

# Accounting report

The Triglav Group and  
Zavarovalnica Triglav d.d.

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Audited annual report for the year  
ended 31 December 2016

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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 2016, 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 true and fair presentation of the Company's and Group's assets and liabilities, financial position and profit for the year ended 31 December 2016 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, 14 March 2017

# Independent auditor's report



This is a translation of the original report in Slovene language

## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Zavarovalnica Triglav, d.d.

### Opinion

We have audited the separate financial statements of Zavarovalnica Triglav, d.d. ("Triglav" or "the Company") and the consolidated financial statements of Triglav Group ("Triglav Group" or "the Group"), which comprise the statement of financial position and the consolidated statement of financial position as at 31 December 2016, the income statement and the consolidated income statement, the statement of other comprehensive income and the consolidated statement of other comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the statement of cash flows and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements and the consolidated financial statements present fairly, in all material respects, the financial position of the Zavarovalnica Triglav d.d. and Triglav Group as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those rules are further described in the *Auditor's responsibilities for the audit of the separate and consolidated financial statements* section of our report. We are independent of the Company and Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate and consolidated financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the separate and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.



Estimates used in calculation of insurance liabilities, DAC and Liability Adequacy Test (LAT)

The measurement of insurance contract liabilities involves judgement over uncertain future outcomes, mainly the ultimate total settlement value of long-term liabilities, including any guarantees provided to policyholders. Various economic and non-economic assumptions are being used to estimate these long-term liabilities, both in the insurance contract liabilities as reported in the statement of financial position and in the reserve adequacy test. We determined this to be a significant item for our audit and a key auditing matter.

We used internal actuarial specialists to assist us in performing our audit procedures. In particular, our audit focused on the models considered material and more complex and/or requiring significant judgement in the setting of assumptions, particularly long-tail business in non-life operations and Liability Adequacy Test (LAT) cash flows in life products. We assessed the design and verified the operating effectiveness of internal controls over the actuarial process including claim reserves calculation, process of setting economic and actuarial assumptions as well as cash flow derivation approach. We assessed the Group's/Company's modelling approach in the areas considered higher risk as a result of complexity and/or magnitude. We also assessed the Group's/Company's approach and methodology for the actuarial analyses including estimated versus actual results and experience studies. We have assessed the experience analyses performed by the Group/Company in their assumption setting processes. Our assessments included assessment, as necessary, of specified economic and actuarial assumptions considering management's rationale for the actuarial judgments applied, along with comparison to applicable industry experiences considering the appropriateness of actuarial judgements used in the models, which may vary depending on the product and/or the specifications of the product. We also assessed the compliance of the models with the applicable accounting standards. Furthermore we performed audit procedures to determine the models and systems were calculating the insurance contracts liabilities accurately and completely, including sample recalculations of the results produced by the models. We tested the validity of management's liability adequacy testing which is a test performed to check that the liabilities are adequate as compared to the expected future contractual obligations. Our work on the liability adequacy tests included assessing the reasonableness of the projected cash flows and assessment of the assumptions adopted in the context of both the Group/Company and industry experience and specific product features.

We assessed the adequacy of the disclosures included in note 3.14 of the separate and consolidated financial statements.



#### Other information

Other information comprises the information included in the separate and consolidated Annual Report other than the separate and consolidated financial statements and auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the separate and consolidated financial statements is, in all material respects, consistent with the separate and consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company and the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

#### Responsibilities of management, supervisory board and the audit committee for the separate and consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and consolidated 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 the separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee and supervisory board are responsible for overseeing the Company's and the Group's financial reporting process.

#### Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with audit rules, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:




- identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Company's and the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


We also provide the audit committee and supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee and supervisory board, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ljubljana, 14. March 2017

  
Janez Uranič  
Director  
Ernst & Young d.o.o.  
Dunajska 111, Ljubljana

  
Revizija, poslovno  
svetovanje d.o.o., Ljubljana 1

  
Primož Kovačič  
Certified auditor



# 1. FINANCIAL STATEMENTS<sup>93</sup>

## 1.1 Statement of financial position

		in EUR			
		Triglav Group		Zavarovalnica Triglav	
	Notes	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>ASSETS</b>		<b>3,574,885,423</b>	<b>3,493,456,800</b>	<b>2,740,333,045</b>	<b>2,685,432,591</b>
Intangible assets	3.1	73,823,588	70,132,332	55,884,567	53,143,644
Property, plant and equipment	3.2	107,933,428	121,810,360	66,230,456	67,034,994
Deferred tax assets	3.17	15,793,114	15,993,688	0	0
Investment property	3.3	95,842,720	79,475,283	49,611,417	52,870,808
Investments in subsidiaries	3.4	0	0	130,632,438	134,689,036
Investments in associates	3.5	6,826,400	6,939,700	9,503,047	7,259,875
Financial assets	3.6	2,974,303,281	2,873,436,783	2,246,543,870	2,194,440,477
Financial investments		2,514,320,459	2,408,702,860	1,812,500,601	1,747,850,916
– loans and deposits		148,731,638	183,872,219	82,397,894	108,581,747
– held to maturity		231,342,393	242,406,400	168,983,706	178,250,255
– available for sale		1,738,043,072	1,607,681,638	1,365,449,446	1,268,278,321
– recognised at fair value through profit and loss		396,203,356	374,742,603	195,669,555	192,740,593
Unit-linked insurance assets		459,982,822	464,733,923	434,043,269	446,589,561
Reinsurers' share of technical provisions	3.7	77,084,783	68,724,305	76,455,107	69,935,394
Receivables	3.8	152,921,089	166,443,733	75,869,085	95,716,726
– receivables from direct insurance operations		84,059,166	83,249,006	58,491,603	57,959,013
– receivables from reinsurance and coinsurance operations		35,099,850	42,823,668	7,538,096	12,219,198
– current tax receivables		890,276	301,273	0	0
– other receivables		32,871,797	40,069,786	9,839,386	25,538,515
Other assets	3.9	3,622,253	8,134,762	1,949,412	2,791,679
Cash and cash equivalents	3.10	65,714,474	47,928,768	27,653,646	7,549,958
Non-current assets held for sale	3.11	1,020,293	34,437,086	0	0
<b>EQUITY AND LIABILITIES</b>		<b>3,574,885,423</b>	<b>3,493,456,800</b>	<b>2,740,333,045</b>	<b>2,685,432,591</b>
Equity	3.12	744,349,747	704,044,499	563,389,117	530,560,272
Controlling interests		733,955,514	692,925,865	563,389,117	530,560,272
– share capital		73,701,392	73,701,392	73,701,392	73,701,392
– share premium		53,488,690	54,955,912	53,412,884	53,412,884
– reserves from profit		305,535,457	300,945,466	288,962,643	282,666,281
– treasury share reserves		364,680	452,880	0	0
– treasury shares		-364,680	-452,880	0	0
– fair value reserve		87,735,128	77,567,319	64,890,318	55,751,443
– net profit brought forward		173,192,869	104,503,874	44,688,278	7,210,810
– net profit/loss for the year		44,216,477	85,802,552	37,733,602	57,817,462
– currency translation differences		-3,914,499	-4,510,483	0	0
– reserve of disposal group held for sale		0	-40,167	0	0
Non-controlling interests	2.7	10,394,233	11,118,634	0	0
Subordinated liabilities	3.13	16,869,102	18,752,252	21,103,108	21,101,278
Insurance technical provisions	3.14	2,203,105,224	2,143,395,211	1,645,177,811	1,614,944,129
– unearned premiums		263,639,620	252,057,956	188,487,876	180,558,991
– mathematical provisions		1,273,538,608	1,219,737,727	959,268,937	925,402,898
– claims provisions		635,240,895	642,687,051	471,240,775	486,247,722
– other insurance technical provisions		30,686,101	28,912,477	26,180,223	22,734,518
Insurance technical provisions for unit-linked insurance contracts		457,683,091	457,046,912	431,125,308	438,920,157
Employee benefits	3.15	13,550,264	12,225,131	10,547,514	9,189,038
Other provisions	3.16	3,971,217	3,854,844	689,669	381,762
Deferred tax liabilities	3.17	25,400,544	23,188,796	7,065,409	6,268,154
Other financial liabilities	3.18	5,288,693	3,784,282	1,852,710	1,752,990
Operating liabilities	3.19	42,028,195	48,388,725	24,451,951	23,886,713
– liabilities from direct insurance operations		16,020,020	16,617,928	11,202,342	10,985,581
– liabilities from reinsurance and co-insurance operations		23,129,245	28,053,630	11,507,586	10,264,596
– current tax liabilities		2,878,930	3,717,167	1,742,023	2,636,536
Other liabilities	3.20	62,639,346	66,341,975	34,930,448	38,428,098
Non-current liabilities held for sale and discontinued operations		0	12,434,173	0	0

## 1.2 Income statement

	Notes	Triglav Group		Zavarovalnica Triglav	
		2016	2015	2016	2015
				in EUR	
<b>Net premium income</b>	<b>4.1</b>	<b>849,594,001</b>	<b>839,167,224</b>	<b>509,765,204</b>	<b>517,040,236</b>
- gross written premium		936,003,815	919,116,265	593,129,011	586,260,945
- ceded written premium		-79,080,949	-77,045,634	-78,508,398	-72,460,618
- change in unearned premiums		-7,328,865	-2,903,407	-4,855,409	3,239,909
<b>Income from financial assets</b>	<b>4.2</b>	<b>146,017,485</b>	<b>300,908,574</b>	<b>115,997,114</b>	<b>274,883,169</b>
Income from financial assets in subsidiaries and associates		3,116,574	5,454,600	9,836,781	31,688,139
- profit on equity investments accounted for using the equity method		188,105	1,024,797	0	0
- interest income		0	0	857,579	1,985,141
- dividends		0	0	62,153	29,318,186
- fair value gains	4.4	0	0	0	0
- realised gains on disposals	4.5	2,928,469	4,429,803	8,911,599	376,413
- other financial income		0	0	5,450	8,399
Income from other financial assets		119,446,634	202,577,180	83,084,119	151,322,413
- interest income		68,835,574	71,242,548	48,356,136	48,917,584
- dividends		3,356,769	3,218,520	2,367,645	2,484,054
- fair value gains	4.4	7,813,764	39,290,809	1,708,114	26,253,436
- realised gains on disposals	4.5	33,979,089	77,477,505	29,252,705	68,541,989
- other financial income		5,461,438	11,347,798	1,399,519	5,125,350
Net unrealised gains on unitlinked life insurance assets	4.4	23,454,277	92,876,794	23,076,214	91,872,617
<b>Other income from insurance operations</b>	<b>4.6</b>	<b>5,392,172</b>	<b>7,430,958</b>	<b>19,160,149</b>	<b>17,683,831</b>
- fees and commission income		252,793	2,494,636	15,201,866	12,996,626
- other income from insurance operations		5,139,379	4,936,322	3,958,283	4,687,205
<b>Other income</b>	<b>4.7</b>	<b>53,537,175</b>	<b>77,260,256</b>	<b>12,645,615</b>	<b>9,258,952</b>
<b>Net claims incurred</b>	<b>4.8</b>	<b>577,102,418</b>	<b>570,343,294</b>	<b>350,739,765</b>	<b>349,598,310</b>
- gross claims settled		606,019,569	594,840,516	391,236,320	390,567,557
- reinsurers' share		-21,692,020	-23,535,397	-20,679,367	-24,918,956
- changes in claims provisions		-14,175,200	-8,430,995	-19,817,188	-16,050,291
- equalisation scheme expenses for supplementary health insurance		6,950,069	7,469,170	0	0
<b>Change in other insurance technical provisions</b>	<b>4.10</b>	<b>47,211,325</b>	<b>60,340,392</b>	<b>28,758,525</b>	<b>39,257,225</b>
<b>Change in insurance technical provisions for unit-linked insurance contracts</b>		<b>776,648</b>	<b>-1,882,145</b>	<b>-7,469,473</b>	<b>-4,032,292</b>
<b>Expenses for bonuses and discounts</b>	<b>4.11</b>	<b>11,331,630</b>	<b>10,202,959</b>	<b>9,108,703</b>	<b>8,265,040</b>
<b>Change in liabilities from financial contracts</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating expenses</b>	<b>4.12</b>	<b>208,675,708</b>	<b>201,796,133</b>	<b>142,229,598</b>	<b>137,861,969</b>
- acquisition costs		141,003,013	136,158,419	102,587,533	99,608,988
- other operating costs		67,672,695	65,637,714	39,642,065	38,252,981
<b>Expenses from financial assets and liabilities</b>	<b>4.3</b>	<b>42,533,879</b>	<b>180,367,256</b>	<b>30,163,394</b>	<b>200,067,115</b>
Expenses from financial assets and liabilities in subsidiaries and associates		3,174,191	1,160,415	551,754	47,292,586
- loss on investments accounted for using the equity method		247,812	295,258	0	0
- interest expense		0	0	0	0
- fair value losses	4.4	0	0	0	0
- realised loss on disposals	4.5	2,926,379	865,153	544,414	882,000
- loss on impairment of financial assets		0	4	0	46,351,490
- other expenses from financial assets and liabilities		0	0	7,340	59,096
Expenses from other financial assets and liabilities		37,853,884	95,773,879	28,252,856	69,341,567
- interest expense		1,314,505	2,177,446	1,383,064	1,900,242
- fair value losses	4.4	6,888,471	49,537,301	1,885,016	34,068,361
- realised loss on disposals	4.5	19,451,022	21,803,897	18,158,535	20,502,755
- loss on impairment of financial assets		3,197,025	3,827,445	3,097,058	231,310
- other expenses from financial assets and liabilities		7,002,861	18,427,790	3,729,183	12,638,899
Net unrealised losses on unit-linked life insurance assets	4.4	1,505,804	83,432,962	1,358,784	83,432,962
<b>Other insurance expenses</b>	<b>4.13</b>	<b>17,038,345</b>	<b>18,212,146</b>	<b>8,476,079</b>	<b>7,835,999</b>
<b>Other expenses</b>	<b>4.14</b>	<b>54,732,790</b>	<b>82,909,300</b>	<b>12,143,689</b>	<b>11,579,325</b>
<b>Profit before tax</b>		<b>95,138,090</b>	<b>102,477,677</b>	<b>83,417,802</b>	<b>68,433,497</b>
Income tax expense	4.15	12,806,316	13,616,483	8,084,200	9,927,679
<b>NET PROFIT FOR THE ACCOUNTING PERIOD</b>		<b>82,331,774</b>	<b>88,861,194</b>	<b>75,333,602</b>	<b>58,505,818</b>
Earnings per share (basic and diluted)		3.62	3.91	-	-
Net profit attributable to the controlling company		81,935,753	88,825,435	-	-
Net profit attributable to non-controlling interest holders	2.7	396,021	35,759	-	-

## 1.3 Comprehensive income

	in EUR				
	Notes	Triglav Group		Zavarovalnica Triglav	
		2016	2015	2016	2015
<b>Net profit for the year after tax</b>	<b>3.12</b>	<b>82,331,774</b>	<b>88,861,194</b>	<b>75,333,602</b>	<b>58,505,818</b>
<b>Other comprehensive income after tax</b>		<b>10,590,011</b>	<b>-18,806,369</b>	<b>9,128,515</b>	<b>-17,495,126</b>
Items which will not be transferred in income statement in future periods		-532,629	115,148	-492,789	214,905
Actuarial gains/losses on defined benefit pension plans	3.15	-441,038	143,337	-401,198	239,577
Tax on items which will not be transferred in income statement		-91,591	-28,189	-91,591	-24,672
Items which could be transferred into income statement in future periods		11,122,640	-18,921,517	9,621,304	-17,710,031
Fair value gains/losses on available-for-sale financial assets	3.12	23,768,954	-43,465,908	22,189,955	-42,441,799
- net gains/losses recognized directly in equity		33,188,122	-11,439,191	28,580,317	-10,976,857
- transfers from equity to income statement		-9,419,168	-32,026,717	-6,390,362	-31,464,942
Fair value gains/losses on non-current assets held for sale		89	-381,226	0	0
Fair value gains/losses on cashflow hedges		0	0	0	0
Share of OCI of entities accounted for using the equity method		402,548	-312,985	0	0
Liabilities from insurance contracts with DPF		-6,554,570	17,740,272	-6,554,570	17,740,272
Currency translation differences		585,108	50,969	0	0
Tax on other comprehensive income	4.15	-7,079,489	7,447,361	-6,014,081	6,991,496
<b>COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX</b>		<b>92,921,785</b>	<b>70,054,825</b>	<b>84,462,117</b>	<b>41,010,692</b>
Controlling interest		92,689,187	70,221,035		
Non-controlling interest		232,598	-166,210		

## 1.4 Statement of changes in equity

Triglav Group	Reserves from profit												TOTAL EQUITY ATTRIBUTABLE TO THE CONTROLLING COMPANY		Non- controlling interests		TOTAL	in EUR
	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					
<b>As at 1 January 2015</b>	<b>73,701,392</b>	<b>56,908,216</b>	<b>584,478</b>	<b>20,014,860</b>	<b>452,880</b>	<b>-452,880</b>	<b>32,431,700</b>	<b>246,700,000</b>	<b>94,940,028</b>	<b>1,214,258</b>	<b>96,705,983</b>	<b>62,769,801</b>	<b>-4,558,557</b>	<b>681,412,162</b>	<b>6,728,610</b>	<b>688,140,772</b>		
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 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		
Exteranl acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,280,009	4,280,009		
<b>As at 31 December 2015</b>	<b>73,701,392</b>	<b>54,955,912</b>	<b>592,269</b>	<b>20,371,784</b>	<b>452,880</b>	<b>-452,880</b>	<b>33,281,412</b>	<b>246,700,000</b>	<b>77,567,319</b>	<b>-40,167</b>	<b>104,503,874</b>	<b>85,802,552</b>	<b>-4,510,483</b>	<b>692,925,865</b>	<b>11,118,634</b>	<b>704,044,499</b>		
Comprehensive income for the year after tax	0	0	0	0	0	0	0	0	10,167,809	0	-10,359	81,935,753	595,984	92,689,187	232,598	92,921,785		
New paid-in capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,403	5,403		
Transfer to retained earnings	0	0	0	0	0	0	0	0	0	0	85,802,552	-85,802,552	0	0	0	0		
Dividend payment	0	0	0	0	0	0	0	0	0	0	-56,776,976	0	0	-56,776,976	0	-56,776,976		
Release of Credit risk provisions	0	0	0	0	0	0	-33,280,648	0	0	0	33,280,648	0	0	0	0	0		
Transfer of net profit to reserves from profit	0	0	0	270,638	0	0	0	37,600,000	0	0	-151,362	-37,719,276	0	0	0	0		
Offset of loss from previous years	0	-1,339,895	0	0	0	0	0	0	0	0	1,339,895	0	0	0	0	0		
Change in Group	0	-127,327	0	0	-88,200	88,200	0	0	0	0	0	0	0	-127,327	-959,404	-1,086,731		
Other	0	0	0	0	0	0	0	0	0	40,167	5,204,598	0	0	5,244,765	-2,998	5,241,767		
<b>As at 31 December 2016</b>	<b>73,701,392</b>	<b>53,488,690</b>	<b>592,269</b>	<b>20,642,424</b>	<b>364,680</b>	<b>-364,680</b>	<b>764</b>	<b>284,300,000</b>	<b>87,735,128</b>	<b>0</b>	<b>173,192,869</b>	<b>44,216,477</b>	<b>-3,914,499</b>	<b>733,955,514</b>	<b>10,394,233</b>	<b>744,349,747</b>		

Zavarovalnica Triglav	Reserves from profit						Fair value reserve	Net profit brought forward	Net profit/loss	TOTAL	in EUR
	Share capital	Share premium	Legal and statutory reserves	Credit risk reserves	Other reserves form profit						
<b>As at 1 January 2015</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>30,615,282</b>	<b>246,700,000</b>	<b>73,221,229</b>	<b>38,565,461</b>	<b>23,121,576</b>	<b>544,000,467</b>		
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		
Net profit allocations to reserves from profit	0	0	0	0	0	0	0	0	0		
Distribution of net profit / loss	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		
<b>As at 31 December 2015</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>31,303,638</b>	<b>246,700,000</b>	<b>55,751,443</b>	<b>7,210,810</b>	<b>57,817,462</b>	<b>530,560,272</b>		
Comprehensive income for the year after tax	0	0	0	0	0	9,138,875	-10,360	75,333,602	84,462,117		
Dividend payment	0	0	0	0	0	0	-56,837,870	0	-56,837,870		
Net profit allocations to reserves from profit	0	0	0	0	37,600,000	0	0	-37,600,000	0		
Distribution of net profit / loss	0	0	0	0	0	0	57,817,462	-57,817,462	0		
Release of Credit risk provisions	0	0	0	-31,303,638	0	0	31,303,638	0	0		
Other	0	0	0	0	0	0	5,204,598	0	5,204,598		
<b>As at 31 December 2016</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>0</b>	<b>284,300,000</b>	<b>64,890,318</b>	<b>44,688,278</b>	<b>37,733,602</b>	<b>563,389,117</b>		

