2,619,376,329
Financial investments	2,033,039,820	201,498,772	2,234,538,592	-80,950,002	2,153,588,590
– loans and deposits	121,707,366	60,740,613	182,447,979	-52,410,556	130,037,423
– held to maturity	186,136,258	24,467,870	210,604,128	0	210,604,128
– available for sale	1,524,569,885	112,634,556	1,637,204,441	-28,539,446	1,608,664,995
– recognised at fair value through profit and loss	200,626,311	3,655,733	204,282,044	0	204,282,044
Unit-linked insurance assets	449,802,771	15,984,968	465,787,739	0	465,787,739
Reinsurers' share of technical provisions	124,802,715	24,193,193	148,995,908	-77,848,191	71,147,717
Receivables	170,001,525	54,693,528	224,695,053	-42,884,543	181,810,510
– receivables from direct insurance operations	65,242,212	31,166,523	96,408,735	-9,994,217	86,414,518
– receivables from reinsurance and coinsurance operations	61,898,332	5,495,026	67,393,358	-25,931,435	41,461,923
– current tax receivables	9,395	1,809,620	1,819,015	0	1,819,015
– other receivables	42,851,586	16,222,359	59,073,945	-6,958,891	52,115,054
Other assets	6,991,615	2,752,257	9,743,872	-1,274,406	8,469,465
Cash and cash equivalents	16,743,561	6,230,493	22,974,054	-115,666	22,858,388
Non-current assets held for sale	1,710,595	0	1,710,595	38,910,979	40,621,574
EQUITY AND LIABILITIES	3,271,522,874	380,985,059	3,652,507,933	-377,079,929	3,275,428,004
Equity	810,807,290	88,690,058	899,497,348	-211,356,580	688,140,772
Controlling interests	810,807,290	88,690,058	899,497,348	-218,085,190	681,412,162
– share capital	254,679,701	87,654,624	342,334,325	-268,632,936	73,701,392
– share premium	74,445,480	1,455,549	75,901,029	-18,992,813	56,908,216
– reserves from profit	288,648,721	16,332,476	304,981,197	-5,250,157	299,731,040
– fair value reserve	101,629,435	5,635,474	107,264,909	-12,324,881	94,940,028
– net profit brought forward	59,387,387	-17,170,479	42,216,908	54,489,075	96,705,983
– net profit/loss for the year	32,016,566	-822,245	31,194,321	31,575,480	62,769,801
– currency translation differences	0	-4,395,341	-4,395,341	-163,216	-4,558,557
– reserve of disposal group held for sale	0	0	0	1,214,258	1,214,258
Non-controlling interests	0	0	0	6,728,610	6,728,610
Subordinated liabilities	31,458,540	1,365,749	32,824,289	-4,758,873	28,065,416
Insurance technical provisions	1,767,894,790	214,006,088	1,981,900,878	-107,144,864	1,874,756,014
– unearned premiums	205,535,342	61,482,611	267,017,953	-21,022,220	245,995,733
– mathematical provisions	904,858,200	49,214,739	954,072,939	0	954,072,939
– claims provisions	635,261,399	99,464,691	734,726,090	-85,898,631	648,827,459
– other insurance technical provisions	22,239,849	3,844,047	26,083,896	-224,013	25,859,883
Insurance technical provisions for unit-linked insurance contracts	442,952,449	15,946,711	458,899,160	0	458,899,160
Employee benefits	10,868,146	1,411,750	12,279,896	-14,314	12,265,582
Other provisions	3,161,259	4,221,490	7,382,749	-3,435,875	3,946,874
Deferred tax liabilities	29,730,023	1,022,172	30,752,195	0	30,752,195
Other financial liabilities	41,809,598	11,881,648	53,691,246	-38,607,227	15,084,019
Operating liabilities	73,568,447	15,993,474	89,561,921	-31,028,698	58,533,223
– liabilities from direct insurance operations	14,159,185	5,945,819	20,105,004	-4,460,620	15,644,384
– liabilities from reinsurance and co-insurance operations	53,050,495	9,859,254	62,909,749	-26,568,078	36,341,671
– current tax liabilities	6,358,767	188,401	6,547,168	0	6,547,168
Other liabilities	59,272,332	26,445,919	85,718,251	-20,076,529	65,641,718
Non-current liabilities held for sale and discontinued operations	0	0	0	39,343,031	39,343,031



	2015			2014		
	SLOVENIA	OTHER	TOTAL	SLOVENIA	OTHER	TOTAL
Income statement						
Net premium income	702,635,173	136,532,051	839,167,224	680,378,558	139,485,923	819,864,481
– gross written premium	760,924,325	158,191,940	919,116,265	733,329,897	154,916,706	888,246,603
– ceded written premium	-60,163,244	-16,882,390	-77,045,634	-57,117,104	-16,199,459	-73,316,563
– change in unearned premiums	1,874,092	-4,777,499	-2,903,407	4,165,765	768,676	4,934,441
Total income from financial assets	287,979,097	12,929,477	300,908,574	222,447,942	13,930,303	236,378,245
Income from financial assets in associates	5,217,670	236,930	5,454,600	147,755	0	147,755
– profit on equity investments accounted for using the equity method	1,024,797	0	1,024,797	147,755	0	147,755
– interest income	0	0	0	0	0	0
– dividends	0	0	0	0	0	0
– fair value gains	0	0	0	0	0	0
– realised gains on disposals	4,192,873	236,930	4,429,803	0	0	0
– other financial income	0	0	0	0	0	0
Income from other financial assets	190,888,810	11,688,370	202,577,180	159,020,850	13,717,760	172,738,610
– interest income	62,820,699	8,421,849	71,242,548	63,621,833	9,622,612	73,244,445
– dividends	3,182,732	35,788	3,218,520	4,803,771	39,504	4,843,275
– fair value gains	38,994,534	296,275	39,290,809	26,558,007	241,226	26,799,233
– realised gains on disposals	75,807,946	1,669,559	77,477,505	57,910,658	2,178,827	60,089,485
– other financial income	10,082,899	1,264,899	11,347,798	6,126,581	1,635,591	7,762,172
Net unrealised gains on unit-linked life insurance assets	91,872,617	1,004,177	92,876,794	63,279,337	212,543	63,491,880
Other income from insurance operations	3,750,073	3,680,885	7,430,958	4,651,893	4,092,623	8,744,516
– fees and commission income	1,271,035	1,223,601	2,494,636	2,214,409	1,896,442	4,110,851
– other income from insurance operations	2,479,038	2,457,284	4,936,322	2,437,484	2,196,181	4,633,665
Other income	70,867,093	6,393,163	77,260,256	77,712,006	6,485,367	84,197,373
Net claims incurred	493,102,870	77,240,424	570,343,294	512,553,583	82,173,025	594,726,608
– gross claims settled	515,310,930	79,529,586	594,840,516	523,085,626	92,636,903	615,722,529
– reinsurers' and co-insurers' share	-18,639,706	-4,895,691	-23,535,397	-13,651,183	-6,679,123	-20,330,306
– changes in claims provisions	-11,037,524	2,606,529	-8,430,995	-4,658,720	-3,784,755	-8,443,475
– equalisation scheme expenses for supplementary health insurance	7,469,170	0	7,469,170	7,777,860	0	7,777,860
Change in other insurance technical provisions	57,288,062	3,052,330	60,340,392	58,676,736	972,088	59,648,824
Change in insurance technical provisions for unit-linked insurance contracts	-4,032,292	2,150,147	-1,882,145	22,619,358	1,222,203	23,841,561
Expenses for bonuses and discounts	8,261,787	1,941,172	10,202,959	8,623,979	1,595,342	10,219,321
Operating expenses	147,879,451	53,916,682	201,796,133	146,128,121	53,295,382	199,423,503
– costs of insurance contract acquisition	99,688,817	36,469,602	136,158,419	100,277,197	35,608,867	135,886,064
– other operating costs	48,190,634	17,447,080	65,637,714	45,850,924	17,686,515	63,537,439
Expenses from financial assets and liabilities	176,968,682	3,398,574	180,367,256	58,304,591	1,974,156	60,278,747
Expenses from financial assets and liabilities in associates	1,160,415	0	1,160,415	70,574	0	70,574
– loss on investments accounted for using the equity method	295,258	0	295,258	70,574	0	70,574
– interest expense	0	0	0	0	0	0
– fair value losses	0	0	0	0	0	0
– realised loss on disposals	865,153	0	865,153	0	0	0
– impairments	4	0	4	0	0	0
– other financial expenses	0	0	0	0	0	0
Expenses from other financial assets and liabilities	92,375,305	3,398,574	95,773,879	38,715,300	1,974,156	40,689,456
– interest expense	2,024,386	153,060	2,177,446	2,394,198	554,604	2,948,802
– fair value losses	48,869,717	667,584	49,537,301	12,832,782	64,504	12,897,286
– realised loss on disposals	21,712,858	91,039	21,803,897	9,764,822	165,371	9,930,193
– impairments	2,641,953	1,185,492	3,827,445	6,025,275	316,025	6,341,300
– other financial expenses	17,126,391	1,301,399	18,427,790	7,698,223	873,652	8,571,875
Net unrealised losses on unit-linked life insurance assets	83,432,962	0	83,432,962	19,518,717	0	19,518,717
Other insurance expenses	8,898,298	9,313,848	18,212,146	12,614,127	7,735,032	20,349,159
Other expenses	70,962,831	11,946,469	82,909,300	70,974,744	9,311,120	80,285,864
Profit before tax	105,901,747	-3,424,070	102,477,677	94,695,160	5,715,868	100,411,028
Income tax expense	12,835,853	780,630	13,616,483	14,176,088	552,472	14,728,560
Net profit	93,065,894	-4,204,700	88,861,194	80,519,072	5,163,396	85,682,468
Net profit attributable to the controlling company	92,774,859	-3,949,424	88,825,435	80,548,820	4,839,196	85,388,016
Net profit attributable to non-controlling interest holders	291,035	-255,276	35,759	-29,748	324,200	294,452

in EUR

5.12.4 Reporting by geographical area for Zavarovalnica Triglav

Zavarovalnica Triglav operates mainly in the territory of the Republic of Slovenia. As more than 99% of premium income is generated by the sale of insurance to the domestic insureds, the Company does not report by geographical area.

Appendix (ISA Scheme)



Consolidated Financial Statements of Triglav Group

1. Consolidated balance sheet

1.1 Consolidated balance sheet for Non-life and Life insurance

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
ASSETS (A to G)	3,493,456,800	3,275,428,004	107
A. INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	70,132,332	71,770,468	98
Intangible assets	30,316,250	30,474,037	99
Goodwill	0	648,495	
Deferred acquisition costs	38,539,891	38,124,333	101
Other long-term deferred items	1,276,191	2,523,603	51
B. LAND, BUILDINGS AND FINANCIAL ASSETS	2,673,752,810	2,442,297,662	109
I. LAND AND BUILDINGS	189,385,945	207,190,021	91
Directly used in insurance activities	109,910,662	102,328,542	107
Land directly used in insurance activities	22,979,425	15,234,214	151
Buildings directly used in insurance activities	85,490,220	86,246,088	99
Other land and buildings directly used in insurance activities	1,441,017	848,240	170
Investment property	79,475,283	104,861,479	76
Land	13,498,548	36,779,905	37
Buildings	65,976,735	68,081,574	97
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	6,939,700	10,371,335	67
Shares in subsidiaries	0	0	
Debt securities and loans to subsidiaries	0	0	
Shares in associated companies	6,939,700	10,371,335	67
Debt securities and loans to associated companies	0	0	
Other financial investments in subsidiaries and associates	0	0	
III. OTHER FINANCIAL INVESTMENTS	2,404,776,028	2,149,906,536	112
Long-term financial investments	2,297,129,098	2,081,666,840	110
Shares and other floating rate securities and fund coupons	141,822,399	126,778,081	112
Debt and other fixed return securities	2,029,599,291	1,867,779,436	109
Investment fund shares	44,581,865	1,227,388	
Mortgage loans	2,570,836	3,504,665	73
Other loans	24,171,602	24,019,892	101
Deposits with banks	36,001,563	40,957,930	88
Other financial investments	18,381,542	17,399,448	106
Short-term financial investments	107,646,930	68,239,696	158
Shares available for sale	2,691,177	3,158,038	85
Securities available for sale and with maturity up to one year	10,390,105	30,584,196	34
Short-term loans	18,298	1,346,138	1
Short-term bank deposits	86,962,367	31,192,155	279
Other short-term financial investments	7,584,983	1,959,169	387
IV. FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	3,926,832	3,682,053	107
V. ASSETS FROM INVESTMENT CONTRACTS	0	0	
VI. ASSETS FROM REINSURANCE CONTRACTS AND CO-INSURANCE CONTRACTS	68,724,305	71,147,717	97
From unearned premium	17,700,426	15,505,353	114
– in reinsurance	17,610,886	15,488,539	114
– in co-insurance	89,540	16,814	533
From mathematical provision	0	0	
From outstanding claims	51,023,879	55,642,364	92
– in reinsurance	50,980,212	55,616,904	92
– in co-insurance	43,667	25,460	172
From bonuses and discounts	0	0	
From other technical provisions	0	0	
From technical provisions for life insurance policy holders who bear investment risk	0	0	



	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
C. UNIT-LINKED INSURANCE CONTRACT INVESTMENTS	464,733,923	465,787,739	100
D. RECEIVABLES	182,437,421	202,282,704	90
I. RECEIVABLES FROM DIRECT INSURANCE	83,895,385	88,144,998	95
Receivables from insurers	78,382,515	81,580,843	96
Receivables from insurance brokers	807,258	999,507	81
Other receivables from direct insurance operations	4,704,625	5,559,440	85
Receivables from direct insurance operations – associates and subsidiaries	987	5,208	19
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	42,823,668	41,461,923	103
Premium receivable from co-insurance	954,650	932,970	102
Premium receivable from reinsurance	27,218,900	31,879,358	85
Receivables from co-insurers' share in claims	118,044	244,750	48
Receivables from reinsurers' share in claims	12,235,488	5,915,497	207
Other receivables from co-insurance and reinsurance	2,296,586	2,489,348	92
Receivables from co-insurance and reinsurance – associates and subsidiaries	0	0	
III. OTHER RECEIVABLES AND DEFERRED TAX RECEIVABLES	55,718,368	72,675,783	77
Receivables for advanced payments for intangible assets	0	0	
Other short-term receivables from insurance operations	12,831,770	13,552,957	95
Short term receivables from financing	5,017,744	11,157,652	45
Other short-term receivables	16,640,002	18,523,367	90
Long-term receivables	4,933,891	6,012,749	82
Current tax receivables	301,273	1,819,015	17
Deferred tax assets	15,993,688	20,472,194	78
Other short-term receivables – associates and subsidiaries	0	1,137,849	
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	
E. OTHER ASSETS	64,199,406	49,028,005	131
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	11,899,698	21,340,003	56
Equipment and small tools	10,843,221	20,368,859	53
Other tangible fixed assets	1,056,477	971,144	109
II. CASH AT BANK AND IN HAND	47,928,768	22,858,388	210
III. INVENTORIES AND OTHER ASSETS	4,370,940	4,829,614	91
Inventories	3,670,574	3,944,779	93
Other assets	700,366	884,835	79
F. SHORT-TERM DEFERRED ASSETS	3,763,822	3,639,852	103
Accrued interest and rent	7,299	19,478	37
Deferred short-term expenses of insurance contract acquisition	234,271	115,001	204
Other short-term deferred items	3,522,252	3,505,373	100
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	34,437,086	40,621,574	85
H. OFF BALANCE SHEET ASSETS	169,609,050	98,288,689	173
EQUITY AND LIABILITIES (A to I)	3,493,456,800	3,275,428,004	107
A. EQUITY	704,044,499	688,140,772	102
I. SUBSCRIBED (CALLED UP) CAPITAL	73,701,392	73,701,392	100
Share capital	73,701,392	73,701,392	100
Unsubscribed capital (as deduction)	0	0	
II. CAPITAL RESERVES	54,955,912	56,908,216	97
III. RESERVES FROM PROFIT	300,945,466	299,731,040	100
Security reserves	592,269	584,478	101
Legal and statutory reserves	20,371,784	20,014,860	102
Reserves for own shares	452,880	452,880	100
Own shares (as deduction)	-452,880	-452,880	100
Equalisation provision for credit insurance	33,281,412	32,431,700	103
Catastrophe reserves	0	0	
Other reserves from profit	246,700,001	246,700,001	100
IV. FAIR VALUE RESERVE	77,567,319	94,940,028	82
Fair value reserve for tangible fixed assets	4,971	4,971	100
Fair value reserve for long-term investments	77,573,114	94,913,582	82
Fair value reserve for short-term investments	494,084	728,968	68
Other fair value reserve	-504,850	-707,493	71
V. NET PROFIT/LOSS CARRIED FORWARD	104,503,874	96,705,983	108
VI. NET PROFIT/LOSS FOR THE CURRENT YEAR	85,802,552	62,769,801	137
VII. NON-CONTROLLING INTEREST	11,118,634	6,728,610	165
VIII. CURRENCY TRANSLATION DIFFERENCES	-4,510,483	-4,558,557	99

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
IX. RESERVES FOR NON-CURRENT LIABILITIES HELD FOR SALE	-40,167	1,214,258	
B. SUBORDINATED LIABILITIES	18,752,252	28,065,416	67
C. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	2,143,395,211	1,874,756,014	114
Gross provisions for unearned premiums	252,057,956	245,995,733	102
Gross mathematical provisions	1,219,737,727	954,072,939	128
Gross claim provisions	642,687,051	648,827,459	99
Gross provisions for bonuses and discounts	17,382,035	15,845,556	110
Other gross technical provisions	11,530,442	10,014,327	115
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	457,046,912	458,899,160	100
E. PROVISIONS FOR OTHER RISKS AND CHARGES	16,079,975	16,212,456	99
Provisions for pensions	12,225,131	12,265,582	100
Other provisions	3,854,844	3,946,874	98
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN REINSURANCE CONTRACTS	0	0	
G. OTHER LIABILITIES	127,169,728	160,678,964	79
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	16,617,928	15,644,384	106
Liabilities to policy holders	9,841,586	9,250,820	106
Liabilities to agents and brokers	1,437,369	1,185,718	121
Other liabilities from direct insurance operations	5,319,292	5,179,385	103
Liabilities from direct insurance operations—associates and subsidiaries	19,681	28,461	69
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	28,053,630	36,341,671	77
Liabilities for co-insurance premiums	372,129	651,366	57
Liabilities for reinsurance premiums	14,202,932	14,985,858	95
Liabilities for co-insurers' share in claims	8,152	160,516	5
Liabilities for reinsurers' share in claims	6,919,338	10,910,271	63
Other liabilities from co-insurance and re-insurance	6,551,079	9,633,661	68
Liabilities from co-insurance and re-insurance – associates and subsidiaries	0	0	
III. LOANS SECURED BY FIXED RATE SECURITIES	0	229,022	0
IV. LIABILITIES TO BANKS	1,242,264	4,374,919	28
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	
VI. OTHER LIABILITIES	81,255,906	104,088,968	78
Other long term liabilities	23,396,481	39,174,536	60
Long term liabilities from finance leases	187,828	7,885,859	2
Other long term liabilities	19,857	536,482	4
Deferred tax liabilities	23,188,796	30,752,195	75
Other short-term liabilities	57,859,425	64,914,432	89
Short-term liabilities to employees	17,553,395	18,576,576	94
Other short-term liabilities from insurance operations	12,358,104	11,179,622	111
Short-term liabilities from financing	2,354,190	2,594,219	91
Current income tax liabilities	3,717,167	6,547,168	57
Other short-term liabilities	21,876,569	26,016,847	84
H. ACCRUED EXPENSES AND DEFERRED INCOME	14,534,050	9,332,195	156
Accrued expenses	10,603,085	5,363,532	198
Other accruals and deferred income	3,930,965	3,968,663	99
I. NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	12,434,173	39,343,031	32
J. OFF BALANCE SHEET ASSETS	169,609,050	98,288,689	173



1.2 Consolidated balance sheet for Non – life insurance

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
ASSETS (A to G)	1,620,425,800	1,680,232,495	96
A. INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	68,419,552	69,788,679	98
Intangible assets	28,603,470	28,492,248	100
Goodwill	0	648,495	
Deferred acquisition costs	38,539,891	38,124,333	101
Other long-term deferred items	1,276,191	2,523,603	51
B. LAND, BUILDINGS AND FINANCIAL ASSETS	1,287,324,912	1,334,303,277	96
I. LAND AND BUILDINGS	177,363,011	196,176,643	90
Directly used in insurance activities	100,228,200	93,707,456	107
Land directly used in insurance activities	22,343,652	14,598,441	153
Buildings directly used in insurance activities	77,110,651	78,260,775	99
Other land and buildings directly used in insurance activities	773,897	848,240	91
Investment property	77,134,811	102,469,187	75
Land	13,346,246	36,627,603	36
Buildings	63,788,565	65,841,584	97
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	2,733,207	3,423,858	80
Shares in subsidiaries	0	0	
Debt securities and loans to subsidiaries	0	0	
Shares in associated companies	2,733,207	3,423,858	80
Debt securities and loans to associated companies	0	0	
Other financial investments in subsidiaries and associates	0	0	
III. OTHER FINANCIAL INVESTMENTS	1,034,578,046	1,059,873,287	98
Long-term financial investments	1,002,473,484	1,013,600,444	99
Shares and other floating rate securities and fund coupons	102,851,660	92,455,342	111
Debt and other fixed return securities	848,440,378	868,521,556	98
Investment fund shares	43,678	1,227,388	4
Mortgage loans	2,570,836	3,504,665	73
Other loans	1,497,578	1,605,855	93
Deposits with banks	29,568,306	29,571,387	100
Other financial investments	17,501,048	16,714,251	105
Short-term financial investments	32,104,562	46,272,843	69
Shares available for sale	1,380,259	2,135,811	65
Securities available for sale and with maturity up to one year	3,906,548	18,284,340	21
Short-term loans	2,727	1,337,250	
Short-term bank deposits	26,030,317	22,878,134	114
Other short-term financial investments	784,711	1,637,308	48
IV. FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	3,926,832	3,682,053	107
V. ASSETS FROM INVESTMENT CONTRACTS	0	0	
VI. ASSETS FROM REINSURANCE CONTRACTS AND CO-INSURANCE CONTRACTS	68,723,816	71,147,436	97
From unearned premium	17,699,937	15,505,072	114
– in reinsurance	17,610,397	15,488,258	114
– in co-insurance	89,540	16,814	533
From mathematical provision	0	0	
From outstanding claims	51,023,879	55,642,364	92
– in reinsurance	50,980,212	55,616,904	92
– in co-insurance	43,667	25,460	172
From bonuses and discounts	0	0	
From other technical provisions	0	0	
From technical provisions for life insurance policy holders who bear investment risk	0	0	
C. UNIT-LINKED INSURANCE CONTRACT INVESTMENTS	0	0	
D. RECEIVABLES	178,226,878	188,621,065	94
I. RECEIVABLES FROM DIRECT INSURANCE	82,706,631	85,913,043	96
Receivables from insurers	77,813,378	81,080,685	96
Receivables from insurance brokers	805,790	998,328	81
Other receivables from direct insurance operations	4,086,476	3,828,822	107
Receivables from direct insurance operations –associates and subsidiaries	987	5,208	19
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	42,806,761	41,363,324	103
Premium receivable from co-insurance	954,650	932,970	102
Premium receivable from reinsurance	27,218,900	31,879,358	85
Receivables from co-insurers' share in claims	118,044	244,750	48
Receivables from reinsurers' share in claims	12,219,413	5,817,460	210

	in EUR		
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Other receivables from co-insurance and reinsurance	2,295,754	2,488,786	92
Receivables from co-insurance and reinsurance— associates and subsidiaries	0	0	
III. OTHER RECEIVABLES AND DEFERRED TAX RECEIVABLES	52,713,486	61,344,698	86
Receivables for advanced payments for intangible assets	0	0	
Other short-term receivables from insurance operations	12,807,294	13,467,223	95
Short term receivables from financing	4,428,139	3,376,087	131
Other short-term receivables	15,651,949	17,676,972	89
Long-term receivables	4,820,667	5,888,425	82
Current tax receivables	301,119	1,818,861	17
Deferred tax assets	14,704,318	19,107,130	77
Other short-term receivables – associates and subsidiaries	0	10,000	
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	
E. OTHER ASSETS	48,263,827	43,368,929	111
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	10,806,915	19,810,210	55
Equipment and small tools	9,778,150	18,884,100	52
Other tangible fixed assets	1,028,765	926,110	111
II. CASH AT BANK AND IN HAND	33,089,306	18,732,987	177
III. INVENTORIES AND OTHER ASSETS	4,367,606	4,825,732	91
Inventories	3,667,240	3,940,897	93
Other assets	700,366	884,835	79
F. SHORT-TERM DEFERRED ASSETS	3,753,545	3,528,971	106
Accrued interest and rent	7,299	19,478	37
Deferred short-term expenses of insurance contract acquisition	234,271	7,164	
Other short-term deferred items	3,511,975	3,502,329	100
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	34,437,086	40,621,574	85
H. OFF BALANCE SHEET ASSETS	134,200,564	91,729,051	146
EQUITY AND LIABILITIES (A to I)	1,620,425,800	1,680,232,495	96
A. EQUITY	574,289,648	574,794,148	100
I. SUBSCRIBED (CALLED UP) CAPITAL	50,055,479	50,912,391	98
Share capital	50,055,479	50,912,391	98
Unsubscribed capital (as deduction)	0	0	
II. CAPITAL RESERVES	41,673,588	43,840,309	95
III. RESERVES FROM PROFIT	254,844,859	253,638,224	100
Security reserves	376,299	376,299	100
Legal and statutory reserves	18,555,619	18,198,695	102
Reserves for own shares	452,880	452,880	100
Own shares (as deduction)	-452,880	-452,880	100
Equalisation provision for credit insurance	33,281,412	32,431,700	103
Catastrophe reserves	0	0	
Other reserves from profit	202,631,529	202,631,529	100
IV. FAIR VALUE RESERVE	66,846,458	79,255,095	84
Fair value reserve for tangible fixed assets	4,971	4,971	100
Fair value reserve for long-term investments	66,828,039	79,298,527	84
Fair value reserve for short-term investments	461,289	561,413	82
Other fair value reserve	-447,841	-609,816	73
V. NET PROFIT/LOSS CARRIED FORWARD	92,673,197	88,882,422	104
VI. NET PROFIT/LOSS FOR THE CURRENT YEAR	66,205,185	54,918,625	121
VII. NON-CONTROLLING INTEREST	5,158,898	5,324,932	97
VIII. CURRENCY TRANSLATION DIFFERENCES	-3,127,849	-3,192,107	98
IX. RESERVES FOR NON-CURRENT LIABILITIES HELD FOR SALE	-40,167	1,214,258	
B. SUBORDINATED LIABILITIES	9,222,953	16,082,003	57
C. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	900,387,446	899,185,173	100
Gross provisions for unearned premiums	251,615,985	245,558,564	102
Gross mathematical provisions	0	0	
Gross claim provisions	622,589,834	628,753,441	99
Gross provisions for bonuses and discounts	17,382,035	15,845,556	110
Other gross technical provisions	8,799,592	9,027,612	97
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0	

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
E. PROVISIONS FOR OTHER RISKS AND CHARGES	12,410,856	14,500,647	86
Provisions for pensions	10,380,633	10,588,455	98
Other provisions	2,030,223	3,912,192	52
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN REINSURANCE CONTRACTS	0	0	
G. OTHER LIABILITIES	97,692,089	127,562,030	77
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	10,511,627	9,207,472	114
Liabilities to policy holders	5,254,951	4,171,301	126
Liabilities to agents and brokers	977,110	834,794	117
Other liabilities from direct insurance operations	4,277,877	4,197,348	102
Liabilities from direct insurance operations – associates and subsidiaries	1,689	4,029	42
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	28,036,636	36,330,288	77
Liabilities for co-insurance premiums	372,129	651,366	57
Liabilities for reinsurance premiums	14,185,963	14,974,482	95
Liabilities for co-insurers' share in claims	8,152	160,516	5
Liabilities for reinsurers' share in claims	6,919,338	10,910,271	63
Other liabilities from co-insurance and re-insurance	6,551,054	9,633,654	68
Liabilities from co-insurance and re-insurance – associates and subsidiaries	0	0	
III. LOANS SECURED BY FIXED RATE SECURITIES	0	229,022	
IV. LIABILITIES TO BANKS	1,242,264	4,374,919	28
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	
VI. OTHER LIABILITIES	57,901,562	77,420,329	75
Other long term liabilities	18,383,947	29,166,786	63
Long term liabilities from finance leases	187,828	7,885,859	2
Other long term liabilities	19,857	536,482	4
Deferred tax liabilities	18,176,262	20,744,445	88
Other short-term liabilities	39,517,615	48,253,543	82
Short-term liabilities to employees	17,127,540	18,303,088	94
Other short-term liabilities from insurance operations	-2,810,342	-2,650,075	106
Short-term liabilities from financing	2,354,190	2,594,214	91
Current income tax liabilities	3,711,033	6,518,254	57
Other short-term liabilities	19,135,194	23,488,062	81
H. ACCRUED EXPENSES AND DEFERRED INCOME	13,988,635	8,765,465	160
Accrued expenses	10,065,301	4,806,025	209
Other accruals and deferred income	3,923,334	3,959,440	99
I. NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	12,434,173	39,343,031	32
J. OFF BALANCE SHEET ASSETS	134,200,564	91,729,051	146

1.3 Consolidated balance sheet for Life insurance

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
ASSETS (A to G)	1.873.031.000	1.595.195.509	117
A. INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	1,712,780	1,981,789	86
Intangible assets	1,712,780	1,981,789	86
Goodwill	0	0	
Deferred acquisition costs	0	0	
Other long-term deferred items	0	0	
B. LAND, BUILDINGS AND FINANCIAL ASSETS	1,386,427,898	1,107,994,385	125
I. LAND AND BUILDINGS	12,022,934	11,013,378	109
Directly used in insurance activities	9,682,462	8,621,086	112
Land directly used in insurance activities	635,773	635,773	100
Buildings directly used in insurance activities	8,379,569	7,985,313	105
Other land and buildings directly used in insurance activities	667,120	0	
Investment property	2,340,472	2,392,292	98
Land	152,302	152,302	100
Buildings	2,188,170	2,239,990	98
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	4,206,493	6,947,477	61
Shares in subsidiaries	0	0	
Debt securities and loans to subsidiaries	0	0	
Shares in associated companies	4,206,493	6,947,477	61
Debt securities and loans to associated companies	0	0	
Other financial investments in subsidiaries and associates	0	0	
III. OTHER FINANCIAL INVESTMENTS	1,370,197,982	1,090,033,249	126
Long-term financial investments	1,294,655,614	1,068,066,396	121
Shares and other floating rate securities and fund coupons	38,970,739	34,322,739	114
Debt and other fixed return securities	1,181,158,913	999,257,880	118
Investment fund shares	44,538,187	0	
Mortgage loans	0	0	
Other loans	22,674,024	22,414,037	101
Deposits with banks	6,433,257	11,386,543	56
Other financial investments	880,494	685,197	129
Short-term financial investments	75,542,368	21,966,853	344
Shares available for sale	1,310,918	1,022,227	128
Securities available for sale and with maturity up to one year	6,483,557	12,299,856	53
Short-term loans	15,571	8,888	175
Short-term bank deposits	60,932,050	8,314,021	733
Other short-term financial investments	6,800,272	321,861	
IV. FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	0	0	
V. ASSETS FROM INVESTMENT CONTRACTS	0	0	
VI. ASSETS FROM REINSURANCE CONTRACTS AND CO-INSURANCE CONTRACTS	489	281	174
From unearned premium	489	281	174
– in reinsurance	489	281	174
– in co-insurance	0		
From mathematical provision	0	0	
From outstanding claims	0	0	
– in reinsurance	0	0	
– in co-insurance	0		
From bonuses and discounts	0	0	
From other technical provisions	0	0	
From technical provisions for life insurance policy holders who bear investment risk	0	0	
C. UNIT-LINKED INSURANCE CONTRACT INVESTMENTS	464,733,923	465,787,739	100
D. RECEIVABLES	4,210,543	13,661,639	31
I. RECEIVABLES FROM DIRECT INSURANCE	1,188,754	2,231,955	53
Receivables from insurers	569,137	500,158	114
Receivables from insurance brokers	1,468	1,179	125
Other receivables from direct insurance operations	618,149	1,730,618	36
Receivables from direct insurance operations – associates and subsidiaries	0	0	
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	16,907	98,599	17
Premium receivable from co-insurance	0	0	
Premium receivable from reinsurance	0	0	
Receivables from co-insurers' share in claims	0	0	
Receivables from reinsurers' share in claims	16,075	98,037	16