## 1.5 Cash flow statement

		Triglav Group		Zavarovalnica Triglav		
		2016	2015	2016	2015	
		Notes				
<b>A.</b>	<b>OPERATING CASH FLOW</b>					
	<b>Income statement items</b>		<b>35,691,434</b>	<b>42,999,877</b>	<b>12,967,999</b>	<b>16,107,815</b>
	Net written premium for the period	4.1	882,520,102	864,087,543	514,620,613	513,800,327
	Investment income (excluding financial income) arising from:	4.3	20,342,436	23,128,875	11,735,662	10,324,541
	- insurance technical provisions		17,982,634	18,790,181	10,954,540	9,049,652
	- other sources		2,359,802	4,338,694	781,122	1,274,889
	Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables		46,483,550	87,244,476	11,428,031	10,821,508
	Net claims paid	4.8	-592,586,186	-579,929,702	-370,556,953	-365,648,601
	Bonuses and rebates paid	4.11	-9,655,595	-8,755,172	-7,430,852	-6,827,769
	Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	4.12	-212,539,933	-206,757,504	-117,604,669	-117,067,400
	Investment expenses (excluding financial expenses) arising from:	4.13	-8,550,474	-11,315,678	-5,246,499	-5,105,506
	- technical sources		-6,770,985	-9,686,605	-3,532,493	-3,771,413
	- other sources		-1,779,489	-1,629,073	-1,714,006	-1,334,094
	Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	4.14	-76,933,187	-111,551,659	-14,894,803	-14,998,771
	Corporate income tax and other taxes excluded from operating expenses		-13,389,279	-13,151,302	-9,082,531	-9,190,515
	<b>Changes in net current assets-operating balance sheet items</b>		<b>6,094,910</b>	<b>803,846</b>	<b>4,049,554</b>	<b>-363,333</b>
	Movements in receivables from insurance operations	3.8	-1,284,824	3,541,796	-821,906	2,939,770
	Movements in receivables from reinsurance operations		14,254,438	-7,536,232	4,681,101	-5,529,573
	Movements in other receivables from (re)insurance operations		-228,375	1,565,734	-308,923	1,027,606
	Movements in other receivables and assets		3,970,832	-224,162	2,473,307	4,069,321
	Movements in deferred tax assets		-206,566	-804,674	0	0
	Movements in inventories		54,976	84,183	22,093	-12,408
	Movements in debts from direct insurance operations	3.19	-1,039,716	625,323	216,761	353,782
	Movements in debts from reinsurance operations		-10,862,237	-1,376,254	1,242,990	-141,916
	Movements in operating debts		2,240,426	1,885,269	-42,549	-5,534
	Movements in other liabilities (excluding unearned premiums)	3.20	-901,051	2,741,879	-3,413,320	-3,064,382
	Movements in deferred tax liabilities		97,007	300,984	0	0
	<b>Operating cash flow</b>		<b>41,786,344</b>	<b>43,803,723</b>	<b>17,017,553</b>	<b>15,744,482</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
	<b>Cash inflows from investing activities</b>		<b>1,363,785,772</b>	<b>2,302,278,368</b>	<b>1,065,220,751</b>	<b>1,805,247,899</b>
	Cash inflows from interest from investing activities and from:	3.6	58,759,633	67,151,983	41,148,157	50,165,758
	- investment financed by insurance technical provisions		55,236,944	61,537,414	38,966,380	45,768,746
	- other investment		3,522,689	5,614,569	2,181,777	4,397,012
	Cash inflows from dividends received and profit sharing, arising from:	3.6	4,848,278	3,135,771	12,410,440	21,602,500
	- investment financed by insurance technical provisions		2,295,868	2,408,062	2,119,518	2,259,877
	- other investment		2,552,410	727,709	10,290,922	19,342,622
	Cash inflows from the disposal of intangible assets financed by:	3.1	100,000	10,359	0	79
	- insurance technical provisions		100,000	12	0	0
	- other sources		0	10,347	0	79
	Cash inflows from the disposal of property, plant and equipment financed by:	3.2	20,761,444	1,803,944	3,100,205	669,421
	- insurance technical provisions		3,037,322	219,801	2,995,244	0
	- other sources		17,724,122	1,584,143	104,961	669,421
	Cash inflows from the disposal of non-current investments financed by:	3.6	713,288,655	1,152,378,631	618,052,575	1,018,084,174
	- insurance technical provisions		662,736,984	1,038,404,051	576,489,033	930,141,531
	- other sources		50,551,671	113,974,580	41,563,542	87,942,642

						in EUR			
						Triglav Group		Zavarovalnica Triglav	
						2016	2015	2016	2015
	Notes								
Cash inflows from the disposal of current investments financed by:	3.6	550,546,686	1,071,335,380	376,319,659	711,419,432				
- insurance technical provisions		476,832,796	930,195,544	351,015,928	657,111,528				
- other sources		73,713,890	141,139,836	25,303,731	54,307,904				
Cash inflows from the disposal of investments in subsidiaries and associates financed by:	3.4,3.5	15,481,076	6,462,300	14,189,715	3,306,536				
- insurance technical provisions		0	0	0	0				
- other sources		15,481,076	6,462,300	14,189,715	3,306,536				
<b>Cash outflows from investing activities</b>		<b>-1,329,853,353</b>	<b>-2,267,948,841</b>	<b>-1,004,173,370</b>	<b>-1,751,691,675</b>				
Cash outflows for the purchase of intangible assets	3.1	-6,990,545	-6,042,661	-5,968,630	-4,806,757				
Cash outflows for the purchase of property, plant and equipment financed by:	3.2	-6,137,586	-11,541,075	-3,407,363	-23,055,493				
- insurance technical provisions		-393,401	-1,281,534	-269,987	-18,512,765				
- other sources		-5,744,185	-10,259,541	-3,137,376	-4,542,728				
Cash outflows for the purchase of non-current investments financed by:	3.6	-795,967,056	-1,125,556,743	-647,718,808	-935,430,625				
- insurance technical provisions		-733,030,004	-990,071,559	-608,173,574	-842,029,501				
- other sources		-62,937,052	-135,485,184	-39,545,234	-93,401,124				
Cash outflows for the purchase of current investments financed by:	3.6	-519,870,559	-1,116,339,376	-345,313,637	-726,413,425				
- insurance technical provisions		-436,792,496	-978,941,458	-312,013,637	-681,413,195				
- other sources		-83,078,063	-137,397,918	-33,300,000	-45,000,230				
Cash outflows for the purchase of investments in subsidiaries and associates financed by:	3.4, 3.5	-887,607	-8,468,986	-1,764,932	-61,985,375				
- insurance technical provisions		0	0	0	-2,410,514				
- other sources		-887,607	-8,468,986	-1,764,932	-59,574,861				
<b>Total cash flow from investing activities</b>		<b>33,932,419</b>	<b>34,329,527</b>	<b>61,047,381</b>	<b>53,556,224</b>				
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Cash inflows from financing activities		0	1,736,108	0	0				
Cash inflows from paid-in capital		0	0	0	0				
Cash inflows from long-term loans received		0	1,347,445	0	0				
Cash inflows from short-term loans received		0	388,663	0	0				
<b>Cash outflows from financing activities</b>		<b>-57,900,352</b>	<b>-68,356,145</b>	<b>-57,961,246</b>	<b>-67,401,961</b>				
Cash outflows for paid interest		-1,257,116	-2,020,351	-1,257,116	-1,785,000				
Cash outflows for repayments of principal		0	0	0	0				
Cash outflows for payments of long-term financial liabilities	3.18	0	-9,658,925	0	-8,857,262				
Cash outflows for payments of short-term financial liabilities	3.18	0	0	0	0				
Cash outflows from dividends paid and profit sharing	3.12	-56,643,236	-56,676,869	-56,704,130	-56,759,699				
<b>Total cash flow from financing activities</b>		<b>-57,900,352</b>	<b>-66,620,037</b>	<b>-57,961,246</b>	<b>-67,401,961</b>				
<b>D. Opening balance of cash and cash equivalents</b>		<b>47,928,768</b>	<b>22,858,388</b>	<b>7,549,958</b>	<b>5,650,669</b>				
<b>E. Opening balance of cash and cash equivalents arising from merger with Triglav Nepremičnine</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>544</b>				
<b>F1. Net cash flow for the period</b>		<b>17,818,411</b>	<b>11,513,213</b>	<b>20,103,688</b>	<b>1,898,745</b>				
<b>F2. Foreign exchange differences</b>		<b>-32,705</b>	<b>-5,421</b>	<b>0</b>	<b>0</b>				
<b>F3. Cash transferred to non-current assets held for sale</b>		<b>0</b>	<b>-1,893,950</b>	<b>0</b>	<b>0</b>				
<b>F4. External acquisition</b>		<b>0</b>	<b>15,456,538</b>	<b>0</b>	<b>0</b>				
<b>G. Closing balance of cash and cash equivalents</b>		<b>65,714,474</b>	<b>47,928,768</b>	<b>27,653,646</b>	<b>7,549,958</b>				

## 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. On 1 January 2016, a new pension scheme of supplemental voluntary pension insurance during the premium pay-in period and a new pension scheme for annuity payout came into effect. In this way, the Company has introduced the lifecycle investment policy in the scope of group supplemental voluntary pension insurance. Thus, three guarantee funds were introduced as of 1 January 2016.

In accordance with this contract, the Company has obligations to the following guarantee funds in the life-segment:

- the guarantee fund of life, annuity and supplemental pension insurance, registration no. 5063345020,
- the group of guarantee funds PDPZ (registration no. 5063345032), includes three guarantee funds through which the lifecycle investment policy is implemented: the Triglav PDPZ-zajamčeni guarantee fund (registration number 5063345029) is a pension scheme of group supplemental voluntary pension insurance PN-ZT-01/15-9, PN-ZT-03/15-9 and PN-ZT-05 and a pension scheme of individual supplemental voluntary pension insurance PN-ZT-02/15-9, PN-ZT-04/15-9 and PN-ZT-06/15-9. The PDPZ group of guarantee funds comprises the following three guarantee funds:
  - Guarantee fund Triglav PDPZ-zajamčeni (registration number 5063345029);
  - Guarantee fund Triglav PDPZ-zmerni (registration number 5063345030);
  - Guarantee fund Triglav PDPZ-drzni (registration number 5063345031);
- guarantee fund PDPZ during the payout period of pension annuities – rent 1 (registration number 5063345028);
- guarantee fund PDPZ during the payout period of pension annuities – rent 2 (registration number 5063345033);
- unit-linked life insurance contracts (registration number 5063345023).

The Company is the fund manager of all listed guarantee funds where as Abanka Vipa d.d. is the administrator of four guarantee funds.

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 2016, the Supervisory Board had the following members:

Name	SB	AC	ACC	SC	NC	Notes
Matej Runjak	M P		P			since 12 June 2013 until 31 May 2016 since 1 July 2013 until 31 May 2016 since 1 July 2013 until 31 May 2016 since 10 March 2016 until 31 May 2016
Igor Stebernak	M P		P			since 2 June 2016 since 18 August 2016 since 18 August 2016 since 18 November 2016
Gregor Kastelic	M DP			P	P M	since 12 June 2013 since 1 July 2013 since 1 July 2013 since 10 March 2016 until 31 May 2016 since 18 November 2016
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	M M	since 30 May 2011 since 1 July 2013 since 10 March 2016 until 31 May 2016 since 18 November 2016
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
Mitja Svoljšak					M M	since 10 March 2016 until 31 May 2016 since 18 November 2016
Milena Pervanje					M	since 18 November 2016

Legend:  
SB – Supervisory Board  
AC – Audit Committee  
ACC – Appointments and Compensation Committee  
SC – Strategy Committee  
NC – Nominations 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 2016, 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 14 March 2017, the Management Board approved the Annual Report, which is available at the headquarters of Zavarovalnica Triglav and on its website.

## 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 financial statements are presented in euros, which is the presentation currency of the Group. In the 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.

	Annual amortisation rate
Software	20%
Other economic rights	1–20%

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.

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.

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 funds 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.

#### 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 statutory, legal and other reserves from profit and treasury share 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.

### 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 1.5%. 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 a 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;
- 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.

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). Deferred taxes of Triglav d.d. and its subsidiaries in the Republic of Slovenia were calculated at a rate of 19% due to the changed tax rate to be in force from 1 January 2017. In the case of deferred taxes for companies operating in Croatia, the calculation is made at 18-percent tax rate, which entered into force on 1 January 2017 (until 31 December 2016 the tax rate was set at 20 percent).

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. The relevant liabilities of Zavarovalnica Triglav are valued on the basis of rather conservative Slovenian mortality tables SIA65 from 2010 and an interest rate of 2.95 percent p.a. for the contracts containing a fixed interest rate guarantee of 3.25 percent or more.

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 2.95% is applied to contracts containing a fixed interest rate guarantee of 3.25% or more. 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 2.95% p.a. the Company applies Slovenian mortality tables SIA65 from 2010.

### 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 the purpose of valuing its liabilities the Company applies Slovenian mortality tables SIA from 2010. 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 2.95%.

### 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 2016 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 0.99%;
- the yield curve of Slovene sovereign debt securities denominated in euros as at 31 December 2016 was applied to Triglav Osiguranje, Zagreb. The reference value for a period of 10 years is 2.74%;
- the yield curve of Serbian sovereign debt securities denominated in euros was applied for Triglav Osiguranje Belgrade a.d. (the reference value for a period of 10 years is 5.43%) as well as in Serbian dinars (the reference value for a period of 10 years is 6.17%) as at 31 December 2016.

#### *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 60% 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 3,381,051 as at 31 December 2016. 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.

Change in provisions due to changed parameters	in EUR				
	Zavarovalnica Triglav	Triglav Osiguranje, Zagreb	Triglav Osiguranje, Sarajevo	Triglav Osiguranje, Belgrade	Lovćen životna osiguranja, Podgorica
An increase in mortality rates by 10%	-801.820	0	0	0	0
A decrease in mortality rates by 10%	888.382	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%	246.407	0	0	0	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 1.5%.

### 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

#### Valuation of investments in subsidiaries

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).

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 2016 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 2016, the impairment indications of financial investments in all insurance and non-insurance subsidiaries and Triglav INT d.d., Ljubljana were tested. No impairment indications were identified. The need for impairment of investments in subsidiaries of the Triglav INT, d.d. was not identified.

#### **Valuation of financial income from other investing activities**

The valuation methods and the assumptions used for measuring the value of non-tradable financial assets are described under [→ 5.1.2] below.

## 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;
- 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 deconsolidated 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 Group <sup>95</sup>

No.	COMPANY	ADDRESS	TAX RATE (in %)	ACTIVITY	EQUITY STAKE (in %)		SHARE OF VOTING RIGHTS (in %)		VALUE OF EQUITY AS AT 31 DECEMBER	
					2016	2015	2016	2015	2016	2015
1	Pozavarovalnica Triglav RE d.d.	Miklošičeva 19, Ljubljana, Slovenia	17	Reinsurance	100.00	100.00	100.00	100.00	81,328,213	75,181,771
2	Triglav, Zdravstvena zavarovalnica d.d.	Pristaniška 10, Koper, Slovenia	17	Insurance	100.00	100.00	100.00	100.00	29,592,588	27,937,085
3	Triglav Osiguranje d.d., Zagreb	Antuna Heinza 4, Zagreb, Croatia	20	Insurance	99.91	99.86	99.91	99.86	27,419,102	25,624,037
4	Triglav Osiguranje d.d., Sarajevo	Dolina 8, Sarajevo, Bosnia and Herzegovina	10	Insurance	68.94	68.94	78.71	78.71	22,658,656	22,411,956
5	Lovčen Osiguranje a.d., Podgorica	Slobode 13a, Podgorica, Montenegro	9	Insurance	96.47	94.95	96.47	94.95	7,770,568	-119,195
6	Lovčen životna osiguranja a.d., Podgorica	Marka Miljanova 29/III, Podgorica, Montenegro	9	Insurance	96.47	94.95	96.47	94.95	2,382,768	2,276,830
7	Triglav Osiguranje a.d.o., Belgrade	Milutina Milankovića 7a, Novi Beograd, Serbia	15	Insurance	99.88	99.88	99.88	99.88	13,521,384	12,941,541
8	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	3,494,592	3,420,707
9	Triglav Osiguruvanje a.d., Skopje	Bulevar 8–mi Septemvri 16, Skopje, Macedonia	10	Insurance	73.38	73.38	73.38	73.38	12,139,218	10,691,661
10	Skupna pokojninska družba d.d.	Trg republike 3, Ljubljana, Slovenia	17	Fund management	71.87	71.87	71.87	71.87	16,432,337	15,894,994
11	Triglav INT d.d.	Dunajska 22, Ljubljana, Slovenia	17	Holding company	100.00	100.00	100.00	100.00	65,755,704	68,009,834
12	Triglav Skladi d.o.o.	Slovenska 54, Ljubljana, Slovenia	17	Fund management	67.50	67.50	100.00	100.00	38,196,737	33,010,766
13	Triglav Avtoservis d.o.o.	Verovškova 60b, Ljubljana, Slovenia	17	Maintenance and repair of motor vehicles	100.00	100.00	100.00	100.00	63,854	60,484
14	Triglav Svetovanje d.o.o.	Ljubljanska 86, Domžale, Slovenia	17	Insurance agency	100.00	100.00	100.00	100.00	519,117	463,402
15	Salnal d.o.o.	Slovenska 54, Ljubljana, Slovenia	17	Real estate management	100.00	100.00	100.00	100.00	15,147,112	14,633,478
16	Slovenijales trgovina d.o.o.	Plemljeva 8, Ljubljana, Slovenia	17	Retail trade	–	100.00	–	100.00	–	6,974,587
17	AKM Nepremičnine d.o.o.	Plemljeva 8, Ljubljana, Slovenia	17	Retail trade	100.00	100.00	100.00	100.00	3,913,955	3,875,203
18	Golf Arboretum d.o.o.	Volčji potok 43g, Radomlje, Slovenia	17	Sport facilities management	80.10	80.10	80.10	80.10	456,742	686,808
19	Triglav Upravljanje Nepremičnin d.d.	Dunajska 22, Ljubljana, Slovenia	17	Real estate management	100.00	100.00	100.00	100.00	33,694,052	24,413,933
20	Triglav Savijetovanje d.o.o., Sarajevo	Topal Osman Paše 30, Sarajevo, Bosnia and Herzegovina	10	Insurance agency	89.57	89.57	89.57	89.57	40,362	-11,283
21	TRI–LIFE d.o.o., Zagreb	Republike Austrije 1, Zagreb, Croatia	20	Insurance	99.96	99.93	99.96	99.93	-156,907	-33,704
22	Triglav Savetovanje d.o.o., Belgrade	Milutina Milankovića 7a, Novi Beograd, Serbia	15	Insurance agency	99.94	99.94	99.94	99.94	32,317	149,339
23	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	1,599,543	1,573,076
24	Unis automobili i dijelovi d.o.o.	Mehmeda ef. Pandze 13, Sarajevo, Bosnia and Herzegovina	10	Maintenance and repair of motor vehicles	65.62	65.62	78.71	78.71	193,300	266,019
25	Sarajevostan d.d.	Kolodvorska 12, Sarajevo, Bosnia and Herzegovina	10	Real estate management	61.04	43.62	73.22	49.80	3,333,285	3,193,325
26	Lovčen Auto a.d.	Novaka Miloševa 6/2, Podgorica, Montenegro	9	Maintenance and repair of motor vehicle	96.47	94.95	96.47	94.95	574,441	1,286,160
27	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
28	Triglav upravljanje nekretninama d.o.o., Zagreb	Republike Austrije 1, Zagreb, Croatia	20	Real estate management	100.00	–	100.00	–	3,282,127	–
29	Triglav upravljanje nekretninama d.o.o., Podgorica	Džordža Vašingtona 44, Podgorica, Montenegro	9	Real estate management	100.00	–	100.00	–	3,317,918	–
30	Pista d.o.o.	Milutina Milankovića 7a, Belgrade, Serbia	15	Real estate management	–	99.88	–	99.88	–	3,544,696
31	Avrigo d.o.o.	Kidričeva 20, Nova Gorica, Slovenia	17	Transport	–	100.00	–	100.00	–	7,559,674
32	Integral Zagorje d.o.o.	Cesta zmage 4, Zagorje ob Savi, Slovenia	17	Transport	–	100.00	–	100.00	–	1,581,873
33	Integral Notranjska d.o.o.	Čabranska 8, Cerknica, Slovenia	17	Transport	–	100.00	–	100.00	–	2,898,896
34	Integral Stojna Kočevje d.o.o.	Reška 1, Kočevje, Slovenia	17	Transport	–	100.00	–	100.00	–	1,135,559
35	Alptours d.o.o.	Trg golobarskih žrtev 47, Bovec, Slovenia	17	Transport	–	97.66	–	97.66	–	-23,504
36	PROF–IN d.o.o.	Svetozara Markovića 515, Banja luka, Bosnia and Herzegovina	10	Fund management	62.54	62.54	62.54	62.54	3,208,378	2,908,077
37	Hotel Grad Podvin d.d.	Miklošičeva 19, Ljubljana, Slovenia	17	Tourism	100.00	100.00	100.00	100.00	411,304	1,308,281
38	Zavod Vse bo v redu	Miklošičeva 19, Ljubljana, Slovenia	17	Institute for corporate social responsibility	100.00	100.00	100.00	100.00	100,000	100,000

<sup>95</sup> The companies listed under numbers 1 to 35 have been included in the consolidated financial statements using the full consolidation method. The companies listed under numbers 36 to 38 have not been included using the full consolidation method, as they are not of importance to the Group. GRI GS 102-45