	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
Other receivables from co-insurance and reinsurance	832	562	148
Receivables from co-insurance and reinsurance – associates and subsidiaries	0	0	
III. OTHER RECEIVABLES AND DEFERRED TAX RECEIVABLES	3,004,882	11,331,085	27
Receivables for advanced payments for intangible assets	0	0	
Other short-term receivables from insurance operations	24,476	85,734	29
Short term receivables from financing	589,605	7,781,565	8
Other short-term receivables	988,053	846,395	117
Long-term receivables	113,224	124,324	91
Current tax receivables	154	154	100
Deferred tax assets	1,289,370	1,365,064	94
Other short-term receivables – associates and subsidiaries	0	1,127,849	
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	
E. OTHER ASSETS	15,935,579	5,659,076	282
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	1,092,783	1,529,793	71
Equipment and small tools	1,065,071	1,484,759	72
Other tangible fixed assets	27,712	45,034	62
II. CASH AT BANK AND IN HAND	14,839,462	4,125,401	360
III. INVENTORIES AND OTHER ASSETS	3,334	3,882	86
Inventories	3,334	3,882	86
Other assets	0	0	
F. SHORT-TERM DEFERRED ASSETS	10,277	110,881	9
Accrued interest and rent	0	0	
Deferred short-term expenses of insurance contract acquisition	0	107,837	
Other short-term deferred items	10,277	3,044	338
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	
H. OFF BALANCE SHEET ASSETS	35,408,486	6,559,638	540
EQUITY AND LIABILITIES (A to I)	1,873,031,000	1,595,195,509	117
A. EQUITY	129,754,851	113,346,622	114
I. SUBSCRIBED (CALLED UP) CAPITAL	23,645,913	22,789,001	104
Share capital	23,645,913	22,789,001	104
Unsubscribed capital (as deduction)	0	0	
II. CAPITAL RESERVES	13,282,324	13,067,907	102
III. RESERVES FROM PROFIT	46,100,607	46,092,816	100
Security reserves	215,970	208,179	104
Legal and statutory reserves	1,816,165	1,816,165	100
Reserves for own shares	0	0	
Own shares (as deduction)	0	0	
Equalisation provision for credit insurance	0	0	
Catastrophe reserves	0	0	
Other reserves from profit	44,068,472	44,068,472	100
IV. FAIR VALUE RESERVE	10,720,861	15,684,933	68
Fair value reserve for tangible fixed assets	0	0	
Fair value reserve for long-term investments	10,745,075	15,615,055	69
Fair value reserve for short-term investments	32,795	167,555	20
Other fair value reserve	-57,009	-97,677	58
V. NET PROFIT/LOSS CARRIED FORWARD	11,830,677	7,823,561	151
VI. NET PROFIT/LOSS FOR THE CURRENT YEAR	19,597,367	7,851,176	250
VII. NON-CONTROLLING INTEREST	5,959,736	1,403,678	425
VIII. CURRENCY TRANSLATION DIFFERENCES	-1,382,634	-1,366,450	101
IX. RESERVES FOR NON-CURRENT LIABILITIES HELD FOR SALE	0	0	
B. SUBORDINATED LIABILITIES	9,529,299	11,983,413	80
C. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	1,243,007,765	975,570,841	127
Gross provisions for unearned premiums	441,971	437,169	101
Gross mathematical provisions	1,219,737,727	954,072,939	128
Gross claim provisions	20,097,217	20,074,018	100
Gross provisions for bonuses and discounts	0	0	
Other gross technical provisions	2,730,850	986,715	277
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	457,046,912	458,899,160	100
E. PROVISIONS FOR OTHER RISKS AND CHARGES	3,669,119	1,711,809	214
Provisions for pensions	1,844,498	1,677,127	110
Other provisions	1,824,621	34,682	
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN REINSURANCE CONTRACTS	0	0	

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
G. OTHER LIABILITIES	29,477,639	33,116,934	89
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	6,106,301	6,436,912	95
Liabilities to policy holders	4,586,635	5,079,519	90
Liabilities to agents and brokers	460,259	350,924	131
Other liabilities from direct insurance operations	1,041,415	982,037	106
Liabilities from direct insurance operations – associates and subsidiaries	17,992	24,432	74
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	16,994	11,383	149
Liabilities for co-insurance premiums	0	0	
Liabilities for reinsurance premiums	16,969	11,376	149
Liabilities for co-insurers' share in claims	0	0	
Liabilities for reinsurers' share in claims	0	0	
Other liabilities from co-insurance and re-insurance	25	7	357
Liabilities from co-insurance and re-insurance – associates and subsidiaries	0	0	
III. LOANS SECURED BY FIXED RATE SECURITIES	0	0	
IV. LIABILITIES TO BANKS	0	0	
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	
VI. OTHER LIABILITIES	23,354,344	26,668,639	88
Other long term liabilities	5,012,534	10,007,750	50
Long term liabilities from finance leases	0	0	
Other long term liabilities	0	0	
Deferred tax liabilities	5,012,534	10,007,750	50
Other short-term liabilities	18,341,810	16,660,889	110
Short-term liabilities to employees	425,855	273,488	156
Other short-term liabilities from insurance operations	15,168,446	13,829,697	110
Short-term liabilities from financing	0	5	
Current income tax liabilities	6,134	28,914	21
Other short-term liabilities	2,741,375	2,528,785	108
H. ACCRUED EXPENSES AND DEFERRED INCOME	545,415	566,730	96
Accrued expenses	537,784	557,507	96
Other accruals and deferred income	7,631	9,223	83
I. NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	
J. OFF BALANCE SHEET ASSETS	35,408,486	6,559,638	540



2. Consolidated income statement

	in EUR		
	2015	2014	Index
A. Technical account for non-life insurance except health insurance business			
I. Net premium earned	518,250,582	525,931,747	99
Gross written premium	596,278,020	592,239,198	101
Assumed co-insurance written premium (+)	1,917,039	2,100,859	91
Ceded co-insurance written premium (-)	-1,579,444	-1,491,200	106
Outward reinsurance premium (-)	-75,445,453	-71,812,417	105
Change in gross provision for unearned premiums (+/-)	-6,242,048	5,253,915	
Change in provision for unearned premiums, reinsurers' and co-insurers' share (+/-)	3,322,468	-358,608	
II. Allocated investment return transferred from the non-technical account (D VIII)	33,783,426	62,968,653	54
III. Other net income from insurance operations	4,889,681	4,719,291	104
IV. Net claims incurred	296,915,115	330,350,302	90
Gross claims settled	347,013,253	378,912,006	92
Income from gross subrogated receivables (-)	-17,001,266	-19,759,678	86
Co-insurers' share (+/-)	516,517	701,734	74
Reinsurers' share (-)	-24,035,839	-21,030,263	114
Changes in gross provisions for claims outstanding (+/-)	-18,508,858	-2,151,501	860
Changes in provisions for claims outstanding, reinsurers' and co-insurers' share (+/-)	8,931,308	-6,321,996	
V. Change in other net technical provisions (+/-)	-294,167	723,414	
VI. Net expenses for bonuses and discounts	10,199,444	10,217,080	100
VII. Net operating expenses	157,732,721	155,707,166	101
Acquisition costs	114,446,447	113,223,082	101
Change in deferred acquisition costs (+/-)	-416,960	-183,527	227
Other operating expenses	45,810,867	46,551,454	98
Depreciation of assets used in insurance business	3,204,369	3,188,929	100
Labour costs	26,532,217	28,346,410	94
- wages and salaries	16,841,675	19,053,428	88
- social security and pension insurance costs	4,658,784	4,817,402	97
- other labour costs	5,031,758	4,475,580	112
Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	354,430	505,682	70
Other operating expenses	15,719,851	14,510,433	108
Income from reinsurance commissions and shares in the technical profit from reinsurance contracts (-)	-2,107,633	-3,883,843	54
VIII. Other net insurance expenses	16,909,788	19,522,947	87
Expenses of preventive activity	7,485,100	6,959,428	108
Contributions for covering losses on uninsured and unknown vehicles	2,790,054	3,034,858	92
Other net insurance expenses	6,634,634	9,528,661	70
IX. Result of the technical account for non-life insurance business, except health insurance business (I+II+III-IV+-V-VI-VII-VIII)	75,460,788	77,098,782	98
B. Technical account for life insurance business			
I. Net premium earned	212,521,192	186,582,701	114
Gross written premium	212,546,504	186,582,727	114
Assumed co-insurance written premium (+)	0	0	
Ceded co-insurance written premium (-)	0	0	
Outward reinsurance premium (-)	-20,737	-12,946	160
Change in gross provision for unearned premiums (+/-)	-4,785	13,631	
Change in provision for unearned premiums, reinsurers' and co-insurers' share (+/-)	210	-711	
II. Income from investments	138,494,734	98,097,162	141
Income from dividends	1,070,818	1,047,969	102
Group companies	0	0	
Associates	0	0	
Others	1,070,818	1,047,969	102
Income from other investments	77,999,890	66,391,110	117
Income from land and buildings	66,089	62,249	106
- in group companies	0	0	
- in associates	0	0	
- in others	66,089	62,249	106
Interest income	40,276,814	39,075,932	103
- in group companies	0	0	
- in associates	0	0	
- in others	40,276,814	39,075,932	103

	in EUR		
	2015	2014	Index
Other investment income	37,656,987	27,252,929	138
Financial income from revaluation	37,524,544	27,174,240	138
- in group companies	0	0	
- in associates	0	0	
- in others	37,524,544	27,174,240	138
Other financial income	132,443	78,689	168
- in group companies	0	0	
- in associates	0	77,201	
- in others	132,443	1,488	
Income from asset value adjustments	10,151	37,106	27
Profit on disposal of investments	59,413,875	30,620,977	194
III. Net unrealised gains on unit-linked life insurance assets	92,876,794	63,491,880	146
IV. Other net income from insurance operations	345,027	89,331	386
V. Net claims incurred	178,527,944	176,261,098	101
Gross claims settled	178,448,266	176,410,422	101
Income from gross subrogated receivables (-)	0	0	
Reinsurers' share (-)	-16,075	-1,777	905
Changes in gross provisions for claims outstanding (+/-)	21,875	-83,441	
Changes in provisions for claims outstanding, reinsurers' share (+/-)	73,878	-64,106	
VI. Change in other net technical provisions (+/-)	58,754,677	82,420,499	71
Change of mathematical provisions (+/-)	57,016,078	82,672,640	69
Change in gross mathematical provision (+/-)	57,016,078	82,672,640	69
Change of reinsurers' share (+/-)	0	0	
Change of other net technical provisions (+/-)	1,738,599	-252,141	
Change of other gross technical provision(+/-)	1,738,599	-252,141	
Change of reinsurers' share (+/-)	0	0	
VII. Net expenses for bonuses and discounts	3,515	2,241	157
VIII. Net operating expenses	32,244,804	31,005,495	104
Acquisition costs	19,339,326	20,192,195	96
Change in deferred acquisition costs (+/-)	0	0	
Other operating expenses	12,907,537	10,814,286	119
Depreciation of assets used in insurance business	781,424	956,147	82
Labour costs	7,816,265	6,739,767	116
- wages and salaries	5,517,433	4,692,476	118
- social security and pension insurance costs	1,191,555	910,640	131
- other labour costs	1,107,277	1,136,651	97
Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	90,835	88,993	102
Other operating expenses	4,219,013	3,029,379	139
Income from reinsurance commissions and shares in the technical profit from reinsurance contracts (-)	-2,059	-986	209
IX. Expenses from investments	66,809,798	20,455,953	327
Depreciation and amortization of assets not used in operations	65,811	62,577	105
Expenses arising from asset management, interest expenses and other financial expenses	2,310,984	2,432,332	95
Revaluation financial expenses	49,331,060	10,471,211	471
Loss on disposal of investments	15,101,943	7,489,833	202
X. Net unrealised losses on investments for insurance of which the policyholders bear the investment risk	83,432,962	19,518,717	427
XI. Other net insurance expenses	1,042,941	326,433	319
Expenses of preventive activity	0	0	
Other net insurance expenses	1,042,941	326,433	319
XII. Allocated investment return transfered to the non-technical account (-) (d.v.)	5,285,613	4,771,564	111
XIII. Result of the technical account for life insurance business (I+II+III+IV-V+/-VI-VII-VIII-IX-X-XI-XII)	18,135,493	13,499,074	134
C. Result of the technical account for health insurance business			
I. Net premium earned	108,395,450	107,350,033	101
Gross written premium	108,374,702	107,323,819	101
Outward reinsurance premium (-)	0	0	
Change in gross provision for unearned premiums (+/-)	20,748	26,214	79
Change in provision for unearned premiums, reinsurers' and co-insurers' share (+/-)	0	0	
II. Income from investments	2,081,917	2,186,391	95
Income from dividends	0	0	
Group companies	0	0	
Associates	0	0	
Others	0	0	



	in EUR		
	2015	2014	Index
Income from other investments	810,121	875,134	93
Income from land and buildings	0	0	
- in group companies	0	0	
- in associates	0	0	
- in others	0	0	
Interest income	810,115	875,134	93
- in group companies	0	0	
- in associates	0	0	
- in others	810,115	875,134	93
Other investment income	6	0	
Financial income from revaluation	0	0	
- in group companies	0	0	
- in associates	0	0	
- in others	0	0	
Other financial income	6	0	
- in group companies	0	0	
- in associates	0	0	
- in others	6	0	
Income from asset value adjustments	0	0	
Profit on disposal of investments	1,271,796	1,311,257	97
III. Other net income from insurance operations	86,558	51,065	170
IV. Net claims incurred	94,900,235	88,115,208	108
Gross claims settled	86,422,887	80,210,891	108
Income from gross subrogated receivables (-)	-42,624	-51,112	83
Reinsurers' share (-)	0	0	
Changes in gross provisions for claims outstanding (+/-)	1,050,802	177,569	592
Changes in provisions for claims outstanding, reinsurers' share (+/-)	0	0	
Income from equalisation scheme (-)	0	0	
Expenses from equalisation scheme (+)	7,469,170	7,777,860	96
V. Change in other net technical provisions (+/-)	-2,263	346,472	
Change of mathematical provisions (+/-)	0	0	
Change in gross mathematical provision (+/-)	0	0	
Change of reinsurers' share (+/-)	0	0	
Change of other net technical provisions (+/-)	-2,263	346,472	
Change of other gross technical provision(+/-)	-2,263	346,472	
Change of reinsurers' share (+/-)	0	0	
VI. Net expenses for bonuses and discounts	0	0	
VII. Net operating expenses	9,708,916	8,826,013	110
Acquisition costs	2,789,606	2,654,314	105
Change in deferred acquisition costs (+/-)	0	0	
Other operating expenses	6,919,310	6,171,699	112
Depreciation of assets used in insurance business	253,665	330,575	77
Labour costs	2,866,080	2,865,441	100
- wages and salaries	2,216,471	2,182,722	102
- social security and pension insurance costs	370,265	365,759	101
- other labour costs	279,344	316,960	88
Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	145,377	114,205	127
Other operating expenses	3,654,188	2,861,478	128
Income from reinsurance commissions and shares in the technical profit from reinsurance contracts (-)	0	0	
VIII. Expenses from investments	182,081	51,800	352
Depreciation and amortization of assets not used in operations	0	0	
Expenses arising from asset management, interest expenses and other financial expenses	36,593	43,587	84
Revaluation financial expenses	0	0	
Loss on disposal of investments	145,488	8,213	
IX. Other net insurance expenses	259,417	499,779	52
Expenses of preventive activity	0	0	
Other net insurance expenses	259,417	499,779	52
X. Allocated investment return transferd to the non-technical account (-) (item D.V.)	843,449	1,081,894	78
XI. Profit from health insurance (I+II+III-IV+/-V-VI-VII-VIII-IX-X)	4,672,090	10,666,323	44
D. Non-technical account			
I. Result of the technical account for non-life insurance business, except health insurance business (A IX)	75,460,788	77,098,782	98
II. Result of technical the account for life insurance business (B XIII)	18,135,493	13,499,074	134
III. Result of technical account for health insurance business (C XI)	4,672,090	10,666,323	44



	in EUR		
	2015	2014	Index
IV. Income from investments	71,067,709	77,161,359	92
Income from dividends	2,147,702	3,795,306	57
Group companies	0	0	
Associates	0	0	
Others	2,147,702	3,795,306	57
Income from other investments	47,508,295	42,886,003	111
Income from land and buildings	3,375,155	2,426,027	139
- in group companies	0	0	
- in associates	0	0	
- in others	3,375,155	2,426,027	139
Interest income	30,155,619	33,293,379	91
- in group companies	0	0	
- in associates	0	0	
- in others	30,155,619	33,293,379	91
Other investment income	13,977,521	7,166,597	195
Financial income from revaluation	11,814,705	6,652,228	178
- in group companies	0	0	
- in associates	0	0	
- in others	11,814,705	6,652,228	178
Other financial income	2,162,816	514,369	420
- in group companies	0	0	
- in associates	1,024,797	70,554	
- in others	1,138,019	443,815	256
Income from asset value adjustments	18,739	252,528	7
Profit on disposal of investments	21,392,973	30,227,522	71
V. Allocated investment return transferred from life insurance technical account (B XII)	5,285,613	4,771,564	111
VI. Allocated investment return transferred from the health insurance technical account (C X)	843,449	1,081,894	78
VII. Expenses from investments	36,260,636	25,874,538	140
Depreciation and amortization of assets not used in operations	1,316,572	1,306,057	101
Expenses arising from asset management, interest expenses and other financial expenses	14,150,747	7,120,434	199
Revaluation financial expenses	13,255,490	14,636,146	91
Loss on disposal of investments	7,537,827	2,811,901	268
VIII. Allocated investment return transferred to the technical account for non-life insurance business, except health insurance business (A II)	33,783,426	62,968,653	54
IX. Other income from insurance business	1,154,964	884,036	131
Other income from property insurance except for health insurance	1,060,647	744,211	143
Other income from life insurance	55,475	117,775	47
Other income from health insurance	38,842	22,050	176
X. Other expenses	8,474,496	9,035,047	94
Other expenses from property insurance except for health insurance	7,080,542	7,302,601	97
Other expenses from life assurance	1,393,954	1,732,446	80
Other expenses from health insurance	0	0	
XI. Other income	72,492,712	78,754,790	92
Other income from property insurance except for health insurance	70,977,291	78,651,444	90
Other expenses from life assurance	1,514,258	98,431	
Other expenses from health insurance	1,163	4,915	24
XII. Other expenses	68,116,583	65,628,556	104
Other income from property insurance except for health insurance	67,983,726	65,485,460	104
Other expenses from life assurance	52,564	5,588	941
Other income from health insurance	80,293	137,508	58
XIII. Profit/loss before tax (I+II+III+IV+V+VI-VII-VIII+IX-X+XI-XII)	102,477,677	100,411,028	102
Net profit/loss from property insurance, except health insurance	73,458,105	72,024,544	102
Net profit/loss from life assurance	23,544,321	16,748,810	141
Net profit/loss from health insurance	5,475,251	11,637,674	47
XIV. Corporate income tax	10,597,942	8,846,235	120
XV. Deferred taxes	3,018,541	5,882,325	51
XVI. Net profit/loss for the accounting period (XIII-XIV-XV)	88,861,194	85,682,468	104
- Net profit/loss from property insurance, except health insurance	63,238,149	60,106,819	105
- Net profit/loss from life assurance	19,932,426	14,665,532	136
- Net profit/loss from health insurance	5,690,619	10,910,117	52
Split of net profit/loss	88,861,194	85,682,468	104
- Net profit attributable to equity holders	88,825,435	85,388,016	104
- Net profit attributable to non-controlling interests	35,759	294,452	12

	in EUR		
	2015	2014	Index
E. Comprehensive income			
I. Net profit/loss for the accounting period after tax	88,861,194	85,682,468	104
II. Other comprehensive income after tax (a + b)	-18,806,369	51,206,741	
Items which will not be transferred in P&L in future periods (1+2+3+4+5+6)	115,148	-508,761	
Net profit/loss recognised in a fair value reserve relating to intangible assets	0	0	
Net profit/loss recognised in a fair value reserve relating to tangible assets	0	0	
Actuarial gains/loss for pension programs	143,337	-611,867	
Share of OCI of entities accounted for using the equity method	0	0	
Other items which will not be transferred in P&L	0	0	
Tax on items which will not be transferred in P&L	-28,189	103,106	
Items which could be transferred into P&L in future periods (1+2+3+4+5)	-18,921,517	51,715,502	
Valuation gains/losses on available-for-sale financial assts	-43,465,908	94,026,847	
Fair value gains/losses on non-current assets held for sale	-381,226		
Fair value gains/losses on cashflow hedges	0	0	
Share of OCI of entities accounted for using the equity method	-312,985	-42,993	728
Other items which will be transferred in P&L	17,740,272	-25,899,972	
Currency translation differences	50,969	-730,806	
Tax on other comprehensive income	7,447,361	-15,637,574	
III. Comprehensive income for period after tax (I + II)	70,054,825	136,889,210	51
- controlling interest	70,221,035	136,259,514	52
- non-controlling interest	-166,210	629,696	

3. Consolidated investment return

3.1 Allocated investment return transferred from the non-technical account – non-life insurance

	in EUR		
	Income – non-life technical provisions	Income – non-life own funds	Total income
2015			
Income from dividends	1,539,887	607,815	2,147,702
Income from land and buildings	2,528,448	846,707	3,375,155
Interest income	29,182,554	973,065	30,155,619
Financial income from revaluation	8,932,139	2,882,566	11,814,705
Other financial income	98,705	2,064,111	2,162,816
Income from investment value adjustments	18,739	0	18,739
Gains from disposal of investments	18,326,847	3,066,126	21,392,973
Total income	60,627,319	10,440,390	71,067,709

	in EUR		
	Expenses – non-life technical provisions	Expenses – non-life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	602,601	713,971	1,316,572
Expenses from asset management, interest expenses and other financial expenses	11,493,647	2,657,100	14,150,747
Financial expenses from revaluations	9,845,195	3,410,295	13,255,490
Loss on disposal of investments	4,902,450	2,635,377	7,537,827
Total	26,843,893	9,416,743	36,260,636
Investment income (income – expenses)	33,783,426	1,023,647	34,807,073

	in EUR		
	Income – non-life technical provisions	Income – non-life own funds	Total income
2014			
Income from dividends	2,562,149	1,233,157	3,795,306
Income from land and buildings	1,463,016	963,011	2,426,027
Interest income	32,088,041	1,205,338	33,293,379
Financial income from revaluation	5,642,980	1,009,248	6,652,228
Other financial income	131,119	383,250	514,369
Income from investment value adjustments	247,496	5,032	252,528
Gains from disposal of investments	29,942,225	285,297	30,227,522
Total income	72,077,026	5,084,333	77,161,359

	in EUR		
	Expenses – non-life technical provisions	Expenses – non-life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	501,994	804,063	1,306,057
Expenses from asset management, interest expenses and other financial expenses	3,933,255	3,187,179	7,120,434
Financial expenses from revaluations	3,352,104	11,284,042	14,636,146
Loss on disposal of investments	1,321,020	1,490,881	2,811,901
Total	9,108,373	16,766,165	25,874,538
Investment income (income – expenses)	62,968,653	-11,681,832	51,286,821

3.2 Allocated investment return transferred from the non-technical account – life insurance

	in EUR		
	Income – non-life technical provisions	Income – non-life own funds	Total income
2015			
Income from dividends	872,690	198,128	1,070,818
Income from land and buildings	21,931	44,158	66,089
Interest income	37,857,689	2,419,125	40,276,814
Financial income from revaluation	37,125,408	399,136	37,524,544
Other financial income	-57,606	190,049	132,443
Income from investment value adjustments	10,151	0	10,151
Gains from disposal of investments	55,171,316	4,242,559	59,413,875
Total income	131,001,579	7,493,155	138,494,734

	in EUR		
	Expenses – non-life technical provisions	Expenses – non-life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	37,494	28,317	65,811
Expenses from asset management, interest expenses and other financial expenses	990,400	1,320,584	2,310,984
Financial expenses from revaluations	49,093,138	237,922	49,331,060
Loss on disposal of investments	14,481,224	620,719	15,101,943
Total	64,602,256	2,207,542	66,809,798
Investment income (income – expenses)	66,399,323	5,285,613	71,684,936

	in EUR		
	Income - non-life technical provisions	Income – non-life own funds	Total income
2014			
Income from dividends	840,655	207,314	1,047,969
Income from land and buildings	21,661	40,588	62,249
Interest income	36,895,697	2,180,235	39,075,932
Financial income from revaluation	26,635,642	538,598	27,174,240
Other financial income	1,488	77,201	78,689
Income from investment value adjustments	37,106	0	37,106
Gains from disposal of investments	26,940,712	3,680,265	30,620,977
Total income	91,372,961	6,724,201	98,097,162

	in EUR		
	Expenses – non-life technical provisions	Expenses – non-life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	30,246	32,331	62,577
Expenses from asset management, interest expenses and other financial expenses	922,366	1,509,966	2,432,332
Financial expenses from revaluations	10,198,309	272,902	10,471,211
Loss on disposal of investments	7,352,395	137,438	7,489,833
Total	18,503,316	1,952,637	20,455,953
Investment income (income – expenses)	72,869,645	4,771,564	77,641,209

3.3 Allocated investment return transferred from the non-technical account – health insurance

	in EUR		
	Income – non-life technical provisions	Income – non-life own funds	Total income
2015			
Income from dividends	0	0	0
Income from land and buildings	0	0	0
Interest income	452,511	357,604	810,115
Financial income from revaluation	0	0	0
Other financial income	6	0	6
Income from investment value adjustments	0	0	0
Gains from disposal of investments	675,305	596,491	1,271,796
Total income	1,127,822	954,095	2,081,917

	in EUR		
	Expenses – non-life technical provisions	Expenses – non-life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	0	0	0
Expenses from asset management, interest expenses and other financial expenses	35,044	1,549	36,593
Financial expenses from revaluations	0	0	0
Loss on disposal of investments	36,391	109,097	145,488
Total	71,435	110,646	182,081
Investment income (income – expenses)	1,056,387	843,449	1,899,836

	in EUR		
	Income – non-life technical provisions	Income – non-life own funds	Total income
2014			
Income from dividends	0	0	0
Income from land and buildings	0	0	0
Interest income	482,561	392,573	875,134
Financial income from revaluation	0	0	0
Other financial income	0	0	0
Income from investment value adjustments	0	0	0
Gains from disposal of investments	613,379	697,878	1,311,257
Total income	1,095,940	1,090,451	2,186,391

	in EUR		
	Expenses – non-life technical provisions	Expenses – non-life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	0	0	0
Expenses from asset management, interest expenses and other financial expenses	41,567	2,020	43,587
Financial expenses from revaluations	0	0	0
Loss on disposal of investments	1,676	6,537	8,213
Total	43,243	8,557	51,800
Investment income (income – expenses)	1,052,697	1,081,894	2,134,591

Financial Statements of Zavarovalnica Triglav

1. Balance sheet

1.1 Balance sheet for Non-life and Life insurance

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
ASSETS (A to G)	2,685,432,591	2,721,266,953	99
A. INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	53,143,644	54,373,723	98
Intangible assets	23,751,139	23,307,897	102
Goodwill	0	0	
Deferred acquisition costs	28,140,815	28,555,615	99
Other long-term deferred items	1,251,690	2,510,211	50
B. LAND, BUILDINGS AND FINANCIAL ASSETS	2,073,278,672	2,106,073,503	98
I. LAND AND BUILDINGS	113,543,451	95,940,230	118
Directly used in insurance activities	60,672,643	57,967,773	105
Land directly used in insurance activities	5,499,661	5,101,880	108
Buildings directly used in insurance activities	54,456,104	52,773,752	103
Other land and buildings directly used in insurance activities	716,878	92,142	778
Investment property	52,870,808	37,972,457	139
Land	5,605,080	2,540,322	221
Buildings	47,265,728	35,432,134	133
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	161,096,761	193,160,918	83
Shares in subsidiaries	134,689,036	133,799,163	101
Debt securities and loans to subsidiaries	18,223,725	47,456,254	38
Shares in associated companies	7,259,875	10,427,236	70
Debt securities and loans to associated companies	0	0	
Other financial investments in subsidiaries and associates	924,125	1,478,265	63
III. OTHER FINANCIAL INVESTMENTS	1,728,703,066	1,741,647,005	99
Long-term financial investments	1,662,596,475	1,704,865,376	98
Shares and other floating rate securities and fund coupons	108,743,393	93,304,714	117
Debt and other fixed return securities	1,520,201,224	1,565,043,741	97
Investment fund shares	0	0	
Mortgage loans	0	104,372	
Other loans	21,814,286	21,667,705	101
Deposits with banks	8,707,561	22,400,114	39
Other financial investments	3,130,011	2,344,730	133
Short-term financial investments	66,106,591	36,781,629	180
Shares available for sale	0	0	
Securities available for sale and with maturity up to one year	7,967,164	25,472,874	31
Short-term loans	0	0	
Short-term bank deposits	58,139,427	11,308,754	514
Short-term bank deposits	0	0	
IV. FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	0	0	
V. ASSETS FROM INVESTMENT CONTRACTS	0	0	
VI. ASSETS FROM REINSURANCE CONTRACTS AND CO-INSURANCE CONTRACTS	69,935,394	75,325,350	93
From unearned premium	15,370,560	14,059,397	109
– in reinsurance	15,281,020	14,042,583	109
– in co-insurance	89,540	16,814	533
From mathematical provision	0	0	
From outstanding claims	54,564,834	61,265,953	89
– in reinsurance	54,521,167	61,240,493	89
– in co-insurance	43,667	25,460	172
From bonuses and discounts	0	0	
From other technical provisions	0	0	
From technical provisions for life insurance policy holders who bear investment risk	0	0	



	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
C. UNIT-LINKED INSURANCE CONTRACT INVESTMENTS	446,589,561	449,802,771	99
D. RECEIVABLES	95,716,726	94,732,452	101
I. RECEIVABLES FROM DIRECT INSURANCE	57,959,013	61,527,739	94
Receivables from insurers	53,227,729	57,386,850	93
Receivables from insurance brokers	0	175,561	
Other receivables from direct insurance operations	2,815,826	2,444,741	115
Receivables from direct insurance operations – associates and subsidiaries	1,915,458	1,520,587	126
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	12,219,198	6,689,625	183
Premium receivable from co-insurance	800,874	582,686	137
Premium receivable from reinsurance	0	0	
Receivables from co-insurers' share in claims	95,127	222,282	43
Receivables from reinsurers' share in claims	1,153,128	346,936	332
Other receivables from co-insurance and reinsurance	0	0	
Receivables from co-insurance and reinsurance – associates and subsidiaries	10,170,069	5,537,721	184
III. OTHER RECEIVABLES AND DEFERRED TAX RECEIVABLES	25,538,515	26,515,088	96
Receivables for advanced payments for intangible assets	0	0	
Other short-term receivables from insurance operations	5,118,970	7,068,072	72
Short term receivables from financing	1,670,055	8,155,114	20
Other short-term receivables	1,789,085	1,514,568	118
Long-term receivables	2,475,181	3,489,394	71
Current tax receivables	0	0	
Deferred tax assets	0	0	
Other short-term receivables – associates and subsidiaries	14,485,224	6,287,940	230
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	
E. OTHER ASSETS	14,777,579	13,881,308	106
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	6,362,351	7,175,242	89
Equipment and small tools	5,840,404	6,580,843	89
Other tangible fixed assets	521,947	594,399	88
II. CASH AT BANK AND IN HAND	7,549,958	5,650,669	134
III. INVENTORIES AND OTHER ASSETS	865,270	1,055,397	82
Inventories	222,659	210,250	106
Other assets	642,611	845,147	76
F. SHORT-TERM DEFERRED ASSETS	1,926,409	2,403,195	80
Accrued interest and rent	0	0	
Deferred short-term expenses of insurance contract acquisition	0	0	
Other short-term deferred items	1,926,409	2,403,195	80
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	
H. OFF BALANCE SHEET ASSETS	116,169,882	52,391,434	222
EQUITY AND LIABILITIES (A to I)	2,685,432,591	2,721,266,953	99
A. EQUITY	530,560,272	544,000,467	98
I. SUBSCRIBED (CALLED UP) CAPITAL	73,701,392	73,701,392	100
Share capital	73,701,392	73,701,392	100
Unsubscribed capital (as deduction)	0	0	
II. CAPITAL RESERVES	53,412,884	53,412,884	100
III. RESERVES FROM PROFIT	282,666,281	281,977,925	100
Security reserves	0	0	
Legal and statutory reserves	4,662,643	4,662,643	100
Reserves for own shares	0	0	
Own shares (as deduction)	0	0	
Equalisation provision for credit insurance	31,303,638	30,615,282	102
Catastrophe reserves	0	0	
Other reserves from profit	246,700,000	246,700,000	100
IV. FAIR VALUE RESERVE	55,751,443	73,221,229	76
Fair value reserve for tangible fixed assets	2,485	2,485	100
Fair value reserve for long-term investments	56,088,155	73,790,647	76
Fair value reserve for short-term investments	-11,810	-4,271	277
Other fair value reserve	-327,387	-567,633	58
V. NET PROFIT/LOSS CARRIED FORWARD	7,210,809	38,565,461	19
VI. NET PROFIT/LOSS FOR THE CURRENT YEAR	57,817,462	23,121,575	250