### Summary financial information on subsidiaries

COMPANY	in EUR									
	ASSETS		LIABILITIES		EQUITY		INCOME		NET PROFIT/LOSS	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Pozavarovalnica Triglav Re d.d., Ljubljana	265,654,558	260,193,296	184,326,345	185,011,525	81,328,213	75,181,771	108,694,973	116,913,667	6,509,356	10,108,076
Triglav, Zdravstvena zavarovalnica d.d., Koper	50,565,069	50,604,574	20,972,481	22,667,489	29,592,588	27,937,085	116,193,838	111,117,217	1,223,345	3,124,377
Triglav Osiguranje d.d., Zagreb	142,615,661	134,276,180	115,196,559	108,652,143	27,419,102	25,624,037	54,895,411	53,147,172	27,770	-4,529,859
Triglav Osiguranje d.d., Sarajevo	51,245,294	47,914,798	28,586,638	25,502,842	22,658,656	22,411,956	22,567,637	20,791,438	590,830	554,472
Triglav Pojišt'ovna a.s., Brno	–	–	–	–	–	–	–	10,348,889	–	262,822
Lovčen Osiguranje a.d., Podgorica	55,410,428	59,472,401	47,639,860	59,591,596	7,770,568	-119,195	33,449,507	32,196,867	29,650	-6,550,044
Lovčen životna osiguranja a.d., Podgorica	5,845,548	5,558,847	3,462,780	3,282,017	2,382,768	2,276,830	1,550,974	1,462,184	6,179	91,075
Triglav Osiguranje a.d.o., Belgrade	52,038,224	47,856,696	38,516,840	34,915,155	13,521,384	12,941,541	37,967,391	31,883,803	829,368	33,361
Triglav Osiguranje a.d., Banja luka	9,760,081	9,930,552	6,265,489	6,509,845	3,494,592	3,420,707	5,613,384	5,807,443	157,977	87,438
Triglav Osiguruvanje a.d., Skopje	36,037,249	34,323,959	23,898,031	23,632,298	12,139,218	10,691,661	23,293,363	23,073,622	885,491	303,341
Skupna pokojninska družba d.d., Ljubljana	284,016,983	262,027,527	267,584,646	246,132,533	16,432,337	15,894,994	46,303,206	51,719,140	1,335,945	1,057,888
Triglav INT d.d., Ljubljana	66,126,996	68,267,061	371,292	257,227	65,755,704	68,009,834	200,386	1,992,607	-2,260,492	-16,346,493
Triglav Skladi d.o.o., Ljubljana	42,909,165	47,485,569	4,712,428	14,474,803	38,196,737	33,010,766	15,122,644	16,243,317	4,139,831	4,719,302
Triglav Avtoservis d.o.o., Ljubljana	381,623	370,973	317,769	310,489	63,854	60,484	2,220,371	2,189,976	3,623	3,968
Triglav Svetovanje d.o.o., Ljubljana	1,406,836	1,054,434	887,719	591,032	519,117	463,402	4,311,592	3,730,118	60,498	-92,771
Salnal d.o.o., Ljubljana	15,148,829	14,635,381	1,717	1,903	15,147,112	14,633,478	519,150	423,871	513,634	417,808
Slovenijales d.d., Ljubljana	–	–	–	–	–	–	–	2,326,505	–	516,105
Slovenijales Trgovina d.o.o., Ljubljana	–	10,378,594	–	3,404,007	–	6,974,587	–	22,357,386	–	100,763
AKM Nepremičnine d.o.o., Ljubljana	4,034,726	3,947,236	120,771	72,033	3,913,955	3,875,203	423,285	413,212	254,070	226,651
Golf Arboretum d.o.o., Ljubljana	1,209,207	1,200,084	752,465	513,276	456,742	686,808	605,997	668,967	-230,066	-32,602
Triglav, Upravljanje nepremičnin d.d., Ljubljana	44,772,931	34,575,209	11,078,879	10,161,276	33,694,052	24,413,933	27,833,281	23,610,920	10,024,900	-1,074,988
Triglav Savjetovanje d.o.o., Sarajevo	184,053	115,733	143,691	127,016	40,362	-11,283	926,355	651,300	51,645	34,043
TRI-LIFE d.o.o., Zagreb	52,888	39,481	209,795	73,185	-156,907	-33,704	239,388	124,690	-123,285	-182,196
Triglav Savetovanje d.o.o., Belgrade	79,325	159,777	47,008	10,438	32,317	149,339	41,451	0	-114,809	-101
Autocentar BH d.o.o., Sarajevo	2,320,084	2,343,735	720,541	770,659	1,599,543	1,573,076	1,375,969	1,388,193	26,467	29,675
Unis automobili i dijelovi d.o.o., Sarajevo	342,427	466,052	149,127	200,033	193,300	266,019	415,637	461,305	-72,719	-254,828
Sarajevostan d.d., Sarajevo	4,273,240	4,185,368	939,955	992,043	3,333,285	3,193,325	2,211,650	2,128,920	139,960	-307,697
Lovčen Auto a.d., Podgorica	3,972,867	3,973,929	3,398,426	2,687,769	574,441	1,286,160	1,787,826	1,607,980	-1,411,719	-970,199
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	–	16,220	–	3,544,696	–	268,344	–	109,154
Avrigo d.o.o., Nova Gorica	–	19,309,824	–	11,750,150	–	7,559,674	–	17,122,864	–	2,295,015
Integral Zagorje d.o.o., Zagorje ob Savi	–	3,205,003	–	1,623,130	–	1,581,873	–	2,773,655	–	282,219
Integral Notranjska d.o.o., Cerknica	–	3,581,821	–	682,925	–	2,898,896	–	1,596,887	–	213,006
Integral Stojna Kočevje d.o.o., Kočevje	–	2,289,289	–	1,153,730	–	1,135,559	–	2,386,205	–	291,443
Alptours d.o.o., Bovec	–	29,834	–	53,338	–	-23,504	–	0	–	-2,598
PROF-IN d.o.o., Banja luka	3,250,060	2,955,363	41,683	47,286	3,208,378	2,908,077	642,643	711,152	244,509	304,001
Hotel Grad Podvin d.d., Ljubljana	3,088,261	4,266,665	2,676,957	2,958,384	411,304	1,308,281	414,719	122,642	-196,207	-503,362
Zavod Vse bo v redu	124,372	108,769	24,372	8,769	100,000	100,000	70,000	173,242	15,607	15,352
Triglav Upravljanje nekretninama d.o.o., Zagreb	3,344,683	–	62,556	–	3,282,127	–	44,939	–	-10,128	–
Triglav Upravljanje nekretninama d.o.o., Podgorica	3,346,049	–	28,131	–	3,317,918	–	33,737	–	4,537	–

### 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	
			2016	2015	2016	2015	2016	2015	2016	2015
1	Triglav Osiguranje d.d., Zagreb	Antuna Heinza 4, Zagreb, Croatia	0.09	0.14	0.09	0.14	25	-6,341	4,568	15,848
2	Triglav Osiguranje d.d., Sarajevo	Dolina 8, Sarajevo, Bosnia and Herzegovina	31.06	31.06	21.09	21.29	183,514	172,221	3,625,319	3,548,693
3	Triglav Osiguranje a.d.o., Belgrade	Milutina Milankovića 7a, Novi Beograd, Serbia	0.12	0.12	0.12	0.12	1,003	327	187,839	190,645
4	Triglav Osiguruvanje a.d., Skopje	Bulevar 8–mi Septemvri 16, Skopje, Macedonia	26.62	26.62	26.62	26.62	235,718	80,749	2,060,119	1,670,117
5	Lovćen Osuguranje a.d., Podgorica	Slobode 13a, Podgorica, Montenegro	3.53	5.05	3.53	5.05	58,623	-219,618	274,996	198,460
6	Lovćen životna osiguranja a.d., Podgorica	Marka Miljanova 29/III, Podgorica, Montenegro	3.53	5.05	3.53	5.05	218	4,598	54,062	50,327
7	Golf Arboretum d.o.o., Volčji Potok	Volčji Potok 43g, Radomlje, Slovenia	19.90	19.90	19.90	19.90	-45,783	-6,488	89,254	135,037
8	Triglav Savjetovanje d.o.o., Sarajevo	Topal Osman Paše 30, Sarajevo, Bosnia and Herzegovina	10.43	10.43	10.43	10.43	7,860	5,181	-17,201	-25,062
9	Unis automobili i dijelovi d.o.o., Sarajevo	Mehmeda ef. Pandze 13, Sarajevo, Bosnia and Herzegovina	31.06	31.06	21.29	21.29	-22,587	-79,151	-332,040	-309,453
10	Autocentar BH d.o.o., Sarajevo	Topal Osman Paše BB, Sarajevo, Bosnia and Herzegovina	31.06	31.06	21.29	21.29	8,221	9,217	158,090	149,868
11	Lovćen Auto a.d., Podgorica	Novaka Miloševa 6/2, Podgorica, Montenegro	3.53	5.05	3.53	5.05	-49,784	-48,982	-348,352	-298,569
12	Alptours d.o.o., Bovec	Trg golobarskih žrtev 47, Bovec, Slovenia	–	2.34	–	2.34	–	-61	–	-550
13	Sarajevostan d.d., Sarajevo	Kolodvorska 12, Sarajevo, Bosnia and Herzegovina	38.96	56.38	26.78	50.20	50,207	-173,485	422,051	1,321,859
14	TRI–LIFE d.o.o., Zagreb	Republike Austrije 1, Zagreb, Croatia	0.04	0.07	0.04	0.07	-54	-125	-135	-126
15	Pista d.o.o., Belgrade	Milutina Milankovića 7a, Belgrade, Serbia	–	0.12	–	0.12	-60	132	–	130
16	Triglav Savetovanje d.o.o., Belgrade	Milutina Milankovića 7a, Novi Beograd, Serbia	0.06	0.06	0.06	0.06	-68	0	-68	0
17	Skupna pokojninska družba d.d.	Trg republike 3, Ljubljana, Slovenia	28.13	28.13	28.13	28.13	-31,032	297,584	4,215,732	4,471,411
<b>TOTAL</b>							<b>396,021</b>	<b>35,758</b>	<b>10,394,233</b>	<b>11,118,634</b>

## Changes occurred in the ownership structure of the Triglav Group in 2016

### *The sale of Avrigo d.o.o.*

On 5 February 2016, Zavarovalnica Triglav sold its 97.31% equity stake in Avrigo d.o.o. In the separate financial statements, the profit from sale of EUR 8.3 million was generated. Due to the past effects of consolidation of Avrigo and its subsidiaries, a lower profit totalling EUR 2.9 million was generated in the consolidated financial statements.

Following the sale of Avrigo, the Group lost a significant stake in Izletnik Celje d.d. As a result, the latter is no longer considered an associate of the Triglav Group.

### *The capital increase of Lovćen Osiguranje a.d., Montenegro*

On 26 January 2016, a capital increase of Lovćen Osiguranje, a.d. was entered into the Companies Register. For this capital raise, the company issued 1,501,081 new shares at a nominal value of EUR 5 each. Triglav INT paid in 1,500,000 shares in the total value of EUR 7.5 million, the remainder of 1,081 shares totalling EUR 5,405 was paid in by minor shareholders. Following the capital raise, the equity stake of Triglav INT in the said company increased by 1.52 percentage point and stood at 96.47% as at 31.12.2016.

### *The capital increase of Lovćen Auto a.d., Montenegro*

In Q3 2016, a capital increase of Lovćen Auto, a.d. was provided to its subsidiary Lovćen Osiguranje, a.d. For this capital raise, the company issued 70,000 new shares at a nominal value of EUR 10 each, fully paid in by the sole shareholder Lovćen Osiguranje, a.d.

### *Establishment of Triglav Upravljanje Nekretninama d.o.o., Zagreb*

In June 2016, Triglav Osiguranje, d.d., Zagreb, established the real property company Triglav Upravljanje Nekretninama d.o.o., Zagreb. Its share capital was paid in by the in-cash contribution of HRK 20,000 and by the in-kind contribution of HRK 24,868,222. In December 2016, the 100% equity stake in Triglav Upravljanje Nekretninama d.o.o., Zagreb was transferred to Triglav, Upravljanje Nepremičnin d.d., Ljubljana. The transfer of the equity stake had no effect on the consolidated financial statements of the Triglav Group. The company was for the first time included in the consolidated financial statements of the Triglav Group for the period from 1 January to 30 June 2016.

### *Establishment of Triglav Upravljanje Nekretninama d.o.o., Podgorica*

In July 2016, Lovćen Osiguranje a.d. established the real property company Triglav Upravljanje Nekretninama d.o.o., Podgorica. Its share capital was paid in by the in-cash contribution of EUR 5,000 and by the in-kind contribution of EUR 3,308,381. In September 2016, the 100% equity stake in Triglav Upravljanje Nekretninama d.o.o., Podgorica was transferred to Triglav, Upravljanje Nepremičnin d.d., Ljubljana. Through the ownership transfer, Lovćen Osiguranje incurred a loss of EUR 54,281. The transfer of the equity stake had no effect on the consolidated financial statements of the Triglav Group. The company was for the first time included in the consolidated financial statements of the Triglav Group for the period from 1 January to 30 September 2016.

### *Purchase of shares of Sarajevostan d.d. from non-controlling interest holders*

Triglav Osiguranje d.d., Sarajevo acquired a 29.75% equity stake in Sarajevostan d.d. from non-controlling interest holders, thereby becoming its 93.02% owner. The acquisition price was BAM 1,721,292. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as an increase in share premium of EUR 69,931.

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

Triglav INT d.d. acquired a 0.05% equity stake from the non-controlling interest holders of Triglav Osiguranje d.d., Zagreb, thereby becoming its 99.91% owner. The acquisition price was HRK 56,596. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as an increase in share premium of EUR 5,135.

*Disposal of Slovenijales Trgovina d.d.*

Triglav, Upravljanje nepremičnin d.d. sold its 100% equity stake in Slovenijales Trgovina d.d., thereby losing the control over the company as of 29 July 2016. The selling price was EUR 1,231,466. In the consolidated financial statements, all assets and liabilities of the said company were derecognised as at the date of losing the control over the company, while loss in the amount of EUR 2,187,624 was recognised in profit or loss.

*Capital increase of Triglav, Upravljanje nepremičnin d.d.*

On 12 July 2016, the capital increase of Triglav, Upravljanje Nepremičnin, d.d. was entered into the Companies Register. For this capital raise, the company issued 423,245 new registered no-par value shares at a nominal value of EUR 4.17 each. The capital raise in the total amount of EUR 1,764,934 was made by the sole shareholder Zavarovalnica Triglav with an in-kind contribution, specifically through debt-to-equity swap – by converting the loan given to Hotel Grad Podvin d.d. Following the capital increase, Zavarovalnica Triglav remains the 100% owner of Triglav, Upravljanje nepremičnin.

*Liquidation of Pista d.o.o., Belgrade*

On 6 January 2016, the liquidation proceedings of Pista d.o.o., Belgrade started. After the settlement of all receivables, the liquidation estate of RSD 423,614,634 or EUR 3,443,741 was established in the liquidation procedure, which belongs to the sole owner of the company – Triglav Osiguranje a.d.o., Belgrade. The company was struck off the Companies Register as at 5 September 2016. In the consolidated financial statements, all assets and liabilities of the said company were eliminated as at the strike-off date, while the difference in the amount of EUR 738,606 was recognised as loss in profit or loss.

## 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
<b>COST</b>					
<b>As at 1 January 2015</b>	<b>648,495</b>	<b>38,124,327</b>	<b>53,931,499</b>	<b>8,070,536</b>	<b>100,774,857</b>
- 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
<b>As at 31 December 2015</b>	<b>0</b>	<b>38,539,891</b>	<b>61,938,477</b>	<b>3,296,667</b>	<b>103,775,035</b>
- transfer in use	0	0	3,174,369	-3,174,369	0
- purchases	0	0	3,609,266	4,558,420	8,167,686
- disposals	0	0	-1,004,360	0	-1,004,360
- reclassification	0	0	-23,760	23,760	0
- increase	0	2,286,195	0	0	2,286,195
- decrease	0	-571,686	0	0	-571,686
- change in Group - Pista	0	0	-653,462	0	-653,462
- change in Group - TUN	0	0	-190,823	0	-190,823
- exchange rate difference	0	-49,267	-25,002	871	-73,398
<b>As at 31 December 2016</b>	<b>0</b>	<b>40,205,132</b>	<b>66,824,704</b>	<b>4,705,350</b>	<b>111,735,186</b>
<b>ACCUMULATED AMORTISATION</b>					
<b>As at 1 January 2015</b>	<b>0</b>	<b>0</b>	<b>-29,004,389</b>	<b>0</b>	<b>-29,004,389</b>
- 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
<b>As at 31 December 2015</b>	<b>0</b>	<b>0</b>	<b>-33,642,702</b>	<b>0</b>	<b>-33,642,702</b>
- current year amortisation	0	0	-6,122,877	0	-6,122,877
- disposals	0	0	1,004,360	0	1,004,360
- impairment	0	0	0	0	0
- change in Group - Pista	0	0	653,462	0	653,462
- change in Group - TUN	0	0	178,802	0	178,802
- exchange rate difference	0	0	17,359	0	17,359
<b>As at 31 December 2016</b>	<b>0</b>	<b>0</b>	<b>-37,911,595</b>	<b>0</b>	<b>-37,911,595</b>
<b>CARRYING AMOUNT</b>					
<b>As at 31 December 2015</b>	<b>0</b>	<b>38,539,891</b>	<b>28,295,775</b>	<b>3,296,667</b>	<b>70,132,332</b>
<b>As at 31 December 2016</b>	<b>0</b>	<b>40,205,132</b>	<b>28,913,109</b>	<b>4,705,350</b>	<b>73,823,588</b>

\* Change in Group refers to Pista and TUN.

The Group did not pledge any intangible assets as collateral. As at 31 December 2016, trade payables for intangible assets amounted to EUR 3,691,710 (vs. EUR 3.274.392 as at 31 December 2015).

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 2016, 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.

The Group reported no value of goodwill as at the reporting date. It was entirely cancelled in 2015.

## Zavarovalnica Triglav

	in EUR			
	Deferred acquisition costs	Licenses and software	Intangible assets in course of acquisition	Total
<b>COST</b>				
<b>As at 1 January 2015</b>	<b>28,555,615</b>	<b>36,394,136</b>	<b>7,942,199</b>	<b>72,891,950</b>
- 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
<b>As at 31 December 2015</b>	<b>28,140,815</b>	<b>43,990,314</b>	<b>2,636,333</b>	<b>74,767,462</b>
- transfer in use	0	2,633,300	-2,633,300	0
- purchases	0	2,074,609	3,894,021	5,968,630
- disposal	0	-919,075	0	-919,075
- increase	1,364,004	0	0	1,364,004
- decrease	0	0	0	0
<b>As at 31 December 2016</b>	<b>29,504,819</b>	<b>47,779,148</b>	<b>3,897,054</b>	<b>81,181,021</b>
<b>ACCUMULATED AMORTISATION</b>				
<b>As at 1 January 2015</b>	<b>0</b>	<b>-18,518,221</b>	<b>0</b>	<b>-18,518,221</b>
- amortisation	0	-4,363,436	0	-4,363,436
- disposal	0	1,257,844	0	1,257,844
<b>As at 31 December 2015</b>	<b>0</b>	<b>-21,623,816</b>	<b>0</b>	<b>-21,623,816</b>
- amortisation	0	-4,591,711	0	-4,591,711
- disposal	0	919,075	0	919,075
<b>As at 31 December 2016</b>	<b>0</b>	<b>-25,296,452</b>	<b>0</b>	<b>-25,296,452</b>
<b>CARRYING AMOUNT</b>				
<b>As at 31 December 2015</b>	<b>28,140,815</b>	<b>22,366,498</b>	<b>2,636,333</b>	<b>53,143,644</b>
<b>As at 31 December 2016</b>	<b>29,504,819</b>	<b>22,482,696</b>	<b>3,897,054</b>	<b>55,884,567</b>

Zavarovalnica Triglav did not pledge any intangible assets as collateral. As at 31 December 2016, trade payables for intangible assets amounted to EUR 2,896,500 (vs. EUR 2,592,904 as at 31 December 2015).

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 2016, intangible assets with an indefinite useful life amounted to EUR 9,368, the same as in 2015. 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 29.6% 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
<b>COST</b>					
<b>As at 1 January 2015</b>	<b>15,234,216</b>	<b>121,912,303</b>	<b>100,705,730</b>	<b>574,548</b>	<b>238,426,797</b>
- 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
<b>As at 31 December 2015</b>	<b>22,979,427</b>	<b>119,985,838</b>	<b>64,147,463</b>	<b>2,794,642</b>	<b>209,907,370</b>
- transfer in use	0	1,115,804	931,505	-2,047,309	0
- purchases	23,903	820,834	3,510,543	1,784,120	6,139,400
- disposals	-114,600	-157,640	-6,990,584	0	-7,262,824
- impairment	0	-44,830	-198,321	0	-243,151
- transfer from investment property	0	2,759,537	0	0	2,759,537
- transfer to investment property	-11,406,033	-3,859,467	0	-230,897	-15,496,397
- exchange rate differences	44,468	107,325	-5,538	-30	146,225
<b>As at 31 December 2016</b>	<b>11,527,165</b>	<b>120,727,400</b>	<b>61,395,068</b>	<b>2,300,526</b>	<b>195,950,160</b>
<b>ACCUMULATED DEPRECIATION</b>					
<b>As at 1 January 2015</b>	<b>0</b>	<b>-35,210,435</b>	<b>-79,547,818</b>	<b>0</b>	<b>-114,758,253</b>
- 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
<b>As at 31 December 2015</b>	<b>0</b>	<b>-33,839,016</b>	<b>-54,257,994</b>	<b>0</b>	<b>-88,097,009</b>
- depreciation for the current year	0	-2,226,223	-4,353,370	0	-6,579,593
- disposals	0	65,516	6,252,788	0	6,318,304
- impairment	0	-198,187	149,031	0	-49,156
- transfer from investment property	0	0	0	0	0
- transfer to investment property	0	406,982	0	0	406,982
- exchange rate differences	0	-14,197	-2,059	0	-16,256
<b>As at 31 December 2016</b>	<b>0</b>	<b>-35,805,127</b>	<b>-52,211,605</b>	<b>0</b>	<b>-88,016,732</b>
<b>CARRYING AMOUNT</b>					
<b>As at 31 December 2015</b>	<b>22,979,427</b>	<b>86,146,822</b>	<b>9,889,469</b>	<b>2,794,642</b>	<b>121,810,360</b>
<b>As at 31 December 2016</b>	<b>11,527,165</b>	<b>84,922,273</b>	<b>9,183,463</b>	<b>2,300,526</b>	<b>107,933,428</b>

\* Exclusion refers to value of property, plant and equipment of Avrigo Group, which were transferred to non-current assets held for sale.

As at the reporting period, no property, plant and equipment were pledged as collateral by the Group. The Triglav Group companies have no property, plant and equipment on finance lease.

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.



	31 December 2016		31 December 2015	
	in EUR			
Carrying amount		96,449,438		109,126,249
Estimated fair value		100,936,975		126,564,580

## Zavarovalnica Triglav

	in EUR				
	Land	Buildings	Equipment	PP&E in course of acquisition	Total
<b>COST</b>					
<b>As at 1 January 2015</b>	<b>5,101,881</b>	<b>74,246,633</b>	<b>43,264,044</b>	<b>98,961</b>	<b>122,711,519</b>
- 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
<b>As at 31 December 2015</b>	<b>5,499,662</b>	<b>77,204,792</b>	<b>41,134,799</b>	<b>770,872</b>	<b>124,610,125</b>
- transfer in use	0	448,838	343,675	-792,513	0
- purchases	0	796,457	1,858,620	482,299	3,137,376
- disposal	0	-10,526	-3,128,466	0	-3,138,992
<b>As at 31 December 2016</b>	<b>5,499,662</b>	<b>78,439,561</b>	<b>40,208,628</b>	<b>460,658</b>	<b>124,608,509</b>
<b>ACCUMULATED DEPRECIATION</b>					
<b>As at 1 January 2015</b>	<b>0</b>	<b>-21,472,881</b>	<b>-36,095,620</b>	<b>0</b>	<b>-57,568,501</b>
- 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
<b>As at 31 December 2015</b>	<b>0</b>	<b>-22,748,690</b>	<b>-34,826,440</b>	<b>0</b>	<b>-57,575,130</b>
- depreciation for the current year	0	-1,294,290	-2,441,633	0	-3,735,923
- disposal	0	2,807	2,930,194	0	2,933,001
<b>As at 31 December 2016</b>	<b>0</b>	<b>-24,040,173</b>	<b>-34,337,879</b>	<b>0</b>	<b>-58,378,052</b>
<b>CARRYING AMOUNT</b>					
<b>As at 31 December 2015</b>	<b>5,499,662</b>	<b>54,456,102</b>	<b>6,308,359</b>	<b>770,872</b>	<b>67,034,994</b>
<b>As at 31 December 2016</b>	<b>5,499,662</b>	<b>54,399,388</b>	<b>5,870,749</b>	<b>460,658</b>	<b>66,230,456</b>

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 2016, trade payables for property, plant and equipment amounted to EUR 868,146 (vs. EUR 959,086 as at 31 December 2015). Gross amount of fully depreciated property, plant and equipment still in use represents 25.7% of the total gross amount of property, plant and equipment.

Fair values of land and buildings are shown in the table below.

	31 December 2016		31 December 2015	
	in EUR			
Carrying amount		59,899,050		59,955,764
Estimated fair value		63,092,680		62,260,845

## 3.3 Investment property

### Triglav Group

	in EUR			
	Land	Buildings	IP in course of acquisition	Total
<b>COST</b>				
<b>As at 1 January 2015</b>	<b>36,780,524</b>	<b>70,407,399</b>	<b>16,800,574</b>	<b>123,988,497</b>
- 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
<b>As at 31 December 2015</b>	<b>13,516,877</b>	<b>68,637,046</b>	<b>16,491,023</b>	<b>98,644,946</b>
- transfer in use	1,775,220	15,609,540	-17,384,760	0
- purchases	359,734	435,933	18,225,274	19,020,941
- disposals	-3,745,106	-11,368,949	-1,242,834	-16,356,889
- impairment	0	-213,450	0	-213,450
- reclassification	17,556	-17,556	0	0
- transfer to property, land and equipment	0	-3,370,383	0	-3,370,383
- transfer from property, land and equipment	11,406,033	3,859,467	230,897	15,496,397
- exchange rate difference	29,501	-35,477	-11,634	-17,610
<b>As at 31 December 2016</b>	<b>23,359,815</b>	<b>73,536,171</b>	<b>16,307,966</b>	<b>113,203,952</b>
<b>ACCUMULATED DEPRECIATION</b>				
<b>As at 1 January 2015</b>	<b>0</b>	<b>-19,127,018</b>	<b>0</b>	<b>-19,127,018</b>
- 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
<b>As at 31 December 2015</b>	<b>0</b>	<b>-19,169,663</b>	<b>0</b>	<b>-19,169,663</b>
- depreciation for the current year	0	-1,465,078	0	-1,465,078
- disposals	0	3,061,165	0	3,061,165
- impairment	0	0	0	0
- transfer to property, land and equipment	0	610,846	0	610,846
- transfer from property, land and equipment	0	-406,982	0	-406,982
- exchange rate difference	0	8,480	0	8,480
<b>As at 31 December 2016</b>	<b>0</b>	<b>-17,361,232</b>	<b>0</b>	<b>-17,361,232</b>
<b>CARRYING AMOUNT</b>				
<b>As at 31 December 2015</b>	<b>13,516,877</b>	<b>49,467,383</b>	<b>16,491,023</b>	<b>79,475,283</b>
<b>As at 31 December 2016</b>	<b>23,359,815</b>	<b>56,174,939</b>	<b>16,307,966</b>	<b>95,842,720</b>

\* 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 2016	31 December 2015
Carrying amount	95,842,720	79,475,283
Estimated fair value	95,095,996	80,265,592

### Zavarovalnica Triglav

	in EUR			
	Land	Buildings	IP in course of acquisition	Total
<b>COST</b>				
<b>As at 1 January 2015</b>	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
<b>As at 31 January 2015</b>	5,605,081	38,722,951	16,333,556	60,661,588
- transfer in use	0	0	0	0
- purchases	0	269,987	0	269,987
- disposal	-819,312	-975,674	-1,085,367	-2,880,353
- reclassification	17,556	-17,556	0	0
<b>As at 31 December 2016</b>	4,803,325	37,999,708	15,248,189	58,051,222
<b>ACCUMULATED DEPRECIATION</b>				
<b>As at 1 January 2015</b>	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
<b>As at 31 December 2015</b>	0	-7,790,776	0	-7,790,776
- depreciation	0	-862,580	0	-862,580
- disposal	0	213,554	0	213,554
- reclassification	0	0	0	0
<b>As at 31 December 2016</b>	0	-8,439,802	0	-8,439,802
<b>CARRYING AMOUNT</b>				
<b>As at 31 December 2015</b>	5,605,081	30,932,175	16,333,556	52,870,808
<b>As at 31 December 2016</b>	4,803,325	29,559,906	15,248,189	49,611,417

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 2016	31 December 2015
Carrying amount	49,611,417	52,870,808
Estimated fair value	50,351,528	52,306,224

### 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.

#### 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)	
					2016	2015	2016	2015	2016	2015
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.	Dunajska 22, Ljubljana, Slovenia	17	Holding company	100.00	100.00	100.00	100.00	70,600,000	70,600,000
4	Skupna pokojninska družba d.d.	Trg republike 3, Ljubljana, Slovenia	17	Fund management	71.87	71.87	71.87	71.87	7,031,327	7,031,327
5	Triglav Upravljanje Nepremičnin d.d.	Dunajska 22, Ljubljana, Slovenia	17	Real estate management	100.00	100.00	100.00	100.00	24,493,300	22,728,368
6	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
7	Avrigo d.o.o.	Kidričeva 20, Nova Gorica, Slovenia	17	Transport	-	100.00	-	100.00	0	5,821,530
8	Salnal d.o.o.	Slovenska 54, Ljubljana, Slovenia	17	Real estate management	100.00	100.00	100.00	100.00	14,422,000	14,422,000
9	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
10	Triglav Svetovanje d.o.o.	Ljubljanska 86, Domžale, Slovenia	17	Insurance agency	100.00	100.00	100.00	100.00	279,736	279,736
11	Hotel Grad Podvin d.d.	Miklošičeva 19, Ljubljana, Slovenia	17	Tourism	0.00	100.00	0.00	100.00	0	0
12	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
<b>TOTAL</b>									<b>130,632,438</b>	<b>134,689,036</b>

### 3.5 Investments in associates

In 2016, Zavarovalnica Triglav did not gain new stakes in associates.

The effects of valuation using the equity method are disclosed as items 4.2 and 4.3 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.<sup>96</sup>

COMPANY	ADDRESS	TAX RATE (in%)	ACTIVITY
Nama d.d.	Tomšičeva 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 20, Celje, Slovenia	17	Transport
ZIF Prof Plus	Veselina Masleše 1, Banja luka, Republika Srbska, 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)	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Nama d.d.	39.07	39.07	39.07	39.07	4,125,785	4,187,938	39.07	38.05	39.07	38.05	9,464,548	7,221,376
Triglavko, d.o.o.	38.47	38.47	38.47	38.47	18,853	18,556	38.47	38.47	38.47	38.47	38,499	38,499
Izletnik Celje d. d.	-	49.49	-	49.49	-	0	-	0	-	0	-	0
ZIF Prof Plus	22.09	22.09	22.09	22.09	2,681,763	2,733,207	0	0	0	0	0	0
<b>TOTAL</b>					<b>6,826,400</b>	<b>6,939,700</b>					<b>9,503,047</b>	<b>7,259,875</b>

COMPANY	ASSETS		LIABILITIES		EQUITY		REVENUES		PROFIT/LOSS	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Nama d.d.	12,878,976	12,335,818	2,456,087	2,053,165	10,422,889	10,282,653	15,581,981	12,852,827	390,120
Triglavko, d.o.o.	144,651	146,776	44,572	47,470	100,079	99,306	453,017	424,704	772	-8,408
Izletnik Celje d. d.	-	24,149,586	-	13,785,562	-	10,364,024	-	20,002,660	-	2,070,715
ZIF Prof Plus	21,390,152	21,578,007	208,973	163,997	21,181,179	21,414,009	586,119	649,846	2,126,448	602,764

<sup>96</sup> Financial data for 2016 are unaudited, whilst the data for 2015 were adjusted if the audited data differed from the data published in the 2015 Annual Report.

## 3.6 Financial assets<sup>97</sup>

### Triglav Group

in EUR

	Carrying value		Fair value	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Held to maturity	231,342,393	242,406,400	283,856,208	292,533,348
At fair value through profit and loss	396,203,356	374,742,603	396,203,356	374,742,603
- designated	390,433,892	372,033,690	390,433,892	372,033,690
- held for trading	5,769,464	2,708,913	5,769,464	2,708,913
Available for sale	1,738,043,072	1,607,681,638	1,738,043,070	1,607,681,638
Loans and receivables	148,731,640	183,872,219	124,028,761	183,872,219
Unit-linked insurance assets	459,982,822	464,733,923	460,760,711	464,733,923
- at fair value through profit and loss	453,130,731	456,179,014	453,130,731	456,179,014
- loans and receivables	6,428,491	8,126,347	7,206,379	8,126,347
- available for sale	423,601	428,560	423,601	428,560
<b>TOTAL</b>	<b>2,974,303,281</b>	<b>2,873,436,783</b>	<b>3,002,892,106</b>	<b>2,923,563,731</b>

The table above shows the carrying amount of financial assets (without operating receivables and cash or cash equivalents). 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.

in EUR

31 December 2016	HTM	FVTPL – Classified upon acquisition	FVTPL – Held for trading	AFS	L&R	TOTAL
Debt and other fixed-return securities	231,342,393	148,907	420,906,764	1,541,299,901	29,877,836	2,223,575,801
Investments in shares, other floating-rate securities and fund coupons	0	4,216,170	420,818,732	197,146,047	0	622,180,949
Financial derivatives	0	3,243,514	0	0	0	3,243,514
Loans and receivables	0	0	0	20,723	120,110,489	120,131,212
- deposits with banks	0	0	0	0	87,487,958	87,487,958
- loans given	0	0	0	0	29,865,282	29,865,282
- other financial investments	0	0	0	20,723	2,757,249	2,777,972
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	5,171,806	5,171,806
<b>TOTAL</b>	<b>231,342,393</b>	<b>7,608,591</b>	<b>841,725,496</b>	<b>1,738,466,671</b>	<b>155,160,131</b>	<b>2,974,303,281</b>

in EUR

31 December 2015	HTM	FVTPL – Classified upon acquisition	FVTPL – Held for trading	AFS	L&R	TOTAL
Debt and other fixed-return securities	242,406,400	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
<b>TOTAL</b>	<b>242,406,400</b>	<b>4,844,483</b>	<b>826,077,135</b>	<b>1,608,110,198</b>	<b>191,998,566</b>	<b>2,873,436,783</b>

97 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 2015 and 2016.

FINANCIAL ASSETS	in EUR					
	HTM	FVTPL	AFS	L&R	ULI	TOTAL
<b>As at 1 January 2015</b>	<b>210,604,128</b>	<b>204,282,044</b>	<b>1,608,664,995</b>	<b>130,037,423</b>	<b>465,787,739</b>	<b>2,619,376,329</b>
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
Exchange rate difference	-19,108	-10,789	2,643,743	40,086	-4,201	2,649,731
<b>As at 31 December 2015</b>	<b>242,406,400</b>	<b>374,742,603</b>	<b>1,607,681,638</b>	<b>183,872,219</b>	<b>464,733,923</b>	<b>2,873,436,783</b>
Purchases	0	271,855,683	603,135,325	467,758,174	89,048,477	1,431,797,659
Disposals	0	-162,248,902	-454,601,234	-454,300,251	-94,751,614	-1,166,962,220
Maturities	-22,298,541	-95,763,075	-89,024,530	-52,741,937	-23,684,819	-282,452,683
Amount removed from equity at disposal	0	0	-9,326,431	0	0	-9,326,431
Realized gains or losses on disposal	0	0	15,003,754	0	0	15,003,754
Valuation trough profit and loss	0	-3,462,965	0	-106,647	23,498,470	34,932,612
Valuation trough equity	0	0	34,132,573	0	0	34,132,573
Impairments	0	0	-3,939,322	-213,427	0	-4,152,749
Premiums and discounts	4,169,867	0	-4,873,963	353,723	194,208	-156,165
Interest income	7,045,235	11,047,846	38,776,650	4,421,570	909,549	62,200,850
Exchange rate difference	19,432	32,166	1,078,612	-311,786	34,628	853,052
<b>As at 31 December 2016</b>	<b>231,342,393</b>	<b>396,203,356</b>	<b>1,738,043,072</b>	<b>148,731,640</b>	<b>459,982,822</b>	<b>2,974,303,281</b>

## Zavarovalnica Triglav

	in EUR			
	Carrying value		Fair value	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Loans and receivables	82,397,895	108,581,747	86,024,002	108,581,747
Held to maturity	168,983,706	178,250,255	214,513,671	222,266,331
Available for sale	1,365,449,446	1,268,278,321	1,365,449,446	1,268,278,321
At fair value through profit and loss:	195,669,555	192,740,593	195,669,555	192,740,593
- designated	194,246,126	190,031,680	194,246,126	190,031,680
- held for trading	1,423,429	2,708,913	1,423,429	2,708,913
Unit-linked insurance assets:	434,043,269	446,589,561	434,790,947	446,589,561
- at fair value through profit and loss	427,791,372	438,631,907	427,791,372	438,631,907
- receivables	6,251,897	7,957,654	6,999,575	7,957,654
<b>TOTAL</b>	<b>2,246,543,870</b>	<b>2,194,440,477</b>	<b>2,296,447,621</b>	<b>2,238,456,553</b>

An overview of financial assets of Zavarovalnica Triglav by type is disclosed below.

in EUR

31 December 2016	HTM	FVTPL – Classified upon acquisition	FVTPL – Held for trading	AFS	L&R	TOTAL
Debt and other fixed-return securities	168,983,706	271,582,130	0	1,229,426,110	0	1,669,991,946
Investments in shares, other floating-rate securities and fund coupons	0	348,635,283	0	136,023,336	0	484,658,619
Financial derivatives	0	0	3,243,514	0	0	3,243,514
Loans and receivables:	0	0	0	0	88,649,792	88,649,792
- deposits with banks and certificates of deposits	0	0	0	0	43,297,879	43,297,879
- loans given	0	0	0	0	43,651,675	43,651,675
- other financial investments	0	0	0	0	1,700,237	1,700,237
<b>TOTAL</b>	<b>168,983,706</b>	<b>620,217,413</b>	<b>3,243,514</b>	<b>1,365,449,446</b>	<b>88,649,792</b>	<b>2,246,543,870</b>

in EUR

31 December 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	0	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
<b>TOTAL</b>	<b>178,250,255</b>	<b>626,549,490</b>	<b>4,823,010</b>	<b>1,268,278,321</b>	<b>116,539,401</b>	<b>2,194,440,477</b>

The table below shows the movements of financial assets of Zavarovalnica Triglav in 2015 and 2016.

in EUR

FINANCIAL ASSETS	HTM	FVTPL	AFS	L&R	ULI	TOTAL
<b>As at 1 January 2015</b>	<b>186,136,258</b>	<b>200,499,009</b>	<b>1,299,415,074</b>	<b>104,531,182</b>	<b>449,802,771</b>	<b>2,240,384,294</b>
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
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
Exchange rate difference	0	-15,659	1,912,037	0	0	1,896,379
<b>As at 31 December 2015</b>	<b>178,250,255</b>	<b>192,740,593</b>	<b>1,268,278,321</b>	<b>108,581,747</b>	<b>446,589,561</b>	<b>2,194,440,477</b>
Purchases	0	136,591,874	472,878,991	295,471,914	81,076,630	986,019,409
Maturities	-17,448,190	-57,052,954	-55,286,966	-8,335,686	-23,565,775	-161,689,571
Disposal	0	-77,383,361	-378,807,951	-315,568,899	-93,935,690	-865,695,901
Amount removed from equity	0	0	-6,390,326	0	0	-6,390,326
Realized gains or losses on disposal	0	0	11,241,211	0	0	11,241,211
Valuation trough profit and loss	0	-4,578,059	0	0	22,809,889	29,473,041
Valuation trough equity	0	0	26,337,145	0	0	26,337,145
Premiums and discounts	4,169,867	0	-4,800,939	353,685	194,208	-83,180
Interest income	4,011,773	5,322,179	31,079,198	1,895,133	874,448	43,182,732
Exchange rate difference	0	29,282	920,762	0	0	950,044
<b>As at 31 December 2016</b>	<b>168,983,706</b>	<b>195,669,555</b>	<b>1,365,449,446</b>	<b>82,397,894</b>	<b>434,043,269</b>	<b>2,246,543,870</b>

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 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>NON-LIFE INSURANCE</b>				
Reinsurers' share of unearned premiums	19,171,160	17,699,937	17,080,033	15,370,560
Reinsurers' share of claims	57,865,822	51,023,879	59,336,009	54,546,341
Reinsurers' share of other technical provisions	46,819	0	0	0
<b>Total non-life insurance</b>	<b>77,083,801</b>	<b>68,723,816</b>	<b>76,416,042</b>	<b>69,916,902</b>
<b>LIFE INSURANCE</b>				
Reinsurers' share of unearned premiums	982	489	0	0
Reinsurers' share of claims	0	0	39,065	18,493
Reinsurers' share of other mathematical provisions	0	0	0	0
<b>Total life insurance</b>	<b>982</b>	<b>489</b>	<b>39,065</b>	<b>18,493</b>
<b>TOTAL ASSETS FROM REINSURANCE CONTRACTS</b>	<b>77,084,783</b>	<b>68,724,305</b>	<b>76,455,107</b>	<b>69,935,394</b>



## 3.8 Receivables

### Triglav Group

	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
<b>31 December 2016</b>										
<b>Receivables from direct insurance operations</b>	<b>68,522,552</b>	<b>-229,918</b>	<b>68,292,634</b>	<b>16,494,920</b>	<b>-2,920,135</b>	<b>13,574,785</b>	<b>63,359,265</b>	<b>-61,167,518</b>	<b>2,191,752</b>	<b>84,059,166</b>
Receivables from insurers	65,905,087	-229,918	65,675,169	15,236,019	-2,846,437	12,389,582	54,459,746	-52,413,157	2,046,589	80,111,340
Receivables from insurance brokers	16,340	0	16,340	779,863	-21,458	758,405	218,071	-213,904	4,167	778,912
Other receivables from direct insurance operations	2,601,125	0	2,601,125	479,038	-52,240	426,798	8,681,448	-8,540,457	140,991	3,168,914
<b>Receivables from co-insurance and reinsurance operations</b>	<b>31,091,625</b>	<b>0</b>	<b>31,091,625</b>	<b>3,007,605</b>	<b>0</b>	<b>3,007,605</b>	<b>3,032,759</b>	<b>-2,032,139</b>	<b>1,000,620</b>	<b>35,099,850</b>
Premium receivable from co-insurance	535,071	0	535,071	92,043	0	92,043	15,397	-3,093	12,304	639,418
Premium receivable from reinsurance	21,934,599	0	21,934,599	2,198,142	0	2,198,142	383,323	-113,351	269,972	24,402,713
Receivables from co-insurers' share in claims	192,150	0	192,150	8,403	0	8,403	0	0	0	200,553
Receivables from reinsurers' share in claims	6,028,654	0	6,028,654	660,380	0	660,380	2,621,565	-1,915,695	705,870	7,394,904
Other receivables from co-insurance and reinsurance operation	2,401,151	0	2,401,151	48,637	0	48,637	12,474	0	12,474	2,462,262
<b>Receivables for income tax refund</b>	<b>890,276</b>	<b>0</b>	<b>890,276</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>890,276</b>
<b>Other receivables</b>	<b>24,157,963</b>	<b>-105,616</b>	<b>24,052,347</b>	<b>7,568,280</b>	<b>-1,297,210</b>	<b>6,271,070</b>	<b>93,400,871</b>	<b>-90,852,491</b>	<b>2,548,380</b>	<b>32,871,797</b>
Other short-term receivables from insurance operations	8,436,374	-620	8,435,754	3,041,637	-1,116,748	1,924,889	86,012,502	-84,609,304	1,403,198	11,763,841
Short-term receivables from financing	1,910,224	-104,996	1,805,228	83,032	-15,275	67,757	721,302	-701,820	19,482	1,892,467
Other short-term receivables	10,726,236	0	10,726,236	3,659,955	-162,835	3,497,120	5,882,603	-5,499,429	383,174	14,606,530
Long-term receivables	3,085,129	0	3,085,129	783,656	-2,352	781,304	784,464	-41,938	742,526	4,608,959
<b>TOTAL</b>	<b>124,662,416</b>	<b>-335,534</b>	<b>124,326,882</b>	<b>27,070,805</b>	<b>-4,217,345</b>	<b>22,853,460</b>	<b>159,792,895</b>	<b>-154,052,148</b>	<b>5,740,752</b>	<b>152,921,089</b>

	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
<b>31 December 2015</b>										
<b>Receivables from direct insurance operations</b>	<b>64,585,868</b>	<b>-605,690</b>	<b>63,980,178</b>	<b>19,655,294</b>	<b>-3,443,041</b>	<b>16,212,253</b>	<b>69,575,863</b>	<b>-66,519,284</b>	<b>3,056,579</b>	<b>83,249,006</b>
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
<b>Receivables from co-insurance and reinsurance operations</b>	<b>31,779,501</b>	<b>0</b>	<b>31,779,501</b>	<b>5,161,846</b>	<b>0</b>	<b>5,161,846</b>	<b>7,931,257</b>	<b>-2,048,936</b>	<b>5,882,321</b>	<b>42,823,668</b>
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
<b>Receivables for income tax refund</b>	<b>301,273</b>	<b>0</b>	<b>301,273</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>301,273</b>
<b>Other receivables</b>	<b>31,005,709</b>	<b>51,750</b>	<b>31,057,459</b>	<b>6,934,568</b>	<b>-1,097,970</b>	<b>5,836,598</b>	<b>99,621,926</b>	<b>-96,446,199</b>	<b>3,175,727</b>	<b>40,069,786</b>
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
<b>TOTAL</b>	<b>127,672,351</b>	<b>-553,940</b>	<b>127,118,411</b>	<b>31,751,708</b>	<b>-4,541,011</b>	<b>27,210,697</b>	<b>177,129,046</b>	<b>-165,014,419</b>	<b>12,114,627</b>	<b>166,443,733</b>