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
B. SUBORDINATED LIABILITIES	21,101,278	29,958,540	70
C. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	1,614,944,129	1,617,090,395	100
Gross provisions for unearned premiums	180,558,991	182,902,536	99
Gross mathematical provisions	925,402,898	904,858,200	102
Gross claim provisions	486,247,722	508,999,132	96
Gross provisions for bonuses and discounts	16,817,528	15,380,257	109
Other gross technical provisions	5,916,990	4,950,270	120
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	438,920,157	442,952,449	99
E. PROVISIONS FOR OTHER RISKS AND CHARGES	9,570,800	9,807,735	98
Provisions for pensions	9,189,038	9,408,654	98
Other provisions	381,762	399,080	96
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN REINSURANCE CONTRACTS	0	0	
G. OTHER LIABILITIES	61,770,148	74,416,984	83
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	10,985,581	10,631,799	103
Liabilities to policy holders	7,726,187	7,665,832	101
Liabilities to agents and brokers	882,128	795,650	111
Other liabilities from direct insurance operations	1,719,481	1,353,513	127
Liabilities from direct insurance operations – associates and subsidiaries	657,785	816,805	81
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	10,264,596	10,406,511	99
Liabilities for co-insurance premiums	82,879	186,885	44
Liabilities for reinsurance premiums	1,151,261	903,967	127
Liabilities for co-insurers' share in claims	743	29,565	3
Liabilities for reinsurers' share in claims	0	0	
Other liabilities from co-insurance and re-insurance	0	0	
Liabilities from co-insurance and re-insurance – associates and subsidiaries	9,029,713	9,286,094	97
III. LOANS SECURED BY FIXED RATE SECURITIES	0	0	
IV. LIABILITIES TO BANKS	0	0	
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	
VI. OTHER LIABILITIES	40,519,971	53,378,674	76
Other long term liabilities	6,287,654	12,992,541	48
Long term liabilities from finance leases	0	0	
Other long term liabilities	19,500	19,500	100
Deferred tax liabilities	6,268,154	12,973,041	48
Other short-term liabilities	34,232,317	40,386,133	85
Short-term liabilities to employees	15,144,644	15,761,663	96
Other short-term liabilities from insurance operations	5,647,260	5,289,844	107
Short-term liabilities from financing	1,752,990	1,693,912	103
Current income tax liabilities	2,636,536	4,795,056	55
Other short-term liabilities	9,050,887	12,845,658	70
H. ACCRUED EXPENSES AND DEFERRED INCOME	8,565,807	3,040,383	282
Accrued expenses	6,997,902	1,551,217	451
Other accruals and deferred income	1,567,905	1,489,167	105
I. NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	
J. OFF BALANCE SHEET ASSETS	116,169,882	52,391,434	222



1.2 Balance sheet for Non-life insurance

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
ASSETS (A to G)	1,174,656,551	1,227,775,291	96
A. INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	51,469,624	52,399,202	98
Intangible assets	22,077,119	21,333,376	103
Goodwill	0	0	
Deferred acquisition costs	28,140,815	28,555,615	99
Other long-term deferred items	1,251,690	2,510,211	50
B. LAND, BUILDINGS AND FINANCIAL ASSETS	999,360,920	1,060,395,408	94
I. LAND AND BUILDINGS	103,670,251	85,997,252	121
Directly used in insurance activities	52,095,017	49,346,687	106
Land directly used in insurance activities	4,863,888	4,466,106	109
Buildings directly used in insurance activities	46,514,251	44,788,439	104
Other land and buildings directly used in insurance activities	716,878	92,142	778
Investment property	51,575,234	36,650,566	141
Land	5,452,778	2,388,021	228
Buildings	46,122,456	34,262,545	135
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	145,290,888	181,219,011	80
Shares in subsidiaries	126,143,037	132,284,491	95
Debt securities and loans to subsidiaries	18,223,726	47,456,254	38
Shares in associated companies	0	0	
Debt securities and loans to associated companies	0	0	
Other financial investments in subsidiaries and associates	924,125	1,478,265	63
III. OTHER FINANCIAL INVESTMENTS	680,482,880	717,946,165	95
Long-term financial investments	666,978,305	698,560,188	95
Shares and other floating rate securities and fund coupons	73,438,613	60,800,608	121
Debt and other fixed return securities	582,906,123	618,028,537	94
Investment fund shares	0	0	
Mortgage loans	0	104,372	
Other loans	95,874	174,618	55
Deposits with banks	8,234,811	17,792,520	46
Other financial investments	2,302,884	1,659,533	139
Short-term financial investments	13,504,575	19,385,977	70
Shares available for sale	0	0	
Securities available for sale and with maturity up to one year	1,483,607	13,173,018	11
Short-term loans	0	0	
Short-term bank deposits	12,020,968	6,212,959	193
Short-term bank deposits	0	0	
IV. FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	0	0	
V. ASSETS FROM INVESTMENT CONTRACTS	0	0	
VI. ASSETS FROM REINSURANCE CONTRACTS AND CO-INSURANCE CONTRACTS	69,916,901	75,232,980	93
From unearned premium	15,370,560	14,059,397	109
– in reinsurance	15,281,020	14,042,583	109
– in co-insurance	89,540	16,814	533
From mathematical provision	0	0	
From outstanding claims	54,546,341	61,173,583	89
– in reinsurance	54,502,674	61,148,123	89
– in co-insurance	43,667	25,460	172
From bonuses and discounts	0	0	
From other technical provisions	0	0	
From technical provisions for life insurance policy holders who bear investment risk	0	0	
C. UNIT-LINKED INSURANCE CONTRACT INVESTMENTS	0	0	
D. RECEIVABLES	111,729,817	103,169,220	108
I. RECEIVABLES FROM DIRECT INSURANCE	57,484,337	61,078,223	94
Receivables from insurers	52,773,195	56,952,702	93
Receivables from insurance brokers	0	175,561	
Other receivables from direct insurance operations	2,795,684	2,429,373	115
Receivables from direct insurance operations – associates and subsidiaries	1,915,458	1,520,587	126
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	12,204,759	6,678,668	183
Premium receivable from co-insurance	800,874	582,686	137
Premium receivable from reinsurance	0	0	
Receivables from co-insurers' share in claims	95,127	222,282	43
Receivables from reinsurers' share in claims	1,153,128	346,936	332
Other receivables from co-insurance and reinsurance	0	0	
Receivables from co-insurance and reinsurance – associates and subsidiaries	10,155,630	5,526,764	184



	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
III. OTHER RECEIVABLES AND DEFERRED TAX RECEIVABLES	42,040,721	35,412,329	119
Receivables for advanced payments for intangible assets	0	0	
Other short-term receivables from insurance operations	10,253,896	11,220,521	91
Short term receivables from financing	1,658,139	373,549	444
Other short-term receivables	3,411,071	2,891,184	118
Long-term receivables	2,474,064	3,488,759	71
Current tax receivables	0	0	
Deferred tax assets	13,476,586	13,687,399	98
Other short-term receivables – associates and subsidiaries	10,766,965	3,750,918	287
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	
E. OTHER ASSETS	10,176,824	9,411,309	108
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	5,389,990	5,676,912	95
Equipment and small tools	4,895,755	5,127,547	95
Other tangible fixed assets	494,235	549,365	90
II. CASH AT BANK AND IN HAND	3,921,565	2,679,000	146
III. INVENTORIES AND OTHER ASSETS	865,270	1,055,397	82
Inventories	222,659	210,250	106
Other assets	642,611	845,147	76
F. SHORT-TERM DEFERRED ASSETS	1,919,365	2,400,151	80
Accrued interest and rent	0	0	
Deferred short-term expenses of insurance contract acquisition	0	0	
Other short-term deferred items	1,919,365	2,400,151	80
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	
H. OFF BALANCE SHEET ASSETS	84,610,244	45,831,796	185
EQUITY AND LIABILITIES (A to I)	1,174,656,551	1,227,775,291	96
A. EQUITY	416,857,921	436,494,941	96
I. SUBSCRIBED (CALLED UP) CAPITAL	51,340,540	51,340,540	100
Share capital	51,340,540	51,340,540	100
Unsubscribed capital (as deduction)	0	0	
II. CAPITAL RESERVES	40,344,978	40,344,978	100
III. RESERVES FROM PROFIT	237,152,390	236,464,034	100
Security reserves	0	0	
Legal and statutory reserves	3,217,224	3,217,224	100
Reserves for own shares	0	0	
Own shares (as deduction)	0	0	
Equalisation provision for credit insurance	31,303,638	30,615,282	102
Catastrophe reserves	0	0	
Other reserves from profit	202,631,528	202,631,528	100
IV. FAIR VALUE RESERVE	43,547,114	53,067,785	82
Fair value reserve for tangible fixed assets	2,485	2,485	100
Fair value reserve for long-term investments	43,820,930	53,539,993	82
Fair value reserve for short-term investments	-5,923	-4,738	125
Other fair value reserve	-270,378	-469,956	58
V. NET PROFIT / LOSS CARRIED FORWARD	4,828,189	38,565,461	13
VI. NET PROFIT / LOSS FOR THE CURRENT YEAR	39,644,710	16,712,143	237
B. SUBORDINATED LIABILITIES	11,072,611	17,975,127	62
C. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	667,217,986	691,696,303	96
Gross provisions for unearned premiums	180,141,569	182,489,705	99
Gross mathematical provisions	0	0	
Gross claim provisions	467,032,829	489,862,786	95
Gross provisions for bonuses and discounts	16,817,528	15,380,257	109
Other gross technical provisions	3,226,060	3,963,555	81
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0	
E. PROVISIONS FOR OTHER RISKS AND CHARGES	7,941,374	8,141,194	98
Provisions for pensions	7,559,612	7,742,113	98
Other provisions	381,762	399,080	96
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN REINSURANCE CONTRACTS	0	0	
G. OTHER LIABILITIES	63,466,164	70,984,850	89
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	5,270,069	4,457,703	118
Liabilities to policy holders	3,481,074	2,749,315	127
Liabilities to agents and brokers	766,063	723,853	106
Other liabilities from direct insurance operations	678,066	371,479	183

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
Liabilities from direct insurance operations – associates and subsidiaries	344,866	613,057	56
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	10,259,196	10,406,511	99
Liabilities for co-insurance premiums	82,879	186,885	44
Liabilities for reinsurance premiums	1,151,261	903,967	127
Liabilities for co-insurers' share in claims	743	29,565	3
Liabilities for reinsurers' share in claims	0	0	
Other liabilities from co-insurance and re-insurance	0	0	
Liabilities from co-insurance and re-insurance – associates and subsidiaries	9,024,313	9,286,094	97
III. LOANS SECURED BY FIXED RATE SECURITIES	0	0	
IV. LIABILITIES TO BANKS	0	0	
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	
VI. OTHER LIABILITIES	47,936,899	56,120,635	85
Other long term liabilities	14,198,877	16,189,772	88
Long term liabilities from finance leases	0	0	
Other long term liabilities	19,500	19,500	100
Deferred tax liabilities	14,179,377	16,170,272	88
Other short-term liabilities	33,738,022	39,930,864	84
Short-term liabilities to employees	14,816,059	15,495,705	96
Other short-term liabilities from insurance operations	5,644,079	5,346,772	106
Short-term liabilities from financing	1,752,990	1,693,912	103
Current income tax liabilities	2,636,536	4,795,056	55
Other short-term liabilities	8,888,358	12,599,419	71
H. ACCRUED EXPENSES AND DEFERRED INCOME	8,100,495	2,482,876	326
Accrued expenses	6,532,590	993,710	657
Other accruals and deferred income	1,567,905	1,489,167	105
I. NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	
J. OFF BALANCE SHEET ASSETS	84,610,244	45,831,796	185



1.3 Balance sheet for Life insurance

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
ASSETS (A to G)	1,533,101,808	1,514,954,062	101
A. INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	1,674,020	1,974,521	85
Intangible assets	1,674,020	1,974,521	85
Goodwill	0	0	
Deferred acquisition costs	0	0	
Other long-term deferred items	0	0	
B. LAND, BUILDINGS AND FINANCIAL ASSETS	1,073,917,751	1,045,678,095	103
I. LAND AND BUILDINGS	9,873,199	9,942,978	99
Directly used in insurance activities	8,577,625	8,621,087	99
Land directly used in insurance activities	635,773	635,773	100
Buildings directly used in insurance activities	7,941,852	7,985,313	99
Other land and buildings directly used in insurance activities	0	0	
Investment property	1,295,574	1,321,891	98
Land	152,302	152,302	100
Buildings	1,143,272	1,169,590	98
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	15,805,873	11,941,907	132
Shares in subsidiaries	8,545,998	1,514,671	564
Debt securities and loans to subsidiaries	0	0	
Shares in associated companies	7,259,875	10,427,236	70
Debt securities and loans to associated companies	0	0	
Other financial investments in subsidiaries and associates	0	0	
III. OTHER FINANCIAL INVESTMENTS	1,048,220,186	1,023,700,840	102
Long-term financial investments	995,618,170	1,006,305,189	99
Shares and other floating rate securities and fund coupons	35,304,780	32,504,106	109
Debt and other fixed return securities	937,295,102	947,015,204	99
Investment fund shares	0	0	
Mortgage loans	0	0	
Other loans	21,718,411	21,493,087	101
Deposits with banks	472,750	4,607,594	10
Other financial investments	827,127	685,197	121
Short-term financial investments	52,602,016	17,395,651	302
Shares available for sale	0	0	
Securities available for sale and with maturity up to one year	6,483,557	12,299,856	53
Short-term loans	0	0	
Short-term bank deposits	46,118,459	5,095,795	905
Short-term bank deposits	0	0	
IV. FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	0	0	
V. ASSETS FROM INVESTMENT CONTRACTS	0	0	
VI. ASSETS FROM REINSURANCE CONTRACTS AND CO-INSURANCE CONTRACTS	18,493	92,371	20
From unearned premium	0	0	
– in reinsurance	0	0	
– in co-insurance	0	0	
From mathematical provision	0	0	
From outstanding claims	18,493	92,371	20
– in reinsurance	18,493	92,371	20
– in co-insurance	0	0	
From bonuses and discounts	0	0	
From other technical provisions	0	0	
From technical provisions for life insurance policy holders who bear investment risk	0	0	
C. UNIT-LINKED INSURANCE CONTRACT INVESTMENTS	446,589,561	449,802,771	99
D. RECEIVABLES	6,312,677	13,025,632	48
I. RECEIVABLES FROM DIRECT INSURANCE	474,676	449,516	106
Receivables from insurers	454,534	434,148	105
Receivables from insurance brokers	0	0	
Other receivables from direct insurance operations	20,142	15,368	131
Receivables from direct insurance operations – associates and subsidiaries	0	0	
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	14,439	10,957	132
Premium receivable from co-insurance	0	0	
Premium receivable from reinsurance	0	0	
Receivables from co-insurers' share in claims	0	0	
Receivables from reinsurers' share in claims	0	0	
Other receivables from co-insurance and reinsurance	0	0	
Receivables from co-insurance and reinsurance – associates and subsidiaries	14,439	10,957	132



	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
III. OTHER RECEIVABLES AND DEFERRED TAX RECEIVABLES	5,823,562	12,565,159	46
Receivables for advanced payments for intangible assets	0	0	
Other short-term receivables from insurance operations	24,476	85,456	29
Short term receivables from financing	11,916	7,781,565	
Other short-term receivables	817,394	834,284	98
Long-term receivables	1,117	636	176
Current tax receivables	0	0	
Deferred tax assets	1,250,401	1,326,197	94
Other short-term receivables – associates and subsidiaries	3,718,258	2,537,022	147
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	
E. OTHER ASSETS	4,600,755	4,469,999	103
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	972,362	1,498,329	65
Equipment and small tools	944,650	1,453,296	65
Other tangible fixed assets	27,712	45,034	62
II. CASH AT BANK AND IN HAND	3,628,393	2,971,669	122
III. INVENTORIES AND OTHER ASSETS	0	0	
Inventories	0	0	
Other assets	0	0	
F. SHORT-TERM DEFERRED ASSETS	7,044	3,044	231
Accrued interest and rent	0	0	
Deferred short-term expenses of insurance contract acquisition	0	0	
Other short-term deferred items	7,044	3,044	231
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	
H. OFF BALANCE SHEET ASSETS	31,559,638	6,559,638	481
EQUITY AND LIABILITIES (A to I)	1,533,101,808	1,514,954,062	101
A. EQUITY	113,702,351	107,505,526	106
I. SUBSCRIBED (CALLED UP) CAPITAL	22,360,852	22,360,852	100
Share capital	22,360,852	22,360,852	100
Unsubscribed capital (as deduction)	0	0	
II. CAPITAL RESERVES	13,067,907	13,067,907	100
III. RESERVES FROM PROFIT	45,513,891	45,513,891	100
Security reserves	0	0	
Legal and statutory reserves	1,445,419	1,445,419	100
Reserves for own shares	0	0	
Own shares (as deduction)	0	0	
Equalisation provision for credit insurance	0	0	
Catastrophe reserves	0	0	
Other reserves from profit	44,068,472	44,068,472	100
IV. FAIR VALUE RESERVE	12,204,329	20,153,444	61
Fair value reserve for tangible fixed assets	0	0	
Fair value reserve for long-term investments	12,267,225	20,250,654	61
Fair value reserve for short-term investments	-5,887	467	
Other fair value reserve	-57,009	-97,677	58
V. NET PROFIT/LOSS CARRIED FORWARD	2,382,620	0	
VI. NET PROFIT/LOSS FOR THE CURRENT YEAR	18,172,752	6,409,432	284
B. SUBORDINATED LIABILITIES	10,028,667	11,983,413	84
C. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	947,726,143	925,394,092	102
Gross provisions for unearned premiums	417,422	412,831	101
Gross mathematical provisions	925,402,898	904,858,200	102
Gross claim provisions	19,214,892	19,136,346	100
Gross provisions for bonuses and discounts	0	0	
Other gross technical provisions	2,690,931	986,715	273
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	438,920,157	442,952,449	99
E. PROVISIONS FOR OTHER RISKS AND CHARGES	1,629,426	1,666,541	98
Provisions for pensions	1,629,426	1,666,541	98
Other provisions	0	0	
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN REINSURANCE CONTRACTS	0	0	
G. OTHER LIABILITIES	20,629,752	24,894,535	83
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	5,715,512	6,174,096	93
Liabilities to policy holders	4,245,113	4,916,517	86
Liabilities to agents and brokers	116,064	71,797	162
Other liabilities from direct insurance operations	1,041,415	982,034	106
Liabilities from direct insurance operations – associates and subsidiaries	312,920	203,748	154

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	5,400	0	
Liabilities for co-insurance premiums	0	0	
Liabilities for reinsurance premiums	0	0	
Liabilities for co-insurers' share in claims	0	0	
Liabilities for reinsurers' share in claims	0	0	
Other liabilities from co-insurance and re-insurance	0	0	
Liabilities from co-insurance and re-insurance – associates and subsidiaries	5,400	0	
III. LOANS SECURED BY FIXED RATE SECURITIES	0	0	
IV. LIABILITIES TO BANKS	0	0	
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	
VI. OTHER LIABILITIES	14,908,840	18,720,439	80
Other long term liabilities	6,815,763	11,816,365	58
Long term liabilities from finance leases	0	0	
Other long term liabilities	0	0	
Deferred tax liabilities	6,815,763	11,816,365	58
Other short-term liabilities	8,093,077	6,904,074	117
Short-term liabilities to employees	328,585	265,958	124
Other short-term liabilities from insurance operations	5,162,583	4,180,977	123
Short-term liabilities from financing	0	0	
Current income tax liabilities	0	0	
Other short-term liabilities	2,601,909	2,457,138	106
H. ACCRUED EXPENSES AND DEFERRED INCOME	465,312	557,507	83
Accrued expenses	465,312	557,507	83
Other accruals and deferred income	0	0	
I. NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	
J. OFF BALANCE SHEET ASSETS	31,559,638	6,559,638	481



2. Income statement

	in EUR		
	2015	2014	Index
A. Technical account for non-life insurance except health insurance business			
I. Net premium earned	342,706,800	356,224,073	96
Gross written premium	410,144,721	417,337,076	98
Assumed co-insurance written premium (+)	1,391,448	1,452,747	96
Ceded co-insurance written premium (-)	-664,645	-625,944	106
Outward reinsurance premium (-)	-71,409,223	-66,318,785	108
Change in gross provision for unearned premiums (+/-)	1,933,335	4,977,649	39
Change in provision for unearned premiums, reinsurers' and co-insurers' share (+/-)	1,311,164	-598,671	
II. Allocated investment return transferred from the non-technical account (D VIII)	22,441,397	44,753,200	50
III. Other net income from insurance operations	4,687,205	4,321,135	108
IV. Net claims incurred	189,964,845	223,985,110	85
Gross claims settled	244,433,885	268,771,537	91
Income from gross subrogated receivables (-)	-13,961,178	-16,154,360	86
Co-insurers' share (+/-)	594,950	743,826	80
Reinsurers' share (-)	-24,900,097	-21,259,122	117
Changes in gross provisions for claims outstanding (+/-)	-22,829,956	-900,206	
Changes in provisions for claims outstanding, reinsurers' and co-insurers' share (+/-)	6,627,241	-7,216,564	
V. Change in other net technical provisions (+/-)	-737,495	2,226,218	
VI. Net expenses for bonuses and discounts	8,265,040	8,632,089	96
VII. Net operating expenses	95,037,204	95,177,151	100
Acquisition costs	78,975,624	78,492,287	101
Change in deferred acquisition costs (+/-)	0	0	
Other operating expenses	28,723,408	29,070,934	99
Depreciation of assets used in insurance business	1,577,725	1,835,617	86
Labour costs	18,190,279	19,644,946	93
– wages and salaries	12,756,806	13,506,536	94
– social security and pension insurance costs	2,178,180	2,233,164	98
– other labour costs	3,255,293	3,905,246	83
Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	233,269	371,264	63
Other operating expenses	8,722,135	7,219,108	121
Income from reinsurance commissions and shares in the technical profit from reinsurance contracts (-)	-12,661,828	-12,386,070	102
VIII. Other net insurance expenses	7,603,408	11,793,877	64
Expenses of preventive activity	5,376,380	5,214,011	103
Contributions for covering losses on uninsured and unknown vehicles	458,415	1,208,825	38
Other net insurance expenses	1,768,613	5,371,041	33
IX. Result of the technical account for non-life insurance business, except health insurance business (I+II+III-IV+-V-VI-VII-VIII)	69,702,400	63,483,962	110
B. Technical account for life insurance business			
I. Net premium earned	174,333,436	173,503,117	100
Gross written premium	174,724,776	173,829,628	101
Assumed co-insurance written premium (+)	0	0	
Ceded co-insurance written premium (-)	0	0	
Outward reinsurance premium (-)	-386,750	-342,426	113
Change in gross provision for unearned premiums (+/-)	-4,590	15,915	
Change in provision for unearned premiums, reinsurers' and co-insurers' share (+/-)	0	0	
II. Income from investments	112,499,562	93,992,782	120
Income from dividends	3,402,180	1,108,510	307
Group companies	2,270,815	0	
Associates	141,552	60,541	234
Others	989,813	1,047,969	94
Income from other investments	53,462,454	62,696,789	85
Income from land and buildings	64,589	61,747	105
– in group companies	0	0	
– in associates	0	0	
– in others	64,589	61,747	105
Interest income	28,587,457	35,730,949	80
– in group companies	0	0	
– in associates	0	0	
– in others	28,587,457	35,730,949	80
Other investment income	24,810,408	26,904,093	92
Financial income from revaluation	24,789,408	26,903,223	92
– in group companies	0	0	



	in EUR		
	2015	2014	Index
– in associates	0	0	
– in others	24,789,408	26,903,223	92
Other financial income	21,000	870	
– in group companies	0	0	
– in associates	0	0	
– in others	21,000	870	
Income from asset value adjustments	0	0	
Profit on disposal of investments	55,634,928	30,187,483	184
III. Net unrealised gains on unit-linked life insurance assets	91,872,617	63,279,337	145
IV. Other net income from insurance operations	309,730	81,514	380
V. Net claims incurred	159,633,465	168,053,156	95
Gross claims settled	160,094,850	168,504,399	95
Income from gross subrogated receivables (–)	0	0	
Reinsurers' share (–)	-613,809	-195,482	314
Changes in gross provisions for claims outstanding (+/–)	78,546	-191,654	
Changes in provisions for claims outstanding, reinsurers' share (+/–)	73,878	-64,107	
VI. Change in other net technical provisions (+/–)	35,962,428	78,784,760	46
Change of mathematical provisions (+/–)	34,258,212	78,957,457	43
Change in gross mathematical provision (+/–)	34,258,212	78,957,457	43
Change of reinsurers' share (+/–)	0	0	
Change of other net technical provisions (+/–)	1,704,216	-172,698	
Change of other gross technical provision(+/–)	1,704,216	-172,698	
Change of reinsurers' share (+/–)	0	0	
VII. Net expenses for bonuses and discounts	0	0	
VIII. Net operating expenses	30,137,869	30,786,420	98
Acquisition costs	20,633,364	21,362,340	97
Change in deferred acquisition costs (+/–)	0	0	
Other operating expenses	9,529,573	9,513,856	100
Depreciation of assets used in insurance business	592,038	842,213	70
Labour costs	5,916,855	6,174,644	96
– wages and salaries	4,267,773	4,350,668	98
– social security and pension insurance costs	722,634	722,081	100
– other labour costs	926,448	1,101,895	84
Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	77,698	87,276	89
Other operating expenses	2,942,982	2,409,724	122
Income from reinsurance commissions and shares in the technical profit from reinsurance contracts (–)	-25,068	-89,776	28
IX. Expenses from investments	50,441,799	20,036,064	252
Depreciation and amortization of assets not used in operations	32,638	34,425	95
Expenses arising from asset management, interest expenses and other financial expenses	1,888,969	2,393,401	79
Revaluation financial expenses	33,612,777	10,267,229	327
Loss on disposal of investments	14,907,416	7,341,010	203
X. Net unrealised losses on investments for insurance of which the policyholders bear the investment risk	83,432,962	19,518,717	427
XI. Other net insurance expenses	232,591	203,767	114
Expenses of preventive activity	0	0	
Other net insurance expenses	232,591	203,767	114
XII. Allocated investment return transferd to the non-technical account (–) (D V)	6,408,156	4,616,898	139
XIII. Result of the technical account for life insurance business (I+II+III+IV–V+/–VI–VII–VIII–IX–X–XI–XII)	12,766,074	8,856,968	144
C. Result of the technical account for health insurance business			
D. Non-technical account			
I. Result of the technical account for non-life insurance business, except health insurance business (A IX)	69,702,400	63,483,962	110
II. Result of technical the account for life insurance business (B XIII)	12,766,074	8,856,968	144
III. Result of technical account for health insurance business (C XI)			
IV. Income from investment	73,945,367	58,802,163	126
Income from participations	28,400,060	2,675,850	
Group companies	26,902,049	179,293	
Associates	3,770	0	
Others	1,494,241	2,496,557	60
Income from other investments	32,091,514	30,080,575	107
Income from land and buildings	3,199,470	1,961,935	163
– in group companies	323,036	165,958	195
– in associates	0	0	
– in others	2,876,434	1,795,977	160
Interest income	22,315,268	24,833,267	90
– in group companies	1,985,141	2,193,168	91

	in EUR		
	2015	2014	Index
– in associates	0	0	
– in others	20,330,127	22,640,099	90
Other investment income	6,576,776	3,285,373	200
Financial income from revaluation	6,312,645	3,281,144	192
– in group companies	8,399	8,317	101
– in associates	0	0	
– in others	6,304,246	3,272,827	193
Other financial income	264,131	4,229	
– in group companies	0	0	
– in associates	0	0	
– in others	264,131	4,229	
Income from asset value adjustments	0	1,636	
Profit on disposal of investments	13,453,793	26,044,103	52
V. Allocated investment return transferred from life insurance technical account (B XII)	6,408,156	4,616,898	139
VI. Allocated investment return transferred from the health insurance technical account (C X)			
VII. Expenses from investments	69,979,951	31,720,506	221
Depreciation and amortization of assets not used in operations	784,985	621,377	126
Expenses arising from asset management, interest expenses and other financial expenses	11,697,099	5,540,990	211
Revaluation financial expenses	50,911,819	22,614,610	225
Loss on disposal of investments	6,586,048	2,943,529	224
VIII. Allocated investment return transferred to the technical account for non-life insurance business, except health insurance business (A II)	22,441,397	44,753,200	50
IX. Other income from insurance business	5,314,160	4,400,601	121
Other income from property insurance except for health insurance	1,471,991	1,038,973	142
Other income from life insurance	3,842,169	3,361,628	114
Other income from health insurance	0	0	
X. Other expenses	7,523,364	8,366,481	90
Other expenses from property insurance except for health insurance	6,152,304	6,643,602	93
Other expenses from life assurance	1,371,060	1,722,879	80
Other expenses from health insurance	0	0	
XI. Other income	510,415	2,178,032	23
Other income from property insurance except for health insurance	377,929	2,091,986	18
Other income from life insurance	132,486	86,045	154
Other income from health insurance	0	0	
XII. Other expenses	268,363	2,367	
Other expenses from property insurance except for health insurance	255,174	-1,637	
Other expenses from life assurance	13,189	4,004	329
Other expenses from health insurance	0	0	
XIII. Profit/loss before tax (I+II+III+IV+V+VI–VII–VIII+IX–X+XI–XII)	68,433,497	57,496,069	119
Net profit/loss from property insurance, except health insurance	46,668,861	42,301,412	110
Net profit/loss from life assurance	21,764,636	15,194,657	143
Net profit/loss from health insurance			
XIV. Corporate income tax	7,031,994	4,795,045	147
XV. Deferred taxes	2,895,685	7,088,443	41
XVI. Net profit/loss for the accounting period (XIII–XIV–XV)	58,505,818	45,612,581	128
– Net profit/loss from property insurance, except health insurance	40,333,066	32,453,149	124
– Net profit/loss from life assurance	18,172,752	13,159,432	138
– Net profit/loss from health insurance			
E. Comprehensive income			
I. Net profit/loss for the accounting period after tax	58,505,818	45,612,581	128
II. Other comprehensive income after tax (a + b)	-17,495,126	37,858,385	
a) Items which will not be transferred in P&L in future periods (1+2+3+4+5+6)	214,905	-503,403	
Net profit/loss recognised in a fair value reserve relating to intangible assets	0	0	
Net profit/loss recognised in a fair value reserve relating to property, plant and equipment	0	0	
Actuarial gains/loss for pension plans	239,577	-606,509	
Share of OCI of entities accounted for using the equity method	0	0	
Other items which will not be transferred in P&L	0	0	
Tax on items which will not be transferred in P&L	-24,672	103,107	
b) Items which could be transferred into P&L in future periods (1+2+3+4+5)	-17,710,031	38,361,788	
Valuation gains/losses on available-for-sale financial assets	-42,441,799	77,582,360	
Net profit/loss relating to cash flows hedges	0	0	
Share of OCI of entities accounted for using the equity method	0	0	
DLiabilities from insurance contracts with DPF	17,740,272	-25,899,972	
Tax on other comprehensive income	6,991,496	-13,320,600	
III. Comprehensive Income for the period after tax (I + II)	41,010,692	83,470,966	49