## Zavarovalnica Triglav

	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
<b>31 December 2016</b>										
<b>Receivables from direct insurance operations</b>	<b>55,061,473</b>	<b>-222,495</b>	<b>54,838,978</b>	<b>4,844,129</b>	<b>-1,568,429</b>	<b>3,275,700</b>	<b>28,323,470</b>	<b>-27,946,545</b>	<b>376,925</b>	<b>58,491,603</b>
Receivables from insurers	52,844,646	-222,495	52,622,151	4,811,880	-1,555,853	3,256,027	27,646,254	-27,279,448	366,806	56,244,984
Receivables from insurance brokers	0	0	0	0	0	0	0	0	0	0
Other receivables from direct insurance operations	2,216,827	0	2,216,827	32,249	-12,576	19,673	677,216	-667,097	10,119	2,246,619
<b>Receivables from co-insurance and reinsurance operations</b>	<b>7,538,096</b>	<b>0</b>	<b>7,538,096</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,538,096</b>
Premium receivable from co-insurance	546,452	0	546,452	0	0	0	0	0	0	546,452
Premium receivable from reinsurance	0	0	0	0	0	0	0	0	0	0
Receivables from co-insurers' share in claims	192,150	0	192,150	0	0	0	0	0	0	192,150
Receivables from reinsurers' share in claims	6,799,494	0	6,799,494	0	0	0	0	0	0	6,799,494
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0
<b>Other receivables</b>	<b>7,598,564</b>	<b>-104,383</b>	<b>7,494,181</b>	<b>2,681,727</b>	<b>-1,096,798</b>	<b>1,584,929</b>	<b>83,998,579</b>	<b>-83,238,303</b>	<b>760,276</b>	<b>9,839,386</b>
Other short-term receivables from insurance operations	2,714,698	0	2,714,698	2,654,975	-1,086,794	1,568,181	83,789,463	-83,032,222	757,241	5,040,120
Short-term receivables from financing	2,402,133	-104,383	2,297,750	26,557	-9,931	16,626	105,383	-102,348	3,035	2,317,411
Other short-term receivables	2,200,371	0	2,200,371	195	-73	122	103,733	-103,733	0	2,200,493
Long-term receivables	281,362	0	281,362	0	0	0	0	0	0	281,362
<b>TOTAL</b>	<b>70,198,133</b>	<b>-326,878</b>	<b>69,871,255</b>	<b>7,525,856</b>	<b>-2,665,227</b>	<b>4,860,629</b>	<b>112,322,049</b>	<b>-111,184,848</b>	<b>1,137,201</b>	<b>75,869,085</b>

in EUR

	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
<b>31 December 2015</b>										
<b>Receivables from direct insurance operations</b>	<b>51,330,713</b>	<b>-66,084</b>	<b>51,264,629</b>	<b>7,381,675</b>	<b>-2,166,586</b>	<b>5,215,089</b>	<b>31,693,382</b>	<b>-30,214,087</b>	<b>1,479,295</b>	<b>57,959,013</b>
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
<b>Receivables from co-insurance and reinsurance operations</b>	<b>12,219,198</b>	<b>0</b>	<b>12,219,198</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,219,198</b>
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
<b>Other receivables</b>	<b>23,049,196</b>	<b>0</b>	<b>23,049,196</b>	<b>2,698,841</b>	<b>-1,069,752</b>	<b>1,629,089</b>	<b>90,515,410</b>	<b>-89,655,180</b>	<b>860,230</b>	<b>25,538,515</b>
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
<b>TOTAL</b>	<b>86,599,107</b>	<b>-66,084</b>	<b>86,533,023</b>	<b>10,080,516</b>	<b>-3,236,338</b>	<b>6,844,178</b>	<b>122,208,792</b>	<b>-119,869,267</b>	<b>2,339,525</b>	<b>95,716,726</b>

in EUR

The table below shows changes in impairment allowance for receivables separately for Triglav Group and Zavarovalnica Triglav.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
<b>VALUE ADJUSTMENT OF RECEIVABLES FROM POLICYHOLDERS</b>				
Impairment allowance for receivables as at 1 January	61,726,947	66,699,599	31,751,907	35,580,808
– Increase of impairment allowance for receivables	7,325,149	8,832,347	4,771,560	5,147,360
– Decrease in impairment allowance for receivables	-6,578,175	-9,589,581	-4,482,377	-5,903,918
– Receivables write-off	-7,031,184	-4,260,184	-2,983,294	-3,072,343
– Acquisition	0	-454	0	0
– Exchange rate difference	46,774	45,220	0	0
<b>Impairment allowance for receivables as at 31 December</b>	<b>55,489,511</b>	<b>61,726,947</b>	<b>29,057,796</b>	<b>31,751,907</b>
<b>IMPAIRMENT ALLOWANCE FOR OTHER SHORT-TERM RECEIVABLES</b>				
Impairment allowance for receivables as at 1 January	91,982,165	91,032,745	90,385,306	90,457,579
– Increase of impairment allowance for receivables	8,705,670	10,655,677	8,529,641	10,365,778
– Decrease in impairment allowance for receivables	-8,232,540	-7,767,876	-8,112,684	-7,656,704
– Receivables write-off	-6,711,835	-1,930,767	-6,683,248	-2,781,346
– Changes in Group	0	0	0	0
– Exchange rate difference	-16,782	-7,614	0	0
<b>Impairment allowance for receivables as at 31 December</b>	<b>85,726,679</b>	<b>91,982,165</b>	<b>84,119,015</b>	<b>90,385,306</b>
<b>VALUE ADJUSTMENT OF OTHER RECEIVABLES</b>				
Impairment allowance for receivables as at 1 January	16,792,495	17,469,859	1,034,477	2,440,529
– Increase of impairment allowance for receivables	1,986,709	2,102,429	103,753	191,659
– Decrease in impairment allowance for receivables	72,471	-2,348,113	-70,343	-1,536,124
– Receivables write-off	-433,073	-450,738	-67,745	-71,668
– Transfer on deferred income	0	-36,588	0	0
– Exchange rate difference	35,309	9,450	0	0
– Changes in Group	702,227	0	0	10,081
– Transfer on disposal group held for sale	-1,767,295	-346,062	0	0
<b>Impairment allowance for receivables as at 31 December</b>	<b>17,388,843</b>	<b>16,400,237</b>	<b>1,000,142</b>	<b>1,034,477</b>
<b>TOTAL VALUE ADJUSTMENT OF RECEIVABLES</b>				
As at 1 January	170,456,057	175,202,203	123,171,690	128,478,916
As at 31 December	158,605,033	170,109,349	114,176,953	123,171,690

### Receivables from financial leasing

	in EUR			
	Minimum lease payments		Current value of minimum lease payments	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Up to 1 year	56,066	731,302	56,066	654,749
From 1 to 5 years	0	2,362,667	0	2,186,566
More than 5 years	0	0	0	0
<b>TOTAL</b>	<b>56,066</b>	<b>3,093,968</b>	<b>56,066</b>	<b>2,841,315</b>
Less unearned financial income	0	-123,654	0	0
Less maintenance costs	0	-129,000	0	0
<b>Receivable present value of the minimum lease payments</b>	<b>56,066</b>	<b>2,841,315</b>	<b>56,066</b>	<b>2,841,315</b>

Under the financial leasing agreement, the lessee used the option of early purchase of the real property with Zavarovalnica Triglav in 2016. The lessee was charged interest at the interest rate of 2.174% for 2016 (the real interest rate of 2.192% + 12-month Euribor – 0.018%), including the compensation for insurance costs and major repair costs.

The purchase price in the amount of EUR 2,290,945 was settled prior to the balance sheet date. On the balance sheet date, a receivable in the amount of one installment of EUR 56,066 were still due, but it was settled at the beginning of 2017. The financial lease receivable is recognized in the statement of financial position within other receivables.

### 3.9 Other assets

	Triglav Group		Zavarovalnica Triglav		in EUR
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	
	Inventories	584,544	3,670,574	200,565	222,659
Deferred costs	2,312,600	3,763,822	1,029,911	1,926,409	
Sredstva, vložena v računalniške programe za Skupino	718,936	642,611	718,936	642,611	
Other assets	6,173	57,755	0	0	
<b>TOTAL</b>	<b>3,622,253</b>	<b>8,134,762</b>	<b>1,949,412</b>	<b>2,791,679</b>	

### 3.10 Cash and cash equivalents

	Triglav Group		Zavarovalnica Triglav		in EUR
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	
	Cash in bank accounts	53,816,146	33,226,581	27,637,328	7,541,489
Deposits redeemable at notice	11,484,922	14,247,701	0	0	
Cash on hand and cheques	413,406	453,566	16,318	8,469	
Other	0	920	0	0	
<b>TOTAL</b>	<b>65,714,474</b>	<b>47,928,768</b>	<b>27,653,646</b>	<b>7,549,958</b>	

### 3.11 Non-current assets held for sale

	Triglav Group		Zavarovalnica Triglav		in EUR
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	
	Non-current assets Avrigo Group	0	23,545,963	0	0
Non-current assets - land and property of company TUN <sup>98</sup>	1,020,293	10,891,123	0	0	
<b>TOTAL</b>	<b>1,020,293</b>	<b>34,437,086</b>	<b>0</b>	<b>0</b>	

Non-current assets held for sale includes the value of land and buildings of Triglav, Upravljanje nepremičnin d.d., which are planned to be disposed of within a year.

## 3.12 Equity

As at 31 December 2016, 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 Zavarovalnice Triglav

Shareholders	Number of shares		Percentage of ownership	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	in EUR			
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
Addiko Bank, d.d., Zagreb, Hrvaška	1,467,458	1,435,521	6.45	6.31
Hrvatska poštanska banka, d.d., Zagreb, Hrvaška	322,004	322,557	1.42	1.42
Clearstream Banking SA, Luksemburg, Luksemburg	297,152	273,152	1.31	1.20
Balkan Fund, Luksemburg, Luksemburg	290,278	326,278	1.28	1.44
Unicredit Bank Austria, Dunaj, Avstrija	267,356	88,987	1.18	0.39
Pozavarovalnica Sava Re, d.d., Ljubljana	166,678	166,678	0.73	0.73
Kuwait Investment Authority, Safat, Kuvajt	158,571	154,771	0.70	0.68
The Bank of New York Mellon, New York, ZDA	157,157	100,214	0.69	0.44
Other shareholders (each less than 1%)	5,385,222	5,643,718	23.69	24.82
<b>TOTAL</b>	<b>22,735,148</b>	<b>22,735,148</b>	<b>100.00</b>	<b>100.00</b>

### Share price

	in EUR	
	31 December 2016	31 December 2015
Quoted price of the share on the regulated securities market	23.20	23.50
Carrying amount per share	24.80	23.34

### Distribution of accumulated profits of Zavarovalnica Triglav

	in EUR	
	2016	2015
Net profit/loss for the year	75,333,602	58,505,818
Net profit brought forward	8,190,402	4,849,167
Increase in retained income	36,497,876	2,361,643
Reduction in retained net profit to increase share capital	0	0
Decrease in retained income of deferred tax	0	0
Reduction in net profit or loss to create credit risk provisions	0	-688,356
Increase of other reserves from profit based on the decision by the Management and Supervisory Boards	-37,600,000	0
<b>ACCUMULATED PROFITS</b>	<b>82,421,880</b>	<b>65,028,272</b>
Distribution of accumulated profits		
- to shareholders		56,837,870
- allocation to other reserves from profit		0
- transfer to the following year		8,190,402

The distribution of the accumulated profit for 2016 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	
	2016	2015
Dividends to be distributed to shareholders	Not published	56,837,870
Dividend per share	–	2.50

## Authorised 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 14,740,278.36 by issuing new shares against contributions in cash within five years as of 2 June 2016. 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.

## Reserves from profit

In addition to legal and treasury share reserves, reserves from profit also comprise 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.

Up to 31 December 2015, the Company within revenue reserves also created credit risk risk provisions (equalisation reserves). These reserves were formed in accordance with the requirements of the Insurance Act and recognized in equity due to non-compliance with IFRS. After entry into force of the revised insurance act (ZZavar-1) on 1 January 2016, credit risk equalisation reserves recognised under equity were reversed and the total amount of EUR -1 was transferred to the net profit brought forward.

## 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. holds 24,312 shares of Zavarovalnica Triglav in the amount of EUR 364,680.

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 2016, the currency translation adjustment totalled EUR 595,983 evrov (vs. EUR 2015: 48,074).<sup>99</sup> The translation differences in majority refer to the reduction related to the growth of the Serbian dinar (RSD).

<sup>99</sup> The amount does not include translation differences relating to non-controlling interests.

### Notes to the statement of changes in equity

The following changes are shown in the statement of changes in equity for 2016:

- Based on the resolution passed by the General Meeting of Shareholders of Zavarovalnica Triglav on 31 May 2016 on the distribution of the accumulated profit for 2015, EUR 56,837,870 were allocated to dividend payments. For consolidation purposes the dividends paid to Triglav, Upravljanje nepremičnin, d.d. of EUR 60,894.
- The legal and statutory reserves were increased in the amount of EUR 270,638 in three subsidiaries. These reserves were formed from net profit brought forward or net profit for the year.
- Credit risk equalisation reserves of both Zavarovalnica Triglav and Triglav Re, were released and transferred to the net profit of the year in the amount of EUR 33,280,648.
- Share premium decreased by EUR 1,339,896 as a result of covering the loss from previous years of the company Triglav, Upravljanje nepremičnin d.d., and by EUR 127,237 due to the sale of the company Avrigo d.o.o. and its subsidiaries. A detailed explanation is given in [→ *Section 2.7*].

## 3.13 Subordinated liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Amortised cost	16.869.102	18.752.252	21.103.108	21.101.278
Fair value	19.160.879	21.686.280	23.970.102	24.402.840

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 (4,239 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 (8,872 lots). For the calculation of fair values, the last known price on the Ljubljana Stock Exchange is taken into account. As at 31 December 2016, ZT02 price stood at 113.45% (115.5% as at 31 December 2015).

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.

### 3.14 Insurance technical provisions and insurance technical provisions for unit-linked insurance contracts

in EUR

	Triglav Group		Zavarovalnica Triglav	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>NON-LIFE INSURANCE</b>				
<b>GROSS PROVISIONS FOR UNEARNED PREMIUMS</b>	<b>260,854,523</b>	<b>249,653,712</b>	<b>188,067,543</b>	<b>180,141,569</b>
Gross provision for unearned premiums	260,722,697	249,489,890	187,935,717	179,977,747
Gross provisions for unearned premiums from coinsurance	131,826	163,822	131,826	163,822
<b>GROSS CLAIMS PROVISIONS</b>	<b>607,228,071</b>	<b>613,245,763</b>	<b>453,377,312</b>	<b>467,032,829</b>
Gross claims provisions for IBNR and IBNER	322,207,652	343,428,357	246,702,719	271,062,587
Gross provisions for incurred and reported claims	245,264,840	231,888,147	172,083,327	162,354,671
Gross claims provisions for co-insurance	1,063,996	1,160,536	1,063,996	1,160,536
Expected subrogation	-9,727,154	-9,566,955	-10,323,181	-10,491,286
Provisions for claim handling costs	48,418,737	46,335,678	43,850,450	42,946,321
<b>GROSS PROVISIONS FOR BONUSES AND DISCOUNTS</b>	<b>19,105,924</b>	<b>17,382,035</b>	<b>18,495,379</b>	<b>16,817,528</b>
<b>OTHER GROSS INSURANCE TECHNICAL PROVISIONS</b>	<b>6,838,308</b>	<b>7,309,307</b>	<b>3,776,436</b>	<b>3,226,060</b>
<b>TOTAL NON-LIFE INSURANCE TECHNICAL PROVISIONS</b>	<b>894,026,826</b>	<b>887,590,817</b>	<b>663,716,669</b>	<b>667,217,986</b>
<b>LIFE INSURANCE</b>				
<b>GROSS UNEARNED PREMIUM PROVISIONS</b>	<b>449,648</b>	<b>441,971</b>	<b>420,333</b>	<b>417,422</b>
<b>GROSS MATHEMATICAL PROVISIONS</b>	<b>1,273,538,608</b>	<b>1,219,737,727</b>	<b>959,268,937</b>	<b>925,402,898</b>
Gross mathematical provisions covering life insurance	788,426,467	763,602,056	731,757,446	711,985,994
Gross mathematical provisions covering SVPI	449,706,841	425,824,906	192,106,191	183,106,139
Gross mathematical provisions covering SVPI during the annuity pay-out period	35,405,300	30,310,765	35,405,300	30,310,765
<b>GROSS CLAIMS PROVISIONS</b>	<b>18,911,899</b>	<b>20,097,218</b>	<b>17,863,463</b>	<b>19,214,892</b>
Gross claims provisions for IBNR and IBNER	15,043,632	16,204,001	14,545,914	15,759,175
Gross provisions for incurred and reported claims	3,568,320	3,588,490	3,063,967	3,190,423
Gross claims provisions for co-insurance	253,582	265,294	0	0
Expected subrogation	25,103	4,019	0	0
Provisions for claim handling costs	21,262	35,414	253,582	265,294
<b>OTHER INSURANCE TECHNICAL PROVISIONS</b>	<b>3,946,905</b>	<b>2,730,850</b>	<b>3,908,408</b>	<b>2,690,931</b>
<b>TOTAL LIFE INSURANCE TECHNICAL PROVISIONS</b>	<b>1,296,847,060</b>	<b>1,243,007,766</b>	<b>981,461,142</b>	<b>947,726,143</b>
<b>HEALTH INSURANCE</b>				
<b>GROSS PROVISIONS FOR UNEARNED PREMIUMS</b>	<b>2,335,449</b>	<b>1,962,273</b>	<b>0</b>	<b>0</b>
Gross provision for unearned premiums	2,335,449	1,962,273	0	0
Gross provisions for unearned premiums from coinsurance	0	0	0	0
<b>GROSS CLAIMS PROVISIONS</b>	<b>9,100,925</b>	<b>9,344,074</b>	<b>0</b>	<b>0</b>
Gross claims provisions for IBNR and IBNER	8,346,377	8,439,749	0	0
Gross provisions for incurred and reported claims	534,385	683,931	0	0
Gross claims provisions for co-insurance	0	0	0	0
Expected subrogation	0	0	0	0
Provisions for claim handling costs	220,163	220,394	0	0
<b>GROSS PROVISIONS FOR BONUSES AND DISCOUNTS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER INSURANCE TECHNICAL PROVISIONS</b>	<b>794,964</b>	<b>1,490,285</b>	<b>0</b>	<b>0</b>
<b>TOTAL HEALTH INSURANCE TECHNICAL PROVISIONS</b>	<b>12,231,338</b>	<b>12,796,632</b>	<b>0</b>	<b>0</b>
<b>TOTAL INSURANCE TECHNICAL PROVISIONS</b>	<b>2,203,105,224</b>	<b>2,143,395,211</b>	<b>1,645,177,811</b>	<b>1,614,944,129</b>
<b>GROSS MATHEMATICAL PROVISIONS COVERING ULI</b>	<b>457,683,091</b>	<b>457,046,912</b>	<b>431,125,308</b>	<b>438,920,157</b>

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

in EUR

	Triglav Group		Zavarovalnica Triglav	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>NON-LIFE INSURANCE</b>				
<b>Gross provisions for incurred and unreported claims</b>	<b>310,300,309</b>	<b>334,775,530</b>	<b>233,644,007</b>	<b>256,992,213</b>
Gross claims provisions	322,207,652	343,428,357	246,702,719	271,062,587
Reinsurers' share	-11,907,343	-8,652,827	-13,058,712	-14,070,374
<b>Gross provisions for incurred and reported claims</b>	<b>198,690,204</b>	<b>188,799,391</b>	<b>125,189,873</b>	<b>121,161,001</b>
Gross claims provisions	245,264,840	231,888,147	172,083,327	162,354,671
Reinsurers' and co-insurers' share	-46,574,636	-43,088,756	-46,893,454	-41,193,670
<b>Gross claims provisions for co-insurance</b>	<b>1,063,996</b>	<b>1,160,536</b>	<b>1,063,996</b>	<b>1,160,536</b>
Gross claims provisions	1,063,996	1,160,536	1,063,996	1,160,536
Reinsurers' share	0	0	0	0
<b>Expected subrogation</b>	<b>-9,110,996</b>	<b>-8,849,252</b>	<b>-9,707,023</b>	<b>-9,773,583</b>
Gross claims provisions	-9,727,154	-9,566,955	-10,323,181	-10,491,286
Reinsurers' share	616,158	717,703	616,158	717,703
<b>Provisions for claim handling costs</b>	<b>48,418,737</b>	<b>46,335,678</b>	<b>43,850,450</b>	<b>42,946,321</b>
Gross claims provisions	48,418,737	46,335,678	43,850,450	42,946,321
Reinsurers' share	0	0	0	0
<b>TOTAL NON-LIFE INSURANCE GROSS CLAIMS PROVISIONS</b>	<b>549,362,250</b>	<b>562,221,883</b>	<b>394,041,303</b>	<b>412,486,488</b>
TOTAL GROSS CLAIMS PROVISIONS	607,228,071	613,245,763	453,377,312	467,032,829
TOTAL REINSURERS' SHARE	-57,865,821	-51,023,880	-59,336,009	-54,546,341
<b>LIFE INSURANCE</b>				
<b>Gross provisions for incurred and unreported claims</b>	<b>15,043,632</b>	<b>16,204,001</b>	<b>14,545,914</b>	<b>15,759,175</b>
Gross claims provisions	15,043,632	16,204,001	14,545,914	15,759,175
Reinsurers' share	0	0	0	0
<b>Gross provisions for incurred and reported claims</b>	<b>3,568,320</b>	<b>3,588,490</b>	<b>3,024,901</b>	<b>3,171,930</b>
Gross claims provisions	3,568,320	3,588,490	3,063,967	3,190,423
Reinsurers' share	0	0	-39,065	-18,493
<b>Gross claims provisions for co-insurance</b>	<b>253,582</b>	<b>265,294</b>	<b>0</b>	<b>0</b>
Gross claims provisions	253,582	265,294	0	0
Reinsurers' share	0	0	0	0
<b>Expected subrogation</b>	<b>25,103</b>	<b>4,019</b>	<b>0</b>	<b>0</b>
Gross claims provisions	25,103	4,019	0	0
Reinsurers' share	0	0	0	0
<b>Provisions for claim handling costs</b>	<b>21,262</b>	<b>35,414</b>	<b>253,582</b>	<b>265,294</b>
Gross claims provisions	21,262	35,414	253,582	265,294
Reinsurers' share	0	0	0	0
<b>TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS</b>	<b>18,911,899</b>	<b>20,097,218</b>	<b>17,824,397</b>	<b>19,196,399</b>
TOTAL GROSS CLAIMS PROVISIONS	18,911,899	20,097,218	17,863,463	19,214,892
TOTAL REINSURERS' SHARE	0	0	-39,065	-18,493
<b>HEALTH INSURANCE</b>				
<b>Gross provisions for incurred and unreported claims</b>	<b>8,346,377</b>	<b>8,439,749</b>	<b>0</b>	<b>0</b>
Gross claims provisions	8,346,377	8,439,749	0	0
Reinsurers' share	0	0	0	0
<b>Gross provisions for incurred and reported claims</b>	<b>534,385</b>	<b>683,931</b>	<b>0</b>	<b>0</b>
Gross claims provisions	534,385	683,931	0	0
Reinsurers' and co-insurers' share	0	0	0	0
<b>Gross claims provisions for co-insurance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Gross claims provisions	0	0	0	0
Reinsurers' share	0	0	0	0
<b>Expected subrogation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Gross claims provisions	0	0	0	0
Reinsurers' share	0	0	0	0
<b>Provisions for claim handling costs</b>	<b>220,163</b>	<b>220,394</b>	<b>0</b>	<b>0</b>
Gross claims provisions	220,163	220,394	0	0
Reinsurers' share	0	0	0	0
<b>TOTAL HEALTH INSURANCE GROSS CLAIMS PROVISIONS</b>	<b>9,100,925</b>	<b>9,344,074</b>	<b>0</b>	<b>0</b>
TOTAL GROSS CLAIMS PROVISIONS	9,100,925	9,344,074	0	0
TOTAL REINSURERS' SHARE	0	0	0	0