3. Assets and liabilities of technical account

3.1 Assets and liabilities of technical account for Life insurance, Rent and Supplementary pension insurance

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
ASSETS (A to D)	742,086,243	740,803,297	100
A. INVESTMENT PROPERTY AND FINANCIAL INVESTMENTS	736,819,889	735,233,915	100
I. INVESTMENT PROPERTY	431,603	438,170	99
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	0	0	
Shares in subsidiaries	0	0	
Shares in associates	0	0	
III. OTHER FINANCIAL INVESTMENTS	736,369,793	734,703,374	100
Shares and other floating rate securities	13,331,499	25,452,652	52
Debt securities with fixed return	666,052,735	682,509,060	98
Investment fund coupons	0	0	
Mortgage loans	0	0	
Other loans	21,673,486	21,423,832	101
Bank deposits	35,312,073	5,317,830	664
Other financial investments	0	0	
IV. ASSETS FROM REINSURANCE CONTRACTS AND CO-INSURANCE CONTRACTS	18,493	92,371	20
From unearned premium	0	0	
From mathematical provision	0	0	
From outstanding claims	18,493	92,371	20
– co-insurance	18,493	92,371	20
– reinsurance	0	0	
From bonuses and discounts	0	0	
From technical provisions for life insurance policy holders who bear investment risk	0	0	
B. RECEIVABLES	2,907,171	4,018,985	72
I. RECEIVABLES FROM DIRECT INSURANCE	462,639	443,205	104
Receivables from insurers	454,534	434,148	105
Receivables from insurance brokers	0	0	
Other receivables from direct insurance operations	8,105	9,057	89
II. RECEIVABLES FROM REINSURANCE	14,439	10,957	132
III. OTHER RECEIVABLES	2,430,093	3,564,823	68
C. OTHER ASSETS	2,352,139	1,547,353	152
I. Cash and cash equivalents	2,352,139	1,547,353	152
II. Other assets	0	0	
D. SHORT-TERM DEFERRED ASSETS	7,044	3,044	231
Accrued interest and rent	0	0	
Deferred expenses for insurance contract acquisition	0	0	
Other deferred items	7,044	3,044	231
E. OFF BALANCE SHEET ITEMS	25,130,000	130,000	
LIABILITIES (A to F)	742,086,243	740,803,297	100
A. FAIR VALUE RESERVE	0	0	
B. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	734,309,239	723,544,329	101
Gross provision for unearned premium	417,422	412,831	101
Gross mathematical provisions	711,985,994	703,008,437	101
Gross provisions for outstanding claims	19,214,892	19,136,346	100
Gross provisions for bonuses and discounts	0	0	
Other gross technical provisions	2,690,931	986,715	273
C. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0	
D. LIABILITIES FOR INVESTMENTS OF REINSURERS UNDER REINSURANCE CONTRACTS WITH CEDING UNDERTAKINGS	0	0	
E. OTHER LIABILITIES	7,777,004	17,258,968	45
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	4,469,461	4,768,245	94
Liabilities towards policyholders	3,618,594	4,080,938	89
Liabilities towards intermediaries	428,984	275,545	156
Other liabilities from direct insurance operations	421,883	411,762	102
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE	5,400	0	
III. OTHER LIABILITIES	3,302,143	12,490,723	26
F. ACCRUED EXPENSES AND DEFERRED INCOME	0	0	
G. OFF-BALANCE SHEET ITEMS	25,130,000	130,000	

3.2 Assets and liabilities of technical account – Guarantee Fund of Triglav PDPZ – zjamčeni

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
ASSETS (A to E)	183,939,169	177,420,102	104
A. INVESTMENT PROPERTY AND OTHER PROPERTY RIGHTS	0	0	
Investment property	0	0	
Other property rights	0	0	
B. FINANCIAL INVESTMENTS	183,285,749	177,127,858	103
in loans and deposits	4,972,780	2,527,003	197
held to maturity:	0	0	
– debt securities	0	0	
available for sale:	1,026,251	1,032,152	99
– debt securities	1,026,251	1,032,152	99
– equity securities	0	0	
measured at fair value:	177,286,718	173,568,703	102
– debt securities	177,286,718	170,913,350	104
– equity securities	0	2,655,353	0
C. RECEIVABLES	5,273	3,662	144
Receivables to the managing company failing to achieve a guaranteed return	0	0	
Other receivables	5,273	3,662	144
D. CASH AND CASH EQUIVALENTS	648,147	288,582	225
E. OTHER ASSETS	0	0	
F. OFF BALANCE ASSETS	0	0	
From derivative financial instruments	0	0	
From guarantees given	0	0	
Other off balance assets	0	0	
LIABILITIES (from A to D)	183,939,169	177,420,102	104
A. TECHNICAL PROVISIONS	183,106,139	176,395,187	104
Mathematical provisions for payable net premium	134,829,139	128,881,255	105
Mathematical provisions for attributed return of assets covering mathematical	48,277,000	47,513,932	102
Technical provisions for insurance where the assets covering mathematical provisions are split to units (VEP)	0	0	
B. FINANCIAL LIABILITIES	0	0	
C. OPERATING LIABILITIES	827,263	1,021,621	81
Liabilities arising from the purchase of securities and other financial instruments	0	0	
Liabilities to the managing company of the assets covering mathematical provisions	203,405	178,728	114
Liabilities arising from redemption value to the members of the assets covering	623,313	833,591	75
Other operating liabilities	545	9,302	6
D. OTHER LIABILITIES	5,767	3,294	175
F. OFF BALANCE LIABILITIES	0	0	
From derivative financial instruments	0	0	
From guarantees given	0	0	
Other off balance assets	0	0	



3.3 Assets and liabilities of technical account – Supplementary voluntary pension insurance at the time of payment of rent

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
ASSETS (A to D)	30,953,433	26,171,203	118
A. INVESTMENT PROPERTY AND FINANCIAL INVESTMENTS	30,739,986	26,017,056	118
I. INVESTMENT PROPERTY	0	0	
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	0	0	
Shares in subsidiaries	0	0	
Shares in associates	0	0	
III. OTHER FINANCIAL INVESTMENTS	30,739,986	26,017,056	118
Shares and other floating rate securities	0	0	
Debt securities with fixed return	27,737,346	25,262,171	110
Investment fund coupons	0	0	
Mortgage loans	0	0	
Other loans	0	0	
Bank deposits	3,002,640	754,886	398
Other financial investments	0	0	
IV. ASSETS FROM REINSURANCE CONTRACTS	0	0	
From unearned premium	0	0	
From mathematical provision	0	0	
From outstanding claims	0	0	
From bonuses and discounts	0	0	
From technical provisions for life insurance policy holders who bear investment risk	0	0	
B. RECEIVABLES	0	0	
I. RECEIVABLES FROM DIRECT INSURANCE	0	0	
Receivables from insurers	0	0	
Receivables from insurance brokers	0	0	
Other receivables from direct insurance operations	0	0	
II. RECEIVABLES FROM REINSURANCE	0	0	
III. OTHER RECEIVABLES	0	0	
C. OTHER ASSETS	213,447	154,146	138
I. Cash and cash equivalents	213,447	154,146	138
II. Other assets	0	0	
D. SHORT-TERM DEFERRED ASSETS	0	0	
Accrued interest and rent	0	0	
Deferred expenses for insurance contract acquisition	0	0	
Other deferred items	0	0	
E. OFF BALANCE SHEET ITEMS	0	0	
LIABILITIES (A to F)	30,953,433	26,171,203	118
A. FAIR VALUE RESERVE	0	0	
B. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	30,310,765	25,454,576	119
Gross provision for unearned premium	0	0	
Gross mathematical provisions	30,310,765	25,454,576	119
Gross provisions for outstanding claims	0	0	
Gross provisions for bonuses and discounts	0	0	
C. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0	
D. LIABILITIES FOR INVESTMENTS OF REINSURERS UNDER REINSURANCE CONTRACTS WITH CEDING UNDERTAKINGS	0	0	
E. OTHER LIABILITIES	642,668	716,626	90
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	619,841	567,421	109
Liabilities towards policyholders	3,205	1,988	161
Liabilities towards intermediaries	0	0	
Other liabilities from direct insurance operations	616,636	565,433	109
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE	0	0	
III. OTHER LIABILITIES	22,827	149,206	15
F. ACCRUED EXPENSES AND DEFERRED INCOME	0	0	
G. OFF-BALANCE SHEET ITEMS	0	0	



3.4 Assets and liabilities of technical account – Unit-linked insurance

	in EUR		
	31 Dec. 2015	31 Dec. 2014	Index
ASSETS (A to D)	446,891,408	450,225,037	99
A. INVESTMENT PROPERTY AND FINANCIAL INVESTMENTS	446,589,561	449,802,771	99
I. INVESTMENT PROPERTY	0	0	
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	0	0	
Shares in subsidiaries	0	0	
Shares in associates	0	0	
III. OTHER FINANCIAL INVESTMENTS	446,589,561	449,802,771	99
Shares and other floating rate securities	383,798,182	383,177,339	100
Debt securities with fixed return	54,833,725	54,823,747	100
Investment fund coupons	0	0	
Mortgage loans	0	0	
Other loans	0	0	
Bank deposits	7,957,654	11,801,685	67
Other financial investments	0	0	
IV. ASSETS FROM REINSURANCE CONTRACTS	0	0	
From unearned premium	0	0	
From mathematical provision	0	0	
From outstanding claims	0	0	
From bonuses and discounts	0	0	
From technical provisions for life insurance policy holders who bear investment risk	0	0	
B. RECEIVABLES	9,745	8,473	115
I. RECEIVABLES FROM DIRECT INSURANCE	6,789	5,876	116
Receivables from insurers	0	0	
Receivables from insurance brokers	0	0	
Other receivables from direct insurance operations	6,789	5,876	116
II. RECEIVABLES FROM REINSURANCE	0	0	
III. OTHER RECEIVABLES	2,956	2,597	114
C. OTHER ASSETS	292,102	413,794	71
I. Cash and cash equivalents	292,102	413,794	71
II. Other assets	0	0	
D. SHORT-TERM DEFERRED ASSETS	0	0	
Accrued interest and rent	0	0	
Deferred expenses for insurance contract acquisition	0	0	
Other deferred items	0	0	
E. OFF BALANCE SHEET ITEMS	6,429,638	6,429,638	100
LIABILITIES (A to F)	446,891,408	450,225,037	99
A. FAIR VALUE RESERVE	0	0	
B. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	0	0	
Gross provision for unearned premium	0	0	
Gross mathematical provisions	0	0	
Gross provisions for outstanding claims	0	0	
Gross provisions for bonuses and discounts	0	0	
C. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	438,920,157	442,952,449	99
D. LIABILITIES FOR INVESTMENTS OF REINSURERS UNDER REINSURANCE CONTRACTS WITH CEDING UNDERTAKINGS	0	0	
E. OTHER LIABILITIES	7,971,251	7,272,588	110
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	2,655	508	523
Liabilities towards policyholders	0	0	
Liabilities towards intermediaries	0	0	
Other liabilities from direct insurance operations	2,655	508	523
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE	0	0	
III. OTHER LIABILITIES	7,968,596	7,272,080	110
F. ACCRUED EXPENSES AND DEFERRED INCOME	0	0	
G. OFF-BALANCE SHEET ITEMS	6,429,638	6,429,638	100

4. Income statement of technical account

4.1 Income statement for Life insurance, Rent and Supplementary pension insurance

	in EUR		
	2015	2014	Index
I. Premium earned	102,751,228	98,469,771	104
Gross premium earned	102,755,818	98,453,856	104
Change of unearned premium	-4,590	15,915	
II. Income from investments	54,186,797	46,594,514	116
Income from dividends	334,916	412,795	81
Dividends from subsidiaries	0	0	
Dividends from associated companies	0	0	
Dividends from others	334,916	412,795	81
Income from other investments	25,385,309	30,597,685	83
Income from land and buildings	21,932	24,162	91
Interest income	20,234,144	27,004,605	75
Other income from investments	5,129,233	3,568,918	144
Financial income from revaluation	5,129,233	3,568,048	144
Other financial income	0	870	
Income from investment value adjustments	0	0	
Gains from disposal of investments	28,466,572	15,584,034	183
III. Other income from insurance	309,730	81,514	380
IV. Expenses from claims	84,787,593	86,936,172	98
Claims expenses	84,635,169	87,191,932	97
Change in provisions from claims	152,424	-255,761	
V. Change in other technical provisions (+/-)	27,538,974	23,144,237	119
Change in mathematical provision (+/-)	25,834,758	23,316,934	111
Change in mathematical provisions without share in profit(+/-)	20,665,080	16,380,549	126
Change in mathematical provision from share in profit (+/-)	5,169,678	6,936,386	75
Change in other technical provisions(+/-)	1,704,216	-172,698	
VI. Expenses for bonuses and discounts	0	0	
VII. Expenses included in policies	15,979,870	16,252,026	98
Entry fees	2,815,951	2,771,469	102
Incasso, administrative expenses	13,163,919	13,480,557	98
Costs of claims settlement	0	0	
VII.a Net operating expenses	16,149,669	15,795,742	102
Cost of contract aquisition	11,698,465	11,323,229	103
Change in deferred costs of contract aquisition (+/-)	0	0	
Other operating expenses	4,476,272	4,562,290	98
Amortisation and depreciation of assets, needed for operations	276,274	398,882	69
Labour costs	2,758,234	2,924,451	94
– salaries	1,990,432	2,059,348	97
– costs of social and pension insurance	337,370	342,113	99
– other labour costs	430,432	522,990	82
Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	25,330	30,412	83
Other operating expenses	1,416,434	1,208,545	117
Income from reinsurance commissions and from participation in the positive technical result from reinsurance contracts (-)	-25,068	-89,776	28
VIII. Investment expenses	12,319,708	5,320,505	232
Depreciation of assets, not necessary for operations	6,567	6,567	100
Expenses for asset management, interest expenses and othe financial expenses	599,014	885,759	68
Financial expenses from revaluation	985,608	2,307,628	43
Losses from disposal of financial investments	10,728,519	2,120,551	506
IX. Other net insurance expenses	232,591	203,637	114
X. Profit/Loss from life assurance (I+II+III-IV+/-V-VI-VII-VIII-IX)	16,389,019	13,289,223	123
X.a Profit/Loss from life assurance (I+II+III-IV+/-V-VI-VIIa-VIII-IX)	16,219,220	13,745,507	118



4.2 Income statement for Guarantee Fund of Triglav PDPZ – zajamčeni

	in EUR		
	2015	2014	Index
I. Payments or premiums	14,015,525	14,076,020	100
II. Financial income	41,867,996	36,478,957	115
Income from dividends	0	6,259	
Interest income	5,355,485	5,496,479	97
Gains on disposals of financial investments	17,249,765	8,193,320	211
Profit arising from a change in the fair value of a financial asset through profit and loss	19,262,746	22,782,821	85
Other financial income	0	78	
III. Investment property income	0	0	
Income from rental of investment property	0	0	
Gains on disposals of investment property	0	0	
Profit arising from a change in the fair value of investment property through profit and loss	0	0	
IV. Income from payment of management company due to failing to achieve guaranteed return	0	0	
V. Expenses from repurchase	8,038,904	9,840,260	82
Ordinary termination	0	0	
Extraordinary termination	8,038,904	9,840,260	82
Withdrawal from contract	7,803,417	9,620,018	81
Cancellation of contract	0	0	
Death of policyholder	235,487	220,242	107
VI. Assets transfer from or on the other transactor (+/-)	-289,351	-61,056	474
Assets transfer from the other transactor	597,835	205,151	291
Assets transfer on the other transactor	887,186	266,207	333
VII. Change of technical provisions (+/-)	9,926,314	29,678,518	33
Change in mathematical provisions without the profit of the current year (+/-)	9,926,314	29,678,518	33
Change of other technical provisions (+/-)	0	0	
Change in provisions for insurance where assets covering mathematical provisions are splitted to units (VEP)	0	0	
VIII. Costs of management company	2,200,174	2,540,417	87
Entry fees	303,041	372,577	81
Termination costs	89,549	101,049	89
Management commission	1,807,584	2,066,791	87
IX. Expenses in respect of custodian bank	0	0	
X. Other expenses regarding management rules which directly charge assets covering mathematical provisions	0	0	
XI. Financial expenses	35,428,778	8,434,725	420
Interest expenses	0	0	
Loss on disposal of financial investments	3,038,595	764,572	397
Losses arising from a change in the fair value of financial assets through profit and loss	32,390,183	7,670,153	422
XII. Investment property expenses	0	0	
Expenses arising from management and rental of investment property	0	0	
Losses arising from a change in the fair value of financial assets through profit and loss	0	0	
XIII. Net income of the current period (+/-) (I. +II. +III. +IV. -V. +VI. +VII. -VIII. -IX. -X. -XI. -XII.)	0	0	