### Analysis of changes in gross insurance technical provisions for Triglav Group

in EUR						
<b>NON-LIFE INSURANCE</b>	<b>Gross unearned premium</b>	<b>Gross claims provisions</b>	<b>Gross provisions for bonuses and discounts</b>	<b>Other gross insurance technical provisions</b>	<b>Unit-linked insurance-technical provisions</b>	<b>Total gross insurance technical provisions</b>
<b>1 January 2015</b>	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
<b>31 December 2015</b>	249,653,712	613,245,760	17,382,035	7,309,307	0	887,590,817
Increase	193,382,127	184,902,318	12,893,968	5,240,004	0	396,418,417
Use	-182,080,981	-190,876,557	-11,172,783	-5,709,895	0	-389,840,216
Exchange rate difference	-100,335	-43,450	2,704	-1,108	0	-142,189
<b>31 December 2016</b>	260,854,523	607,228,071	19,105,924	6,838,308	0	894,026,826

in EUR						
<b>LIFE INSURANCE</b>	<b>Gross unearned premium</b>	<b>Gross claims provisions</b>	<b>Gross provisions for bonuses and discounts</b>	<b>Other gross insurance technical provisions</b>	<b>Unit-linked insurance-technical provisions</b>	<b>Total gross insurance technical provisions</b>
<b>1 January 2015</b>	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
<b>31 December 2015</b>	441,971	1,219,737,727	20,097,218	2,730,850	457,046,912	1,700,054,676
Increase	436,402	162,897,270	12,920,953	1,481,685	67,892,606	245,628,916
Use	-428,820	-109,465,897	-14,109,972	-265,630	-67,444,177	-191,714,496
Exchange rate difference	95	369,508	3,702	0	187,750	561,055
<b>31 December 2016</b>	449,648	1,273,538,608	18,911,899	3,946,905	457,683,091	1,754,530,151

in EUR						
<b>HEALTH INSURANCE</b>	<b>Gross unearned premium</b>	<b>Gross claims provisions</b>	<b>Gross provisions for bonuses and discounts</b>	<b>Other gross insurance technical provisions</b>	<b>Unit-linked insurance-technical provisions</b>	<b>Total gross insurance technical provisions</b>
<b>1 January 2015</b>	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
<b>31 December 2015</b>	1,962,273	0	9,344,074	1,490,285	0	12,796,632
Increase	2,335,449	0	8,708,372	288,700	0	11,332,521
Use	-1,962,273	0	-8,951,522	-984,021	0	-11,897,816
Exchange rate difference	0	0	0	0	0	0
<b>31 December 2016</b>	2,335,449	0	9,100,925	794,964	0	12,231,338

### Analysis of changes in gross insurance technical provisions for Zavarovalnica Triglav

							in EUR
<b>NON-LIFE INSURANCE</b>	<b>Gross unearned premium</b>	<b>Gross claims provisions</b>	<b>Gross provisions for bonuses and discounts</b>	<b>Other gross insurance technical provisions</b>	<b>Unit-linked insurance-technical provisions</b>	<b>Total gross insurance technical provisions</b>	
<b>1 January 2015</b>	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	
<b>31 December 2015</b>	180,141,569	467,032,829	16,817,528	3,226,060	0	667,217,986	
Increase	160,600,400	154,510,374	12,612,277	3,776,436	0	331,499,486	
Use	-152,674,426	-168,165,891	-10,934,426	-3,226,060	0	-335,000,803	
<b>31 December 2016</b>	<b>188,067,543</b>	<b>453,377,312</b>	<b>18,495,379</b>	<b>3,776,436</b>	<b>0</b>	<b>663,716,669</b>	

							in EUR
<b>LIFE INSURANCE</b>	<b>Gross unearned premium</b>	<b>Gross claims provisions</b>	<b>Gross provisions for bonuses and discounts</b>	<b>Other gross insurance technical provisions</b>	<b>Unit-linked insurance-technical provisions</b>	<b>Total gross insurance technical provisions</b>	
<b>1 January 2015</b>	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	
<b>31 December 2015</b>	417,422	925,402,898	19,214,892	2,690,931	438,920,157	1,386,646,300	
Increase	420,333	115,341,780	12,517,184	1,481,685	60,306,997	190,067,980	
Use	-417,422	-81,475,741	-13,868,613	-264,208	-68,101,846	-164,127,830	
<b>31 December 2016</b>	<b>420,333</b>	<b>959,268,937</b>	<b>17,863,463</b>	<b>3,908,408</b>	<b>431,125,308</b>	<b>1,412,586,450</b>	

### Analysis of the decrease in gross mathematical provisions

					in EUR
	<b>Triglav Group</b>		<b>Zavarovalnica Triglav</b>		
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	
Surrenders	29,922,860	19,318,721	15,320,526	18,572,649	
Endowments	59,673,486	60,871,515	56,853,767	58,177,388	
Deaths	2,811,826	2,601,021	2,210,721	2,464,865	
Other	17,057,724	7,398,749	7,090,727	7,374,785	
<b>TOTAL</b>	<b>109,465,896</b>	<b>90,190,006</b>	<b>81,475,741</b>	<b>86,589,686</b>	

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.

### Analysis of changes in loss events for non-life insurance for Triglav Group

	Year of occurrence											TOTAL
	Before 2007	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
<b>Cumulative loss assessment</b>												
- at the end of year of occurrence		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	497,610,909	5,233,171,988
- 1 year after year of occurrence		441,568,602	558,871,106	502,868,739	492,902,084	461,311,067	539,573,012	447,917,990	481,304,284	477,337,992		4,403,654,876
- 2 years after year of occurrence		437,542,206	531,833,942	492,609,753	473,335,579	474,755,005	500,921,267	463,342,293	466,027,510			3,840,367,556
- 3 years after year of occurrence		429,583,969	530,609,243	484,758,847	479,637,277	455,085,444	496,641,454	439,583,068				3,315,899,302
- 4 years after year of occurrence		430,229,469	526,347,769	484,136,193	467,602,633	458,416,153	487,381,079					2,854,113,297
- 5 years after year of occurrence		426,895,003	527,163,911	479,931,802	467,642,819	450,071,089						2,351,704,625
- 6 years after year of occurrence		429,407,513	529,614,877	477,637,233	459,856,973							1,896,516,596
- 7 years after year of occurrence		434,504,519	524,701,655	471,160,939								1,430,367,112
- 8 years after year of occurrence		429,749,459	519,372,405									949,121,864
- 9 years after year of occurrence		426,390,524										426,390,524
- 10 years after year of occurrence	68,428,825											68,428,825
<b>Cumulative loss assessment</b>		<b>426,390,524</b>	<b>519,372,405</b>	<b>471,160,939</b>	<b>459,856,973</b>	<b>450,071,089</b>	<b>487,381,079</b>	<b>439,583,068</b>	<b>466,027,510</b>	<b>477,337,992</b>	<b>497,610,909</b>	<b>26,769,736,564</b>
Cumulative payments until balance sheet date		412,572,617	505,940,310	454,978,554	437,753,558	422,741,092	444,187,633	402,860,406	414,415,940	398,745,153	292,672,796	4,186,868,060
<b>Claim provisions balance</b>	<b>68,428,825</b>	<b>13,817,907</b>	<b>13,432,095</b>	<b>16,182,385</b>	<b>22,103,415</b>	<b>27,329,997</b>	<b>43,193,446</b>	<b>36,722,662</b>	<b>51,611,570</b>	<b>78,592,840</b>	<b>204,938,112</b>	<b>576,353,254</b>

### Analysis of changes in loss events for non-life insurance for Zavarovalnica Triglav

	Year of occurrence											TOTAL
	Before 2007	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
<b>Cumulative loss assessment</b>												
- at the end of year of occurrence		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	287,798,336	3,592,059,899
- 1 year after year of occurrence		350,847,419	439,920,329	379,229,569	349,567,530	303,201,976	304,864,538	266,546,400	276,286,823	244,620,306		2,915,084,891
- 2 years after year of occurrence		340,005,493	419,626,410	365,975,020	333,049,538	288,324,957	296,542,971	256,384,328	265,047,929			2,564,956,645
- 3 years after year of occurrence		329,957,813	411,548,525	356,293,810	326,228,216	282,155,740	289,326,478	249,972,030				2,245,482,611
- 4 years after year of occurrence		325,364,482	405,638,003	352,427,627	320,837,129	281,692,146	283,750,168					1,969,709,555
- 5 years after year of occurrence		321,506,313	404,027,863	347,853,432	317,082,345	278,889,676						1,669,359,628
- 6 years after year of occurrence		319,930,935	401,458,477	344,803,291	313,090,207							1,379,282,910
- 7 years after year of occurrence		317,114,795	397,942,137	341,842,194								1,056,899,126
- 8 years after year of occurrence		315,370,469	395,478,987									710,849,456
- 9 years after year of occurrence		314,316,809										314,316,809
- 10 years after year of occurrence	65,525,702											
<b>Cumulative loss assessment</b>		<b>314,316,809</b>	<b>395,478,987</b>	<b>341,842,194</b>	<b>313,090,207</b>	<b>278,889,676</b>	<b>283,750,168</b>	<b>249,972,030</b>	<b>265,047,929</b>	<b>244,620,306</b>	<b>287,798,336</b>	<b>2,974,806,642</b>
Cumulative payments until balance sheet date		303,718,742	384,691,440	328,744,872	296,611,038	256,852,456	247,380,790	222,521,017	227,623,002	195,654,278	153,839,634	2,617,637,269
<b>Claim provisions balance</b>	<b>61,616,673</b>	<b>10,598,068</b>	<b>10,787,547</b>	<b>13,097,322</b>	<b>16,479,169</b>	<b>22,037,220</b>	<b>36,369,377</b>	<b>27,451,012</b>	<b>37,424,927</b>	<b>48,966,028</b>	<b>133,958,702</b>	<b>418,786,047</b>

## 3.15 Employee benefits

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Provisions for unused leave	4,265,313	3,585,033	3,553,625	2,928,334
Provisions for retirement benefits	7,544,294	6,743,572	5,753,856	5,006,984
Provisions for jubilee payments	1,740,657	1,896,526	1,240,033	1,253,720
<b>TOTAL</b>	<b>13,550,264</b>	<b>12,225,131</b>	<b>10,547,514</b>	<b>9,189,038</b>

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

	in EUR			
	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
<b>As at 1 January 2015</b>	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
<b>As at 31 December 2015</b>	<b>3,585,033</b>	<b>6,743,572</b>	<b>1,896,526</b>	<b>12,225,131</b>
Use of provisions in the year	-3,306,538	-61,206	-67,265	-3,435,009
Release of provisions in the year	0	-29,853	-181,800	-211,653
Creation of provisions in the year	3,984,754	1,038,077	156,484	5,179,315
Change in Group	0	-147,913	-64,570	-212,483
Exchange rate difference	2,064	1,622	1,282	4,968
<b>As at 31 December 2016</b>	<b>4,265,313</b>	<b>7,544,294</b>	<b>1,740,657</b>	<b>13,550,264</b>

### Analysis of the movement of employee benefits for the Zavarovalnica Triglav

	in EUR			
	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
<b>As at 1 January 2015</b>	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
<b>As at 31 December 2015</b>	<b>2,928,334</b>	<b>5,006,984</b>	<b>1,253,720</b>	<b>9,189,038</b>
Use of provisions in the year	-2,928,334	0	-13,687	-2,942,021
Creation of provisions in the year	3,553,625	746,872	0	4,300,497
<b>As at 31 December 2016</b>	<b>3,553,625</b>	<b>5,753,856</b>	<b>1,240,033</b>	<b>10,547,514</b>

### Development of provisions for retirement benefits and jubilee payments in Triglav Group

	Provisions for retirement benefits		Provisions for jubilee payments		in EUR
					TOTAL
<b>As at 1 January 2015</b>	<b>6,758,751</b>	<b>1,667,155</b>			<b>8,425,906</b>
Current service cost	303,076	174,200			477,276
Interest cost	62,705	6,760			69,465
Actuarial gains/losses due to:					
- 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
<b>As at 31 December 2015</b>	<b>6,542,540</b>	<b>1,896,526</b>			<b>8,439,066</b>
Current service cost	609,208	173,305			782,513
Interest cost	52,985	4,135			57,120
Actuarial gains/losses due to:					
- changes in demographic assumptions	-59,314	-12,680			-71,994
- changes in financial assumptions	156,681	108,578			265,259
- experience adjustments	343,651	-50,424			293,227
Past service cost	-8,955	-138,041			-146,996
Benefits paid during the year	-142,752	-186,360			-329,112
Gains/losses upon payment	-222	8,906			8,684
Liabilities assumed in business combinations	48,849	-64,568			-15,719
Exchange rate difference	1,622	1,282			2,904
<b>As at 31 December 2016</b>	<b>7,544,294</b>	<b>1,740,657</b>			<b>9,284,950</b>

### Sensitivity analysis of parameter changes for Triglav Group

Parameter	Parameter change	in EUR	
		2016	2015
Interest rate	shift in the discount curve by +0.25 %	-765,447	-423,528
	shift in the discount curve by -0.25 %	829,445	436,039
Wage growth	change in annual wage growth by +0.5 %	985,766	614,874
	change in annual wage growth by -0.5 %	-846,390	-536,075
Mortality rate	constant increase in mortality by +20 %	-715,368	-365,219
	constant increase in mortality by -20 %	744,809	373,494
Early employment termination	shift in the expense curve by +20 %	-789,376	-468,803
	shift in the expense curve by -20 %	855,831	487,074

### Development of provisions for retirement benefits and jubilee payments in Zavarovalnica Triglav

	Provisions for retirement benefits		Provisions for jubilee payments	in EUR TOTAL
<b>As at 1 January 2015</b>	<b>5,198,929</b>	<b>1,046,471</b>		<b>6,245,400</b>
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
<b>As at 31 December 2015</b>	<b>5,006,984</b>	<b>1,253,720</b>		<b>6,260,704</b>
Current service cost	459,427	132,577		592,004
Interest expenses	38,350	3,726		42,076
Actuarial gains/loss due to:				
- change in demographic assumptions	-51,898	-12,680		-64,578
- change in financial assumptions	99,052	95,028		194,080
- experience adjustments	354,044	-51,702		302,342
Past service cost	0	0		0
Profit/loss upon payment	0	-14,450		-14,450
Termination payments during the year	-152,103	-166,185		-318,288
<b>As at 31 December 2016</b>	<b>5,753,856</b>	<b>1,240,033</b>		<b>6,993,889</b>

### Sensitivity analysis of parameter changes for Zavarovalnica Triglav

Parameter	Parameter change	2016	2015
Interest rate	shift in the discount curve by +0.25%	-160,749	-146,514
	shift in the discount curve by -0.25%	167,804	139,321
Wage growth	change in annual wage growth by +0.5%	289,963	292,153
	change in annual wage growth by -0.5%	-253,298	-257,593
Mortality rate	constant increase in mortality by +20%	-89,734	-85,757
	constant increase in mortality by -20%	91,641	88,172
Early employment termination	shift in the expense curve by +20%	-106,316	-92,513
	shift in the expense curve by -20%	110,552	96,086

## 3.16 Other provisions

	Triglav Group	Zavarovalnica Triglav
<b>As at 1 January 2015</b>	<b>3,946,874</b>	<b>399,080</b>
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
<b>As at 31 December 2015</b>	<b>3,854,844</b>	<b>381,762</b>
Increase	3,155,228	548,000
Decrease	-938,186	-240,093
Release	-2,094,599	0
Changes in Group	-1,017	0
Exchange rate difference	-5,050	0
<b>As at 31 December 2016</b>	<b>3,971,217</b>	<b>689,669</b>

The maturity of over 90% of other provisions is above 12 months. The largest portion of total provisions is accounted for provisions for legal disputes. 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
<b>DEFERRED TAX ASSETS</b>		
<b>As at 1 January 2015</b>	<b>20,472,194</b>	<b>15,013,596</b>
- 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
<b>As at 31 December 2015</b>	<b>15,993,688</b>	<b>14,726,987</b>
- increase	2,951,099	2,874,467
- decrease	-4,869,495	-4,413,735
- increase due to change in tax rate	1,717,822	1,551,496
<b>As at 31 December 2016</b>	<b>15,793,114</b>	<b>14,739,215</b>
<b>DEFERRED TAX LIABILITIES</b>		
<b>As at 1 January 2015</b>	<b>30,752,195</b>	<b>27,986,637</b>
- increase	0	0
- decrease	-7,563,399	-6,991,497
<b>As at 31 December 2015</b>	<b>23,188,796</b>	<b>20,995,140</b>
- increase	0	0
- decrease	-628,245	-1,485,686
- increase due to change in tax rate	2,839,993	2,295,170
<b>As at 31 December 2016</b>	<b>25,400,544</b>	<b>21,804,624</b>
<b>NET DEFERRED TAX ASSETS</b>		
As at 31 December 2015	-7,195,108	-6,268,154
As at 31 December 2016	-9,607,430	-7,065,409

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

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Long-term liabilities for a finance lease	329,074	187,828	0	0
Loans from banks	275,303	1,242,264	0	0
Financial liabilities for acquired securities	1,139,421	1,134,885	1,139,421	1,134,885
Loans from other institutions	0	0	0	0
Loans secured by fixed-return securities	0	0	0	0
Liabilities for dividends	707,945	604,359	707,945	604,359
Liabilities from derivative financial instruments	0	0	0	0
Liabilities for profit-sharing bonuses for employees	0	9,404	0	9,404
Other financial liabilities	2,836,949	605,542	5,344	4,341
<b>TOTAL</b>	<b>5,288,692</b>	<b>3,784,282</b>	<b>1,852,710</b>	<b>1,752,990</b>



### 3.19 Operating liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
<b>DIRECT INSURANCE LIABILITIES</b>	<b>16,020,020</b>	<b>16,617,928</b>	<b>11,202,342</b>	<b>10,985,581</b>
Liabilities to policyholders	10,609,008	9,841,586	7,563,911	7,726,187
Liabilities to insurance brokers	1,469,226	1,437,370	1,137,024	882,127
Other liabilities from direct insurance operations	3,919,778	5,319,292	1,693,292	1,719,481
Liabilities from direct insurance operations to Group companies	22,008	19,680	808,115	657,785
<b>LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS</b>	<b>23,129,245</b>	<b>28,053,630</b>	<b>11,507,585</b>	<b>10,264,596</b>
Liabilities for re/co-insurance premiums	14,537,488	14,575,061	2,303,166	1,234,140
Liabilities for co-insurers' share of claims	2,747,847	6,927,490	4,470	743
Other re/co-insurance liabilities	5,843,910	6,551,079	9,199,949	9,029,713
<b>CURRENT TAX LIABILITIES</b>	<b>2,878,930</b>	<b>3,717,167</b>	<b>1,742,023</b>	<b>2,636,536</b>
<b>TOTAL LIABILITIES FROM INSURANCE OPERATIONS</b>	<b>42,028,195</b>	<b>48,388,725</b>	<b>24,451,951</b>	<b>23,886,713</b>

All operating liabilities are short-term and are to be settled within 12 months.

### 3.20 Other liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Short-term liabilities to employees	18,719,094	17,553,397	15,411,414	15,144,644
Trade payables	9,154,522	6,887,357	9,154,522	6,887,357
Other short-term liabilities from insurance operations	12,671,005	12,358,102	5,684,432	5,647,260
Other short-term liabilities	9,398,029	14,010,310	1,900,842	2,163,531
Other long-term liabilities	51,885	19,857	18,000	19,500
Accrued interest on issued bonds	981,584	978,902	981,584	978,902
Short-term deferred income from charged interest on arrears	1,264,981	1,418,808	1,264,981	1,418,808
Other accruals	10,398,246	13,115,242	514,673	6,168,097
<b>TOTAL OTHER LIABILITIES</b>	<b>62,639,346</b>	<b>66,341,975</b>	<b>34,930,448</b>	<b>38,428,098</b>

In 2015, the Company created guarantee provisions for receivables from overdue premium in Triglav Pojišt'ovna in the amount of EUR 5.6 million within other accruals. In 2016, an amount of EUR 4.2 million was cashed in on a guarantee, while the remaining part of the provision was released and recognised under other income.

## 4. Notes to the Income Statement

### 4.1 Premium income

	Triglav Group		Zavarovalnica Triglav		in EUR
	2016	2015	2016	2015	
<b>NON-LIFE INSURANCE</b>					
Gross written premium <sup>100</sup>	607,765,361	596,278,020	421,757,150	410,144,721	
Assumed co-insurance written premium	1,490,019	1,917,039	1,102,902	1,391,448	
Ceded co-insurance written premium	-1,751,956	-1,579,444	-1,197,786	-664,645	
Reinsurance written premium	-77,311,182	-75,445,453	-76,901,321	-71,409,223	
Changes in gross provisions for unearned premiums	-8,417,240	-6,242,048	-6,561,970	1,933,335	
Changes in reinsurers' share of unearned premiums	1,610,135	3,322,468	1,709,472	1,311,164	
<b>Net premium income on non-life insurance</b>	<b>523,385,137</b>	<b>518,250,582</b>	<b>339,908,447</b>	<b>342,706,800</b>	
<b>LIFE INSURANCE</b>					
Gross written premium	212,562,325	212,546,504	170,268,959	174,724,776	
Reinsurance written premium	-17,811	-20,737	-409,291	-386,750	
Changes in gross provisions for unearned premiums	-20,890	-4,785	-2,912	-4,590	
Changes in reinsurers' share of unearned premiums	-127,692	210	0	0	
<b>Net premium income on life insurance</b>	<b>212,395,932</b>	<b>212,521,192</b>	<b>169,856,756</b>	<b>174,333,436</b>	
<b>HEALTH INSURANCE</b>					
Gross written premium	114,186,110	108,374,702	0	0	
Changes in gross provisions for unearned premiums	-373,177	20,748	0	0	
<b>Net premium income on health insurance</b>	<b>113,812,933</b>	<b>108,395,450</b>	<b>0</b>	<b>0</b>	
<b>TOTAL NET PREMIUM INCOME</b>	<b>849,594,001</b>	<b>839,167,224</b>	<b>509,765,203</b>	<b>517,040,236</b>	

100 The recorded gross premiums written also comprise gross insurance premium from reinsurance operations, as follows: in the consolidated financial statements in the amount of EUR 57,772,296 and the financial statements of Zavarovalnica Triglav in the amount of EUR 16,298,520.

Overview of premium income by insurance class for Triglav Group<sup>101</sup>

	in EUR				
2016	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
<b>NON-LIFE INSURANCE</b>					
Accident insurance	43,175,682	125,004	-215,826	-607,916	42,476,944
Health insurance	115,849,083	3,333	0	-232,365	115,620,051
Land motor vehicle insurance	117,715,478	3,298	-3,858	-7,599,728	110,115,190
Railway insurance	3,143,814	0	0	-649,481	2,494,333
Aircraft insurance	2,300,932	0	0	-1,326,561	974,371
Marine Insurance	3,527,033	81,693	0	-307,040	3,301,686
Cargo insurance	8,079,185	6,489	-653,928	-1,167,416	6,264,330
Fire and natural forces insurance	88,571,299	962,872	-479,628	-30,630,478	58,424,065
Other damage to property insurance	107,469,250	194,703	-295,595	-16,734,696	90,633,662
Motor TPL insurance	145,633,723	0	0	-4,296,262	141,337,461
Aircraft liability insurance	1,297,844	0	0	-673,349	624,495
Marine liability insurance	729,183	0	0	-56,464	672,719
General liability insurance	41,131,248	111,241	-102,422	-6,638,872	34,501,195
Credit insurance	24,719,096	0	0	-2,903,756	21,815,340
Suretyship insurance	2,055,032	0	-699	-359,345	1,694,988
Miscellaneous financial loss insurance	5,145,672	1,386	0	-2,918,498	2,228,560
Legal expenses insurance	618,697	0	0	-10,228	608,469
Travel assistance insurance	10,789,220	0	0	-198,727	10,590,493
<b>Total non-life insurance</b>	<b>721,951,471</b>	<b>1,490,019</b>	<b>-1,751,956</b>	<b>-77,311,182</b>	<b>644,378,352</b>
<b>LIFE INSURANCE</b>					
Life insurance	93,596,693	0	0	-17,811	93,578,882
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	103,867,238	0	0	0	103,867,238
Tontines	0	0	0	0	0
Capital redemption insurance	15,041,116	0	0	0	15,041,116
Loss of income due to illness	57,278	0	0	0	57,278
<b>Total life insurance</b>	<b>212,562,325</b>	<b>0</b>	<b>0</b>	<b>-17,811</b>	<b>212,544,514</b>
<b>TOTAL</b>	<b>934,513,796</b>	<b>1,490,019</b>	<b>-1,751,956</b>	<b>-77,328,993</b>	<b>856,922,866</b>
in EUR					
2015	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
<b>NON-LIFE INSURANCE</b>					
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
<b>Total non-life insurance</b>	<b>704,652,723</b>	<b>1,917,039</b>	<b>-1,579,444</b>	<b>-75,445,453</b>	<b>629,544,865</b>
<b>LIFE INSURANCE</b>					
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
<b>Total life insurance</b>	<b>212,546,503</b>	<b>0</b>	<b>0</b>	<b>-20,737</b>	<b>212,525,766</b>
<b>TOTAL</b>	<b>917,199,226</b>	<b>1,917,039</b>	<b>-1,579,444</b>	<b>-75,466,190</b>	<b>842,070,631</b>

101 Non-life insurance also includes health insurance.

Overview of premium income by insurance class for Zavarovalnica Triglav

	in EUR				
	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
<b>2016</b>					
<b>NON-LIFE INSURANCE</b>					
Accident insurance	28,798,922	0	0	-1,184,559	27,614,362
Health insurance	422,483	0	-295,776	0	126,707
Land motor vehicle insurance	97,776,203	7,521	0	-8,711,553	89,072,172
Railway insurance	3,000,826	0	0	-545,948	2,454,878
Aircraft insurance	1,039,498	0	0	-902,665	136,833
Marine Insurance	316,659	81,693	0	-75,373	322,979
Cargo insurance	5,066,567	0	-653,920	-1,929,788	2,482,860
Fire and natural forces insurance	54,364,203	940,270	-135,547	-22,409,607	32,759,319
Other damage to property insurance	71,229,040	0	-14,610	-18,506,122	52,708,309
Motor TPL insurance	87,328,336	0	0	-6,219,151	81,109,185
Aircraft liability insurance	810,377	0	0	-737,414	72,963
Marine liability insurance	343,659	0	0	-43,890	299,769
General liability insurance	33,122,833	73,417	-97,934	-9,704,421	23,393,895
Credit insurance	24,622,038	0	0	-3,288,452	21,333,587
Suretyship insurance	1,453,625	0	0	-376,273	1,077,352
Miscellaneous financial loss insurance	2,653,327	0	0	-1,732,988	920,339
Legal expenses insurance	568,538	0	0	-41,343	527,196
Travel assistance insurance	8,840,017	0	0	-491,776	8,348,241
<b>Total non-life insurance</b>	<b>421,757,150</b>	<b>1,102,902</b>	<b>-1,197,786</b>	<b>-76,901,321</b>	<b>344,760,945</b>
<b>LIFE INSURANCE</b>					
Life insurance	83,319,257	0	0	-409,291	82,909,966
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	71,908,586	0	0	0	71,908,586
Tontines	0	0	0	0	0
Capital redemption insurance	15,041,116	0	0	0	15,041,116
Loss of income due to illness	0	0	0	0	0
<b>Total life insurance</b>	<b>170,268,959</b>	<b>0</b>	<b>0</b>	<b>-409,291</b>	<b>169,859,668</b>
<b>TOTAL</b>	<b>592,026,109</b>	<b>1,102,902</b>	<b>-1,197,786</b>	<b>-77,310,612</b>	<b>514,620,613</b>
					in EUR
<b>2015</b>					
<b>NON-LIFE INSURANCE</b>					
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
<b>Total non-life insurance</b>	<b>410,144,721</b>	<b>1,391,448</b>	<b>-664,645</b>	<b>-71,409,223</b>	<b>339,462,301</b>
<b>LIFE INSURANCE</b>					
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
<b>Total life insurance</b>	<b>174,724,777</b>	<b>0</b>	<b>0</b>	<b>-386,750</b>	<b>174,338,026</b>
<b>TOTAL</b>	<b>584,869,497</b>	<b>1,391,448</b>	<b>-664,645</b>	<b>-71,795,973</b>	<b>513,800,327</b>

## 4.2 Income from financial assets

	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
in EUR				
<b>INTEREST INCOME FROM FINANCIAL ASSETS</b>				
- available for sale	34,697,056	33,195,995	26,174,739	25,731,665
- loans and deposits	4,478,712	6,575,939	2,559,498	3,559,207
- held to maturity	11,215,102	12,208,566	8,181,640	8,742,333
- at fair value through profit and loss	11,897,418	11,980,848	6,146,594	6,068,429
- derivate financial instruments	0	37	0	0
- cash or cash equivalents	18,956	64,809	787	5,280
- interest on late payments of insurance receivables	987,499	1,256,669	884,453	1,133,638
- interest income from subrogated receivables	5,061,087	5,288,166	4,935,164	5,155,294
- other interest income from insurance operations	479,744	671,519	330,842	506,880
<b>Total interest income</b>	<b>68,835,574</b>	<b>71,242,548</b>	<b>49,213,716</b>	<b>50,902,726</b>
<b>DIVIDENDS FROM</b>				
- available-for-sale financial assets	3,137,151	2,683,559	2,359,012	2,018,680
- financial assets at fair value through profit and loss	162,248	534,961	8,633	465,373
- subsidiaries and associates	57,370	0	62,153	29,318,186
<b>TOTAL DIVIDENDS</b>	<b>3,356,769</b>	<b>3,218,520</b>	<b>2,429,798</b>	<b>31,802,239</b>
<b>Fair value gains</b>	<b>31,268,041</b>	<b>132,167,603</b>	<b>24,784,329</b>	<b>118,126,053</b>
<b>Realised gains on disposals</b>	<b>33,979,089</b>	<b>81,907,308</b>	<b>38,164,304</b>	<b>68,918,402</b>
<b>Profits from disposals of subsidiaries</b>	<b>2,928,469</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Profit on investments accounted for using the equity method</b>	<b>188,105</b>	<b>1,024,797</b>	<b>0</b>	<b>0</b>
<b>Other financial income</b>	<b>5,461,438</b>	<b>11,347,798</b>	<b>1,404,969</b>	<b>5,133,749</b>
<b>TOTAL INVESTMENT INCOME</b>	<b>146,017,485</b>	<b>300,908,574</b>	<b>115,997,115</b>	<b>274,883,169</b>

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

	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
in EUR				
Interest expense from derivative financial instruments held for trading	0	0	0	0
Interest expense from current debt	187,293	365,016	123,266	119,050
- on bank loans	20,158	20,718	0	0
- other loans	28,932	180,979	0	0
- other interest expense	138,203	163,319	123,266	119,050
Interest expense from noncurrent debt	24,043	169,357	0	0
- bank loans	0	94,714	0	0
- other loans	9,329	3,807	0	0
- other interest expense	14,714	70,836	0	0
Interest expense from bonds issued	1,103,168	1,643,073	1,259,798	1,781,192
<b>Total interest expense</b>	<b>1,314,504</b>	<b>2,177,446</b>	<b>1,383,064</b>	<b>1,900,242</b>
<b>Fair value losses</b>	<b>8,394,274</b>	<b>132,970,263</b>	<b>3,243,799</b>	<b>117,501,323</b>
<b>Realised loss on disposals</b>	<b>19,450,943</b>	<b>22,669,050</b>	<b>18,702,950</b>	<b>21,384,755</b>
<b>Loss on disposals of subsidiaries</b>	<b>2,926,458</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loss on equity investments in associates accounted for using the equity method</b>	<b>247,812</b>	<b>295,258</b>	<b>0</b>	<b>0</b>
<b>Loss on impairment of financial assets</b>	<b>3,197,025</b>	<b>3,827,449</b>	<b>3,097,058</b>	<b>46,582,800</b>
<b>Other finance costs</b>	<b>7,002,861</b>	<b>18,427,790</b>	<b>3,736,523</b>	<b>12,697,995</b>
<b>TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>42,533,879</b>	<b>180,367,256</b>	<b>30,163,394</b>	<b>200,067,115</b>

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	
	2016	2015	2016	2015
Financial assets recognised at fair value through profit/loss	23,352,184	-4,113,137	22,018,926	-1,668,089
- gains	31,268,041	127,004,034	24,784,329	113,980,141
- losses	-7,915,857	-131,117,171	-2,765,403	-115,648,230
Derivative financial instruments	-478,417	3,310,477	-478,397	2,292,819
- gains	0	5,163,569	0	4,145,911
- losses	-478,417	-1,853,092	-478,397	-1,853,092
<b>NET GAINS FROM CHANGES IN FAIR VALUE</b>	<b>22,873,767</b>	<b>-802,660</b>	<b>21,540,529</b>	<b>624,730</b>

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	
	2016	2015	2016	2015
Financial assets recognised at fair value through profit/loss	3,257,037	17,182,570	3,144,057	16,556,564
- realised gains on disposals	4,516,429	24,318,431	4,223,909	23,493,112
- realised losses on disposals	-1,259,392	-7,135,861	-1,079,852	-6,936,548
Available-for-sale financial assets	17,634,647	41,641,824	22,771,547	31,195,761
- realised gains on disposals	20,603,704	56,801,597	25,172,150	45,337,595
- realised losses on disposals	-2,969,057	-15,159,773	-2,400,603	-14,141,834
Loans and deposits	90,712	481,276	0	-218,309
- realised gains on disposals	90,712	785,715	0	86,130
- realised losses on disposals	0	-304,439	0	-304,439
Derivative financial instruments	-6,454,250	-400	-6,454,249	-400
- realised gains on disposals	8,768,244	1,533	8,768,245	1,533
- realised losses on disposals	-15,222,494	-1,933	-15,222,494	-1,933
Held-to-maturity financial assets	0	-67,012	0	32
- realised gains on disposals	0	32	0	32
- realised losses on disposals	0	-67,044	0	0
<b>TOTAL REALISED GAINS AND LOSSES</b>	<b>14,528,146</b>	<b>59,238,258</b>	<b>19,461,355</b>	<b>47,533,648</b>

## 4.6 Other insurance income

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
<b>Fees and commission income</b>	<b>252,793</b>	<b>2,494,636</b>	<b>15,201,866</b>	<b>12,996,626</b>
- reinsurance commission income	187,584	2,184,907	15,136,657	12,686,896
- investment management services	65,209	309,729	65,209	309,730
<b>Other income from insurance operations</b>	<b>5,139,379</b>	<b>4,936,322</b>	<b>3,958,283</b>	<b>4,687,205</b>
- income from sale of green cards for motor vehicles	2,180,042	2,036,026	983,282	1,016,317
- income from claims settled for other insurance companies	759,927	752,060	454,200	463,691
- income from assistance services	9,944	39,430	3,842	33,292
- other income from insurance operations	2,189,466	2,108,806	2,516,959	3,173,905
<b>OTHER INSURANCE INCOME</b>	<b>5,392,172</b>	<b>7,430,958</b>	<b>19,160,149</b>	<b>17,683,831</b>

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	
	2016	2015	2016	2015
Income from investment property	5,261,684	5,966,424	5,265,158	3,763,183
Income from disposal of investment property	5,251,702	171,336	327,402	170,319
Income from disposal of intangible assets	29,726	0	0	0
Income from disposal of property, plant and equipment	207,893	270,127	153,374	121,811
Income from other services	3,060,247	2,889,069	6,845,988	5,148,603
Income from non-insurance companies in the Group	39,419,625	67,644,580	0	0
Fair value gains	150,557	129,577	0	120,000
Claims refund	155,741	189,143	53,693	55,036
<b>TOTAL OTHER INCOME</b>	<b>53,537,175</b>	<b>77,260,256</b>	<b>12,645,615</b>	<b>9,258,952</b>

## 4.8 Claims

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
<b>NON-LIFE INSURANCE</b>				
Gross claims settled	345,543,952	347,013,253	240,650,286	244,433,885
Income from gross subrogated receivables	-16,002,594	-17,001,266	-13,029,123	-13,961,178
Reinsurers' share of gross claims settled	-21,263,732	-24,035,839	-20,784,547	-24,900,097
Co-insurers' share of gross claims settled	-420,150	516,517	264,852	594,950
Change in gross claims provisions	-7,128,123	-18,508,858	-13,655,518	-22,829,957
Change in gross claims provisions for re/co-insurer's share	-5,594,782	8,931,308	-4,789,667	6,627,241
<b>Net claims incurred on non-life insurance</b>	<b>295,134,571</b>	<b>296,915,115</b>	<b>188,656,283</b>	<b>189,964,845</b>
<b>LIFE INSURANCE</b>				
Gross claims settled	182,237,935	178,448,266	163,615,157	160,094,850
Reinsurers' share in gross claims	-8,138	-16,075	-159,671	-613,810
Change in gross claims provisions	-1,188,573	21,875	-1,351,430	78,546
Change in reinsurers' share in gross claims provisions	-20,573	73,878	-20,573	73,878
<b>Net claims incurred on life insurance</b>	<b>181,020,651</b>	<b>178,527,944</b>	<b>162,083,483</b>	<b>159,633,465</b>
<b>HEALTH INSURANCE</b>				
Gross claims settled	94,251,423	86,422,887	0	0
Subrogation income	-11,147	-42,624	0	0
Change in gross claims provisions	-243,149	1,050,802	0	0
Equalisation scheme expenses	6,950,069	7,469,170	0	0
<b>TOTAL NET CLAIMS INCURRED on health insurance</b>	<b>100,947,196</b>	<b>94,900,235</b>	<b>0</b>	<b>0</b>
<b>NET CLAIMS INCURRED TOTAL</b>	<b>577,102,418</b>	<b>570,343,294</b>	<b>350,739,765</b>	<b>349,598,310</b>



### Overview of net claims incurred by insurance class

in EUR

Triglav Group 2016	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
<b>NON-LIFE INSURANCE</b>				
Accident insurance	24,272,679	-17,118	-165,970	24,089,591
Health insurance	94,657,195	-11,147	-66,500	94,579,548
Land motor vehicle insurance	88,117,253	-2,880,615	-2,185,260	83,051,378
Railway insurance	2,308,401	-6,820	0	2,301,581
Aircraft insurance	2,939,214	0	-1,375,244	1,563,970
Marine Insurance	2,638,514	-38,260	-81,216	2,519,038
Cargo insurance	2,670,505	-165,623	-192,032	2,312,850
Fire and natural forces insurance	34,579,973	-165,438	-5,352,886	29,061,649
Other damage to property insurance	62,059,455	-312,354	-8,236,065	53,511,036
Motor TPL insurance	84,680,405	-3,514,631	-1,210,771	79,955,003
Aircraft liability insurance	659,349	0	-481,477	177,872
Marine liability insurance	99,058	0	-2,660	96,398
General liability insurance	15,284,816	-286,103	-266,153	14,732,560
Credit insurance	12,113,255	-8,467,276	-583,551	3,062,428
Suretyship insurance	1,176,978	-108,903	-35,404	1,032,671
Miscellaneous financial loss insurance	2,114,641	0	-917,209	1,197,432
Legal expenses insurance	66,682	0	-264	66,418
Travel assistance insurance	9,357,004	-39,453	-111,071	9,206,480
<b>Total non-life insurance</b>	<b>439,795,377</b>	<b>-16,013,741</b>	<b>-21,263,733</b>	<b>402,517,903</b>
<b>LIFE INSURANCE</b>				
Life insurance	92,921,775	0	-8,138	92,913,637
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	81,232,937	0	0	81,232,937
Tontines	0	0	0	0
Capital redemption insurance	8,059,245	0	0	8,059,245
Loss of income due to illness	23,976	0	0	23,976
<b>Total life insurance</b>	<b>182,237,933</b>	<b>0</b>	<b>-8,138</b>	<b>182,229,795</b>
<b>TOTAL</b>	<b>622,033,310</b>	<b>-16,013,741</b>	<b>-21,271,871</b>	<b>584,747,698</b>

in EUR

Triglav Group 2015	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
<b>NON-LIFE INSURANCE</b>				
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
<b>Total non-life insurance</b>	<b>433,436,141</b>	<b>-17,043,890</b>	<b>-24,035,839</b>	<b>392,356,412</b>
<b>LIFE INSURANCE</b>				
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
<b>Total life insurance</b>	<b>178,448,265</b>	<b>0</b>	<b>-16,075</b>	<b>178,432,190</b>
<b>TOTAL</b>	<b>611,884,406</b>	<b>-17,043,890</b>	<b>-24,051,914</b>	<b>570,788,602</b>

	in EUR			
Zavarovalnica Triglav 2016	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
<b>NON-LIFE INSURANCE</b>				
Accident insurance	13,080,658	-15,498	-352,295	12,712,865
Health insurance	1,679	0	-670	1,008
Land motor vehicle insurance	73,601,927	-1,814,095	-3,637,197	68,150,635
Railway insurance	2,220,015	-6,820	0	2,213,194
Aircraft insurance	377,187	0	-19,635	357,552
Marine Insurance	249,316	-6,913	-7,529	234,874
Cargo insurance	1,858,470	-114,060	-937,916	806,495
Fire and natural forces insurance	18,002,931	-140,014	-3,350,262	14,512,654
Other damage to property insurance	40,736,552	-288,925	-7,175,342	33,272,285
Motor TPL insurance	54,834,398	-2,161,120	-2,656,594	50,016,684
Aircraft liability insurance	225,233	0	-183,607	41,626
Marine liability insurance	47,900	0	-692	47,208
General liability insurance	12,987,418	-273,327	-637,568	12,076,523
Credit insurance	11,699,939	-8,076,250	-596,485	3,027,204
Suretyship insurance	559,595	-93,509	-11,934	454,152
Miscellaneous financial loss insurance	1,426,092	0	-826,344	599,748
Legal expenses insurance	66,358	0	-171	66,187
Travel assistance insurance	8,674,620	-38,593	-390,306	8,245,721
<b>Total non-life insurance</b>	<b>240,650,285</b>	<b>-13,029,123</b>	<b>-20,784,547</b>	<b>206,836,616</b>
<b>LIFE INSURANCE</b>				
Life insurance	86,948,253	0	-159,671	86,788,582
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	68,607,658	0	0	68,607,658
Tontines	0	0	0	0
Capital redemption insurance	8,059,245	0	0	8,059,245
Loss of income due to illness	0	0	0	0
<b>Total life insurance</b>	<b>163,615,158</b>	<b>0</b>	<b>-159,671</b>	<b>163,455,486</b>
<b>TOTAL</b>	<b>404,265,443</b>	<b>-13,029,123</b>	<b>-20,944,218</b>	<b>370,292,102</b>

in EUR

Zavarovalnica Triglav 2015	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
<b>NON-LIFE INSURANCE</b>				
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
<b>Total non-life insurance</b>	<b>244,433,885</b>	<b>-13,961,178</b>	<b>-24,900,097</b>	<b>205,572,610</b>
<b>LIFE INSURANCE</b>				
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
<b>Total life insurance</b>	<b>160,094,850</b>	<b>0</b>	<b>-613,810</b>	<b>159,481,040</b>
<b>TOTAL</b>	<b>404,528,735</b>	<b>-13,961,178</b>	<b>-25,513,906</b>	<b>365,053,650</b>

## 4.9 Reinsurance result

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
Reinsurance premiums	-77,328,993	-75,466,190	-78,508,398	-72,460,618
Changes in reinsurers' share of unearned premiums	1,482,442	3,322,678	1,709,472	1,311,164
Reinsurers' share of claims	21,271,871	24,051,914	20,944,218	25,513,906
Changes in claims provisions for reinsurers' shares	5,615,355	-9,005,186	4,810,240	-6,701,119
<b>Net result from reinsurance operations</b>	<b>-48,959,325</b>	<b>-57,096,784</b>	<b>-51,044,468</b>	<b>-52,336,667</b>
Reinsurance commission	138,614	2,109,692	15,136,657	12,686,896
<b>GROSS REINSURANCE RESULT</b>	<b>-48,820,711</b>	<b>-54,987,092</b>	<b>-35,907,811</b>	<b>-39,649,771</b>