4.3 Income statement for Supplementary voluntary pension insurance at the time of payment of rent

	in EUR		
	2015	2014	Index
I. Transfer of funds from the pension plan for supplementary voluntary pension	8,364,574	7,762,099	108
These legal entities	3,606,982	3,073,611	117
Other insurance	0	0	
Other pension companies	4,757,592	4,688,488	101
Mutual pension fund	0	0	
II. Income from investments	1,801,022	1,635,792	110
Income from dividends in companies	0	0	
Group companies	0	0	
Associated companies	0	0	
Other	0	0	
Income from other investments	641,452	692,004	93
Income from investment property	0	0	
Interest income	641,452	675,282	95
Other income from investments	0	16,722	
Prevednotovalni finančni prihodki	0	16,722	
Drugi finančni prihodki	0	0	
Income from revaluation of investments	0	0	
Gains on disposals of investments	1,159,570	943,788	123
III. Expenses from claims	3,243,338	2,529,133	128
Claims expenses	3,243,338	2,529,133	128
Change in provisions from claims	0	0	
IV. Change of other technical provisions(+/-)	6,136,415	6,416,258	96
Change of mathematical provision (+/-)	6,136,415	6,416,258	96
Change of other technical provisions (+/-)	0	0	
V. Expenses included in policies	507,676	426,604	119
Entry fees	122,138	73,679	166
Incasso, administrative expenses	286,438	276,310	104
Costs of claims settlement	99,100	76,616	129
V.a Net operating expenses	297,551	243,035	122
Cost of contract aquisition	125,470	114,343	110
Change in deferred costs of contract aquisition (+/-)	0	0	
Other operating expenses	172,081	128,692	134
Amortisation and depreciation of assets, needed for operations	10,514	11,751	89
Labour costs	106,581	85,219	125
– salaries	78,071	61,433	127
– costs of social and pension insurance	13,031	10,045	130
– other labour costs	15,479	13,740	113
Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	1,408	1,016	139
Other operating expenses	53,578	30,706	174
Income from reinsurance commissions and from participation in the positive technical result from reinsurance contracts (-)	0	0	
VI. Investment expenses	278,167	25,896	
Depreciation of assets, not necessary for operations	0	0	
Expenses for asset management, interest expenses and othe financial expenses	33,106	9,174	361
Financial expenses from revaluation	0	16,722	
Losses from disposal of financial investments	245,061	0	
VII. Profit/Loss of technical account (I+II-III+IV-V-VI)	0	0	
VII.a Profit/Loss of technical account (I+II-III+IV-V.a-VI)	210,125	183,570	114

4.4 Income statement for Unit-linked insurance

	in EUR		
	2015	2014	Index
I. Gross written premium	52,211,256	56,063,688	93
II. Income from investments	97,965,437	66,008,054	148
Income from dividends in companies	465,373	421,601	110
Group companies	0	0	
Associated companies	0	0	
Other	465,373	421,601	110
Income from other investments	92,332,515	63,766,957	145
Income from investment property	0	0	
Interest income	459,898	487,621	94
Other income from investments	91,872,617	63,279,337	145
Revaluation income	91,872,617	63,279,337	145
Other financial income	0	0	
Income from revaluation of investments	0	0	
Gains on disposals of investments	5,167,549	1,819,495	284
III. Expenses from repayment of insurance amounts or repurchase	61,546,797	67,329,106	91
Ordinary termination	35,889,415	37,435,559	96
Extraordinary termination	25,657,382	29,893,546	86
Withdrawal from contract	24,383,921	28,727,059	85
Cancellation of contract	0	0	
Death of policyholder	1,273,461	1,166,488	109
IV. Change of other technical provisions(+/-)	-4,032,292	22,619,358	
Change of mathematical provision (+/-)	-4,032,292	22,619,358	
Change of other technical provisions (+/-)	0	0	
V. Costs and commissions	7,118,260	7,404,764	96
Entry fees	1,613,464	1,896,002	85
Termination costs	0	0	
Management commission	5,504,796	5,508,762	100
VI. Investment expenses	83,738,441	23,845,055	351
Depreciation of assets, not used in operations	0	0	
Expenses arising from asset management, interest expenses and other financial expenses	0	0	
Impairment expenses	83,432,962	19,518,847	427
Loss on disposal of investments	305,479	4,326,208	7
VII. Other income/expenses	-1,805,487	-873,460	207
VIII. Profit/Loss of technical account (I+II-III+/-IV-V-VI-+VII)	0	0	

5. Investment return

5.1 Allocated investment return transferred from the non-technical account – Non-life insurance

	in EUR		
	Income – non-life technical provisions	Income – non-life own funds	Total income
2015			
Income from dividends	1,459,588	26,940,472	28,400,060
Income from land and buildings	2,519,824	679,646	3,199,470
Interest income	20,773,414	1,541,854	22,315,268
Financial income from revaluation	4,029,731	2,282,914	6,312,645
Other financial income	1,379	262,752	264,131
Income from investment value adjustments	0	0	0
Gains from disposal of investments	12,793,100	660,694	13,453,794
Total income	41,577,036	32,368,333	73,945,368

	in EUR		
	Expenses – non-life technical provisions	Expenses – non-life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	420,001	364,984	784,985
Expenses from asset management, interest expenses and other financial expenses	9,511,976	2,185,123	11,697,099
Financial expenses from revaluations	5,056,376	45,855,443	50,911,819
Loss on disposal of investments	4,147,286	2,438,762	6,586,048
Total	19,135,639	50,844,312	69,979,951
Investment income (income – expenses)	22,441,397	-18,475,980	3,965,417

	in EUR		
	Income – non-life technical provisions	Income – non-life own funds	Total income
2014			
Income from dividends	2,493,145	182,705	2,675,850
Income from land and buildings	1,202,959	758,976	1,961,935
Interest income	22,841,866	1,991,401	24,833,267
Financial income from revaluation	2,889,434	391,711	3,281,144
Other financial income	229	4,000	4,229
Income from investment value adjustments	0	1,636	1,636
Gains from disposal of investments	25,847,495	196,607	26,044,103
Total	55,275,128	3,527,035	58,802,163

	in EUR		
	Expenses – non-life technical provisions	Expenses – non-life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	300,630	320,747	621,377
Expenses from asset management, interest expenses and other financial expenses	2,993,794	2,547,195	5,540,990
Financial expenses from revaluations	5,982,312	16,632,298	22,614,610
Loss on disposal of investments	1,245,192	1,698,338	2,943,529
Total	10,521,928	21,198,578	31,720,506
Investment income (income – expenses)	44,753,200	-17,671,543	27,081,656

5.2 Allocated investment return transferred from the non-technical account – Life insurance

	in EUR		
	Income – life technical provisions	Income – life own funds	Total income
2015			
Income from dividends	800,289	2,601,891	3,402,180
Income from land and buildings	21,932	42,657	64,589
Interest income	26,690,978	1,896,479	28,587,457
Financial income from revaluation	24,391,979	397,429	24,789,408
Other financial income	0	21,000	21,000
Income from investment value adjustments	0	0	0
Gains from disposal of investments	52,043,457	3,591,471	55,634,928
Net unrealised gains on unit-linked life insurance assets	91,872,617	0	91,872,617
Total	195,821,252	8,550,927	204,372,179

	in EUR		
	Expenses – life technical provisions	Expenses – life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	6,567	26,071	32,638
Expenses from asset management, interest expenses and other financial expenses	599,014	1,289,955	1,888,969
Financial expenses from revaluations	33,375,792	236,985	33,612,777
Loss on disposal of investments	14,317,656	589,760	14,907,416
Net unrealised losses on unit-linked life insurance assets	83,432,962	0	83,432,962
Total	131,731,991	2,142,771	133,874,762
Investment income (income – expenses)	64,089,261	6,408,156	70,497,417

	in EUR		
	Income – life technical provisions	Income – life own funds	Total income
2014			
Income from dividends	840,655	267,855	1,108,510
Income from land and buildings	24,162	37,585	61,747
Interest income	33,663,986	2,066,962	35,730,949
Financial income from revaluation	26,367,670	535,553	26,903,223
Other financial income	870	0	870
Income from investment value adjustments	0	0	0
Gains from disposal of investments	26,540,636	3,646,847	30,187,483
Net unrealised gains on unit-linked life insurance assets	63,279,337	0	63,279,337
Total	150,717,316	6,554,802	157,272,118

	in EUR		
	Expenses – life technical provisions	Expenses – life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	6,567	27,858	34,425
Expenses from asset management, interest expenses and other financial expenses	885,759	1,507,642	2,393,401
Financial expenses from revaluations	9,994,503	272,726	10,267,229
Loss on disposal of investments	7,211,331	129,679	7,341,010
Net unrealised losses on unit-linked life insurance assets	19,518,717	0	19,518,717
Total	37,616,876	1,937,904	39,554,781
Investment income (income – expenses)	113,100,440	4,616,898	117,717,338

GRI G4 Content Index - Core

GENERAL STANDARD DISCLOSURES

Indicators	Disclosure	Chapter/page
Strategy and Analysis		
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	2./pp. 18–21
Organizational Profile		
G4-3	Name of the organization.	1./p. 8
G4-4	Primary brands, products, and/or services.	1./pp. 10–13
G4-5	Location of organization's headquarters.	1./p. 8
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	1./pp. 10–13 7.3/pp. 46–48 7.4/pp. 48–54
G4-7	Nature of ownership and legal form.	6.4/pp. 41–42
G4-8	Markets served.	1./pp. 10–13 7.3/pp. 46–48 7.4/pp. 48–54
G4-9	Scale of the organization.	1./p. 7 4.3/p. 28 12.3.1/p. 104
G4-10	Total number of employees by employment type, employment contract, region and gender.	12.3.1/p. 104
G4-11	Percentage of total employees covered by collective bargaining agreements.	12.3.1/p. 106
G4-12	Organization's supply chain.	12.8/p. 119
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	1/ p. 14 5.4/p. 36 6.4/pp. 41–42
G4-14	Explanation, whether and how the precautionary approach or principle is addressed by the organization.	2/p. 142
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	5.2/p. 31 12.1/p. 101
G4-16	Memberships of associations and national or international advocacy organizations.	12.1/p. 101
Identified Material Aspects and Boundaries		
G4-17	List of all entities included in the organization's consolidated financial statements or equivalent documents.	Notes to the Consolidated Financial Statements/p. 187
G4-18	The process for defining the report content and the Aspect Boundaries.	12.1/p. 97 The Sustainability Report was prepared by the use of a materiality analysis in 2014. The process involved experts having direct or indirect contacts with the stakeholders. The expert group considered the existing volume of reporting, the materiality of contents for the stakeholders and the GRI recommendations for the Financial Services Sector. The group determined the material aspects of sustainable development (listed in section 13.1) and 57 GRI indicators (four of them sectoral) which are presented in the GRI table of contents.
G4-19	Material Aspects identified in the process for defining report content.	12.1/p. 98
G4-20	Limitations regarding the Aspect Boundary within the organization.	12.1/p. 97
G4-21	Limitations regarding the Aspect Boundary outside the organization.	12.1/p. 97 Limitations (on shareholders and financial analysts, insured persons, regulators, suppliers and local communities) are listed at each indicator.
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	12.1/p. 97
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	12.1/p. 97
Stakeholder Engagement		
G4-24	List of stakeholder groups engaged by the organization.	12.2/p. 102
G4-25	Basis for identification and selection of stakeholders with whom to engage.	12.2/p. 102
G4-26	Approach to stakeholder engagement, including frequency by type and by stakeholder group.	12.2/p. 102
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	12.2/p. 102

Indicators	Disclosure	Chapter/page
Report Profile		
G4-28	Reporting period.	12.1/p. 97
G4-29	Date of most recent previous report.	03 April 2015
G4-30	Reporting cycle.	12.1/p. 97
G4-31	Contact point for questions regarding the report or its contents.	1./p. 8
G4-32	GRI content index.	pp. 312-316
G4-33	Policy and current practice with regard to seeking external assurance for the report.	No decision about a comprehensive external evaluation of the sustainable reporting has so far been made.
Governance		
G4-34	Report the governance structure of the organization, including committees of the highest governance body.	5.3/pp. 31–36 5.4/p. 36
Ethics and integrity		
G4-56	Organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	12.5/p. 113

SPECIFIC STANDARD DISCLOSURES

Categories	Disclosures on Management Approach (DMA) and Indicators		Chapter/page	Omission and/or deviating presentation
ECONOMIC	DMA		7.2/p. 46 12.8/p. 115 12.7.2/p.116	
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	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	7.2/p. 46	
	G4-EC3	Coverage of the organization's defined benefit plan obligations.	12.3.4/p. 110	
Market presence	G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	12.3.1/p. 106	
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported.	11.2.2/p. 92 12.7/p. 114 12.7.1/pp. 114-115 12.7.2/p. 116	
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	12.8/p. 119	Information on the share not provided.
ENVIROMENTAL	DMA		12.9/p. 119 12./p. 120	
Energy	G4-EN3	Energy consumption within the organization.	12.9/p. 121	
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	G4-EN16	Energy indirect greenhouse gas (GHG) emissions.	12.9/pp. 119-120	
Effluents and Waste	G4-EN23	Total weight of waste by type and disposal method.	12.9/p. 121	
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Supplier Environmental Assessment	G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	12.8/p. 119	Information on the share not provided - all suppliers verified in the tendering process.
SOCIAL	DMA		12.3/p. 103 12.3.2.1/p. 107 12.3.3/p. 109 12.3.4/p. 110 12.3.4/p. 111	
Labour practices and decent work				

Categories	Disclosures on Management Approach (DMA) and Indicators		Chapter/page	Omission and/or deviating presentation
Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	12.3.1/p. 105	
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	12.3.1/p. 106	
	G4-LA3	Return to work and retention rates after parental leave, by gender.	12.3.4/p. 111	
Labour/Management Relations	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	12.3.4/p. 111	
Occupational Health and Safety	G4-LA6	Work-related injury rates.	12.3.3/p. 109	
	G4-LA7	Workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.	12.3.3/p. 109	
Training and Education	G4-LA9	Average hours of training per year per employee by gender, and by employee category.	12.3.2.1/pp. 107–108	Data capturing does not as yet include categorization by employee category.
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	12.3.2.2/p. 108	
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	12.3.1/p. 106	
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	12.3.1/p. 106	
Supplier Assessment for Labour Practices	G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	12.8/p. 119	Information on the share not provided - all suppliers verified in the tendering process.
Labour Practices Grievance Mechanisms	G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms.	12.3.4/p. 111	
Human Rights	DMA		12.3.4/pp. 110-111	
Investment	G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	12.5/p. 113	
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken.	12.3.4/p. 111	
Supplier human rights assesment	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	12.8/p. 119	Information on the share not provided - all suppliers verified in the tendering process.
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	12.3.4/p. 111	
Society	DMA		5.6/p. 38 12.5/p. 113 12.8/p. 119	

Categories	Disclosures on Management Approach (DMA) and Indicators		Chapter/page	Omission and/or deviating presentation
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	12.7/p. 114	O deležu ne poročamo.
	G4-FS13	Access points in low-populated or economically disadvantaged areas by type.	11.1/p. 90	Numeric data on access points is not kept in this manner.
	G4-FS14	Initiatives to improve access to financial services for disadvantaged people.	11.1/p. 90 11.3/p. 95 12.4/p. 112	
Anti-corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	12.5/p. 113	
	G4-SO4	Communication and training on anti-corruption policies and procedures.	12.5/p. 113 13.4.2/p. 92	
	G4-SO5	Confirmed incidents of corruption and actions taken.	12.5/p. 113	
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary.	12.5/p. 113	
Anti-competitive Behaviour	G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	12.8/p. 119	
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	12.5/p. 113	
Product Responsibility	DMA		12.5/p. 113 12.6/p. 114	
Product and Service Labelling	G4-PR3	Type of product and service information required by the organization.	11.1/p. 90 12.5/p. 113	
	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	12.5/p. 113	
	G4-PR5	Results of surveys measuring customer satisfaction.	12.6/p. 114	
Product Portfolio	G4-FS7	Monetary value of products and services designed to deliver a specific social benefit.	12.4/p. 112 12.4.2/p. 113	The system in place for monitoring this data does not yet allow precise calculation.
	G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit.	12.4.2/p. 113	The system in place for monitoring this data does not yet allow precise calculation.
Marketing Communications	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	11.2.3/p. 94	
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	12.5/p. 113	
Compliance	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	11.2/p. 92	

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