## 4.10 Change in other insurance-technical provisions

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
<b>Change in other insurance technical provisions</b>	<b>47,211,326</b>	<b>60,340,392</b>	<b>28,758,525</b>	<b>39,257,225</b>
- changes in gross provisions for cancellations	-570,865	-54,837	127,186	-160,008
- changes in gross provisions for unexpired risks	-703,744	-241,593	423,190	-577,487
- changes in gross provisions for other catastrophic risks	3,644	0	0	0
- changes in gross provisions for life insurance	46,216,048	55,467,144	25,941,906	34,825,042
- changes in gross provisions for bonuses from with-profits life insurance	2,266,243	5,169,678	2,266,243	5,169,678
<b>Change in gross provisions for unit-linked insurance contracts</b>	<b>776,648</b>	<b>-1,882,145</b>	<b>-7,469,473</b>	<b>-4,032,292</b>
<b>TOTAL CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	<b>47,987,974</b>	<b>58,458,247</b>	<b>21,289,052</b>	<b>35,224,933</b>

## 4.11 Expenses for bonuses and discounts

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
Settled bonuses and discounts	7,888,170	8,755,172	7,430,852	6,827,769
Changes in gross provisions for bonuses and discounts	3,443,461	1,447,787	1,677,851	1,437,271
<b>TOTAL EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>11,331,630</b>	<b>10,202,959</b>	<b>9,108,703</b>	<b>8,265,040</b>

## 4.12 Acquisition costs and other operating expenses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
Acquisition costs	141,003,013	136,158,419	102,587,533	99,608,988
Other operating costs	67,672,695	65,637,714	39,642,065	38,252,981
Claim handling costs*	25,775,074	26,229,076	20,254,278	20,067,306
Costs of asset management**	2,592,444	3,562,397	2,063,343	3,036,890
Operating expenses from non-insurance operations***	40,014,814	66,026,770	0	0
<b>TOTAL</b>	<b>277,058,040</b>	<b>297,614,376</b>	<b>164,547,219</b>	<b>160,966,165</b>

\* 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 2016	Non-life insurance	Life insurance	Health insurance	Total costs of insurance operations	Costs of non-insurance operations	TOTAL
Acquisition costs	27,621,831	4,651,136	2,019,051	34,292,018	0	34,292,018
Cost of goods sold	0	0	0	0	10,273,611	10,273,611
Depreciation of operating assets	9,219,532	1,770,927	293,430	11,283,889	1,731,247	13,015,136
Labour costs	102,015,990	18,490,657	4,127,199	124,633,846	15,357,446	139,991,292
Wages and salaries	70,862,296	13,036,225	3,133,303	87,031,824	10,822,990	97,854,814
Social security and pension insurance costs	16,488,840	2,656,289	530,049	19,675,178	2,731,763	22,406,941
Other labour costs	14,664,854	2,798,143	463,847	17,926,844	1,802,693	19,729,537
Costs of services provided by natural persons other than SPs, including related taxes	777,557	212,058	151,978	1,141,593	0	1,141,593
Other operating costs	50,702,832	10,462,828	4,526,219	65,691,879	12,652,510	78,344,389
Costs of entertainment, advertising, trade shows	14,557,161	2,016,981	635,555	17,209,697	1,104,969	18,314,666
Costs of material and energy	5,015,828	981,571	253,293	6,250,692	2,102,702	8,353,394
Maintenance costs	7,480,474	2,065,626	1,667,497	11,213,597	990,228	12,203,825
Reimbursement of labour-related costs	3,978,665	508,630	144,458	4,631,753	761,927	5,393,680
Costs of intellectual and personal services	2,882,266	725,949	340,285	3,948,500	921,826	4,870,326
Membership fees and charges	1,942,954	382,547	72,065	2,397,566	870,371	3,267,937
Costs of services - transport and communications	3,226,932	886,497	590,281	4,703,710	294,715	4,998,425
Costs for insurance premiums	1,238,562	178,448	1,348	1,418,358	78,505	1,496,863
Payment transaction costs and banking services	1,470,397	698,199	287,283	2,455,879	659,691	3,115,570
Rents	3,926,522	800,724	11,700	4,738,946	951,078	5,690,024
Costs of professional training services	466,194	134,444	64,121	664,759	118,165	782,924
Other costs of services	4,516,877	1,083,212	458,333	6,058,422	3,798,330	9,856,752
<b>TOTAL OPERATING EXPENSES</b>	<b>190,337,743</b>	<b>35,587,606</b>	<b>11,117,877</b>	<b>237,043,226</b>	<b>40,014,814</b>	<b>277,058,040</b>

	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
<b>TOTAL OPERATING EXPENSES</b>	<b>186,219,279</b>	<b>35,346,146</b>	<b>10,022,181</b>	<b>231,587,606</b>	<b>66,026,770</b>	<b>297,614,376</b>

	2016			2015		
Zavarovalnica Triglav	Non-life insurance	Life insurance	TOTAL	Non-life insurance	Life insurance	TOTAL
<b>Acquisition costs</b>	<b>16,362,427</b>	<b>7,811,501</b>	<b>24,173,928</b>	<b>15,293,129</b>	<b>7,256,804</b>	<b>22,549,933</b>
<b>Depreciation of operating assets</b>	<b>6,624,998</b>	<b>1,587,730</b>	<b>8,212,728</b>	<b>6,575,644</b>	<b>1,571,463</b>	<b>8,147,107</b>
<b>Labour costs</b>	<b>77,675,812</b>	<b>15,547,791</b>	<b>93,223,603</b>	<b>73,655,835</b>	<b>15,015,758</b>	<b>88,671,593</b>
Wages and salaries	55,643,417	11,112,886	66,756,303	53,868,860	10,975,210	64,844,070
Social security and pension insurance costs	9,398,745	1,890,776	11,289,521	8,920,772	1,825,503	10,746,275
Other labour costs	12,633,650	2,544,129	15,177,779	10,866,203	2,215,045	13,081,249
<b>Costs of services provided by natural persons other than SPs, including related taxes</b>	<b>51,679</b>	<b>149,589</b>	<b>201,268</b>	<b>1,226,241</b>	<b>370,897</b>	<b>1,597,139</b>
<b>Other operating costs</b>	<b>30,305,182</b>	<b>8,430,510</b>	<b>38,735,692</b>	<b>31,301,298</b>	<b>8,699,095</b>	<b>40,000,394</b>
Costs of entertainment, advertising, trade shows	6,721,469	1,795,030	8,516,499	7,854,465	1,948,321	9,802,785
Costs of material and energy	2,829,042	766,538	3,595,580	3,038,178	848,398	3,886,577
Maintenance costs	6,856,479	1,977,211	8,833,689	6,316,947	1,951,678	8,268,625
Reimbursement of labour-related costs	2,787,172	402,271	3,189,444	2,783,618	412,503	3,196,121
Costs of intellectual and personal services	1,395,159	533,680	1,928,839	1,808,447	671,992	2,480,439
Membership fees and charges	1,256,106	342,986	1,599,091	1,344,821	414,942	1,759,763
Costs of services - transport and communications	2,118,959	750,607	2,869,566	2,208,211	791,852	3,000,063
Costs for insurance premiums	779,799	144,371	924,170	1,033,418	201,426	1,234,844
Payment transaction costs and banking services	1,149,860	601,404	1,751,264	1,120,604	614,363	1,734,967
Rents	2,073,718	511,858	2,585,576	1,985,301	393,006	2,378,308
Costs of professional training services	346,865	100,675	447,540	294,868	82,671	377,539
Other costs of services	1,990,556	503,880	2,494,436	1,512,420	367,943	1,880,362
<b>TOTAL OPERATING EXPENSES</b>	<b>131,020,099</b>	<b>33,527,120</b>	<b>164,547,219</b>	<b>128,052,148</b>	<b>32,914,018</b>	<b>160,966,165</b>

in EUR

In addition to the above-stated amount of EUR 66,756,303 (vs. EUR 64,844,070 in 2015), total wages and salaries include employee bonuses based on performance results in 2016 in the total amount of EUR 6,087,855 (vs. EUR 6,204,134 in 2015). Total costs for wages and salaries in 2016 thus amount to EUR 72,844,158 (vs. EUR 71,048,204 in 2015).

Total costs of Zavarovalnica Triglav for the above-mentioned item, including taxes and other contributions chargeable to the employer, amount to EUR 7,068,000 and are disclosed as other expenses.

#### 4.12.2 Gross operating expenses by nature and function

	in EUR					
Triglav Group 2016	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	Costs of non-insurance operations	TOTAL
Acquisition costs	34,292,018	0	0	0	0	34,292,018
Cost of goods sold	0	0	0	0	10,273,611	10,273,611
Depreciation of operating assets	5,623,405	1,605,088	124,999	3,930,397	1,731,247	13,015,136
Labour costs	64,606,914	18,604,767	1,465,218	39,956,947	15,357,446	139,991,292
Wages and salaries	45,714,098	12,659,305	1,083,542	27,574,879	10,822,990	97,854,814
Social security and pension insurance costs	9,991,972	2,904,785	216,197	6,562,224	2,731,763	22,406,941
Other labour costs	8,900,844	3,040,677	165,479	5,819,844	1,802,693	19,729,537
Costs of services provided by natural persons other than SPs, including related taxes	558,434	191,522	5,526	386,111	0	1,141,593
Other operating costs	35,922,241	5,373,697	996,701	23,399,240	12,652,510	78,344,389
Costs of entertainment, advertising, trade shows	14,908,543	62,952	9,634	2,228,568	1,104,969	18,314,666
Costs of material and energy	3,252,081	984,049	55,632	1,958,930	2,102,702	8,353,394
Maintenance costs	4,258,523	1,383,675	209,419	5,361,980	990,228	12,203,825
Reimbursement of labour-related costs	3,779,735	141,331	25,975	684,712	761,927	5,393,680
Costs of intellectual and personal services	861,249	311,931	255,226	2,520,094	921,826	4,870,326
Membership fees and charges	1,038,945	259,061	16,662	1,082,898	870,371	3,267,937
Costs of services - transport and communications	2,398,792	518,495	22,156	1,764,267	294,715	4,998,425
Costs for insurance premiums	697,587	179,886	15,534	525,351	78,505	1,496,863
Payment transaction costs and banking services	646,925	13,553	120,835	1,674,566	659,691	3,115,570
Rents	2,145,340	568,186	42,440	1,982,980	951,078	5,690,024
Costs of professional training services	223,151	83,187	13,154	345,267	118,165	782,924
Other costs of services	1,711,370	867,391	210,034	3,269,627	3,798,330	9,856,752
<b>TOTAL OPERATING EXPENSES</b>	<b>141,003,013</b>	<b>25,775,074</b>	<b>2,592,444</b>	<b>67,672,695</b>	<b>40,014,814</b>	<b>277,058,040</b>

	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
<b>TOTAL OPERATING EXPENSES</b>	<b>136,158,419</b>	<b>26,229,076</b>	<b>3,562,397</b>	<b>65,637,714</b>	<b>66,026,770</b>	<b>297,614,376</b>



in EUR

Zavarovalnica Triglav 2016	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	TOTAL
<b>Acquisition costs</b>	<b>24,173,928</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,173,928</b>
Depreciation of operating assets	4,532,394	1,344,558	111,088	2,224,687	8,212,728
<b>Labour costs</b>	<b>51,408,845</b>	<b>15,082,117</b>	<b>1,140,576</b>	<b>25,592,065</b>	<b>93,223,603</b>
Wages and salaries	37,113,384	10,496,760	857,268	18,288,891	66,756,303
Social security and pension insurance costs	6,301,422	1,791,562	144,362	3,052,175	11,289,521
Other labour costs	7,994,038	2,793,796	138,946	4,250,999	15,177,779
<b>Costs of services provided by natural persons other than SPs, including related taxes</b>	<b>120,867</b>	<b>26,027</b>	<b>3,283</b>	<b>51,092</b>	<b>201,268</b>
<b>Other operating costs</b>	<b>22,351,499</b>	<b>3,801,576</b>	<b>808,396</b>	<b>11,774,221</b>	<b>38,735,692</b>
Costs of entertainment, advertising, trade shows	8,225,078	32,517	4,305	254,599	8,516,499
Costs of material and energy	1,789,829	721,890	33,770	1,050,090	3,595,580
Maintenance costs	3,424,260	1,244,737	201,994	3,962,698	8,833,689
Reimbursement of labour-related costs	2,878,013	71,408	11,963	228,060	3,189,444
Costs of intellectual and personal services	502,144	73,605	240,201	1,112,889	1,928,839
Membership fees and charges	858,372	244,033	13,402	483,284	1,599,091
Costs of services - transport and communications	1,676,703	407,636	16,416	768,811	2,869,566
Costs for insurance premiums	446,168	141,212	7,026	329,763	924,170
Payment transaction costs and banking services	538,852	4,286	108,225	1,099,901	1,751,264
Rents	1,080,642	373,508	30,314	1,101,112	2,585,576
Costs of professional training services	160,972	68,999	12,451	205,117	447,540
Other costs of services	770,466	417,744	128,331	1,177,895	2,494,436
<b>TOTAL OPERATING EXPENSES</b>	<b>102,587,533</b>	<b>20,254,278</b>	<b>2,063,343</b>	<b>39,642,065</b>	<b>164,547,219</b>

in EUR

Zavarovalnica Triglav 2015	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	TOTAL
<b>Acquisition costs</b>	<b>22,549,933</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,549,933</b>
Depreciation of operating assets	4,510,190	1,327,250	139,903	2,169,764	8,147,107
<b>Labour costs</b>	<b>48,504,739</b>	<b>14,415,319</b>	<b>1,644,402</b>	<b>24,107,133</b>	<b>88,671,593</b>
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
<b>Costs of services provided by natural persons other than SPs, including related taxes</b>	<b>497,269</b>	<b>670,156</b>	<b>118,747</b>	<b>310,967</b>	<b>1,597,139</b>
<b>Other operating costs</b>	<b>23,546,857</b>	<b>3,654,581</b>	<b>1,133,839</b>	<b>11,665,117</b>	<b>40,000,394</b>
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
<b>TOTAL OPERATING EXPENSES</b>	<b>99,608,988</b>	<b>20,067,306</b>	<b>3,036,890</b>	<b>38,252,981</b>	<b>160,966,165</b>

## 4.13 Other expenses from insurance operations

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
Expenses from impairment of insurance receivables and write-offs	2,832,838	2,566,459	1,921,303	796,830
Fire tax	4,209,023	4,205,195	3,929,798	3,928,049
Expenses of preventive activity	2,852,487	3,145,662	1,342,749	1,448,331
Contributions for claims from uninsured or unidentified vehicles	1,980,495	2,682,241	184,035	458,414
Supervisory authority fees	1,442,358	1,381,336	769,318	773,945
Other net insurance expenses	3,721,145	4,231,252	328,875	430,430
<b>OTHER EXPENSES FROM INSURANCE OPERATIONS</b>	<b>17,038,345</b>	<b>18,212,146</b>	<b>8,476,079</b>	<b>7,835,999</b>

## 4.14 Other expenses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
Depreciation of investment property	1,465,078	1,423,100	977,485	817,623
Expenses from impairment of investment property	213,450	4,867,849	0	996,552
Loss from investment property disposal	230,655	116,208	215,570	108,709
Other investment property expenses	2,552,983	2,942,483	2,850,054	1,864,712
Expenses from disposal of property, plant and equipment	77,398	50,475	28,816	28,492
Expenses from reversal of impairment of other receivables	300,793	383,804	49,056	-21,800
Operating expenses of non-insurance companies	39,618,810	65,448,684	0	0
Other expenses	10,273,620	7,676,697	8,022,707	7,785,035
<b>TOTAL OTHER EXPENSES</b>	<b>54,732,790</b>	<b>82,909,300</b>	<b>12,143,689</b>	<b>11,579,325</b>

Other expenses relate to bonuses for employees based on business results for 2016 in total amount of EUR 7.8 million (in Zavarovalnica Triglav EUR 7.1 million).

## 4.15 Income tax expense

### 4.15.1 Tax expense in the income statement

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
Current tax expense	11,599,273	10,597,942	8,188,018	7,031,995
Deferred tax expense	1,207,043	3,018,541	-103,818	2,895,684
- of which: formation and reversal of the deductible temporary differences			-1,447,678	2,895,684
- of which: a change due to the restatement according to the new tax rates			1,551,496	0
<b>TOTAL TAX EXPENSE IN THE INCOME STATEMENT</b>	<b>12,806,316</b>	<b>13,616,483</b>	<b>8,084,200</b>	<b>9,927,679</b>

### 4.15.2 Tax expense in other comprehensive income

	in EUR					
	2016			2015		
	Before tax	Tax	After tax	Before tax	Tax	After tax
<b>Triglav Group</b>						
Profit from increase in fair value of available for sale financial assets	23,769,043	-8,248,373	15,520,670	-47,480,684	11,027,704	-36,452,980
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-6,554,570	1,245,368	-5,309,202	21,373,822	-3,633,550	17,740,272
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	402,548	-76,484	326,064	-312,985	53,207	-259,778
Actuarial gains/losses	-441,038	-91,591	-532,629	143,337	-28,189	115,148
Translation differences	585,108	0	585,108	50,969	0	50,969
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>17,761,091</b>	<b>-7,171,080</b>	<b>10,590,011</b>	<b>-26,225,541</b>	<b>7,419,172</b>	<b>-18,806,369</b>

	in EUR					
	2016			2015		
	Before tax	Tax	After tax	Before tax	Tax	After tax
<b>Zavarovalnica Triglav</b>						
Profit from increase in fair value of available-for-sale financial assets	22,189,955	-7,259,450	14,930,505	-46,075,349	10,625,046	-35,450,303
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-6,554,570	1,245,368	-5,309,202	21,373,822	-3,633,550	17,740,272
Actuarial gains /losses	-401,199	-91,590	-492,789	239,577	-24,672	214,905
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>15,234,187</b>	<b>-6,105,672</b>	<b>9,128,515</b>	<b>-24,461,950</b>	<b>6,966,824</b>	<b>-17,495,126</b>

### 4.15.3 Reconciliation between tax expense and accounting profit

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
<b>ACCOUNTING PROFIT</b>	<b>95,138,089</b>	<b>102,477,678</b>	<b>83,417,802</b>	<b>68,433,497</b>
Income tax rate - tax rate average of several countries	20.13%	16.87%	17%	17%
<b>Accounting profit multiplied by tax rate</b>	<b>19,151,297</b>	<b>17,289,768</b>	<b>14,181,026</b>	<b>11,633,695</b>
Tax effect of income deductible for tax purposes	-6,629,980	-1,215,272	-5,066,532	-6,144,287
Tax effect of income added for tax purposes	1,125,790	1,173,752	0	9,026
Tax effect on the reduction in expenses not deductible for tax purposes	-734,004	-3,815,963	51,177	4,476,621
Tax relief, tax losses	-1,279,728	-2,850,399	-943,551	-2,959,116
Changes in temporary differences	1,207,043	3,018,541	-103,818	2,895,684
Changes due to a new accounting method	-34,102	16,056	-34,102	16,056
<b>TOTAL TAX EXPENSE</b>	<b>12,806,316</b>	<b>13,616,483</b>	<b>8,084,200</b>	<b>9,927,679</b>
Effective tax rate <sup>102</sup>	13.46%	13.29%	9.69%	14.51%
Final liabilities for corporate income tax	11,599,273	10,597,942	8,188,018	7,031,994

102 In the data of the Triglav Group, the average of all countries was taken into account in the corporate income tax rate.

In accordance with the Corporate Income Tax Act (ZDDPO–2), the applicable tax rate in Slovenia was 17% in 2016 the same as in 2015.

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 34.3 million as at 31 December 2016 (EUR 29.3 million as at 31 December 2015).

## 5. OTHER INFORMATION

### 5.1 Fair value of assets and liabilities

#### 5.1.1 Fair value of assets and liabilities

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 2016	Measurement date	Level 1	Level 2	Level 3	Total
<b>Assets - measured at fair value</b>					
Equity securities	31 December 2016	227,496,286	0	26,569,975	254,066,261
Debt securities	31 December 2016	298,016,789	1,580,719,222	0	1,878,736,011
Derivative financial instruments	31 December 2016	0	1,423,429	0	1,423,429
Unit-linked insurance assets	31 December 2016	368,826,193	84,728,138	0	453,554,331
Investments in associates	31 December 2016	0	0	6,826,400	6,826,400
<b>Assets - fair value disclosed</b>					
Land and buildings for insurance activities	31 December 2016	0	0	100,936,975	100,936,975
Land and buildings for investment activities	31 December 2016	0	0	95,095,996	95,095,996
Debt securities	31 December 2016	13,676,111	270,180,097	0	283,856,208
Deposits with banks	31 December 2016	0	88,205,953	0	88,205,953
Loans given	31 December 2016	0	35,100,132	0	35,100,132
<b>Liabilities - fair value disclosed</b>					
Subordinated bonds	31 December 2016	0	19,160,879	0	19,160,879

					in EUR
As at 31 December 2015	Measurement date	Level 1	Level 2	Level 3	Total
<b>Assets - measured at fair value</b>					
Equity securities	31 December 2015	177,134,043	0	27,715,791	204,849,834
Debt securities	31 December 2015	421,029,312	1,353,836,183	0	1,774,865,495
Derivative financial instruments	31 December 2015	1,101,100	1,607,814	0	2,708,914
Unit-linked insurance assets	31 December 2015	353,025,835	103,581,740	0	456,607,575
<b>Assets - fair value disclosed</b>					
Land and buildings for insurance activities	31 December 2015	0	0	126,564,580	126,564,580
Land and buildings for investment activities	31 December 2015	0	0	80,265,592	80,265,592
Held-to-maturity assets	31 December 2015	16,926,121	205,340,209	0	222,266,331
<b>Liabilities - fair value disclosed</b>					
Subordinated bonds	31 December 2015	21,686,280	0	0	21,686,280

## Zavarovalnica Triglav

					in EUR
As at 31 December 2016	Measurement date	Level 1	Level 2	Level 3	Total
<b>Assets - measured at fair value</b>					
Equity securities	31 December 2016	130,447,648	0	9,223,701	139,671,350
Debt securities	31 December 2016	246,621,546	1,173,402,676	0	1,420,024,222
Derivative financial instruments	31 December 2016	0	1,423,429	0	1,423,429
Unit-linked insurance assets	31 December 2016	344,987,269	82,804,103	0	427,791,372
Investments in associates	31 December 2016	0	0	9,503,046	9,503,046
<b>Assets - fair value disclosed</b>					
Land and buildings for insurance activities	31 December 2016	0	0	63,092,680	63,092,680
Land and buildings for investment activities	31 December 2016	0	0	50,351,528	50,351,528
Debt securities	31 December 2016	9,401,400	205,112,271	0	214,513,671
Deposits with banks	31 December 2016	0	45,407,951	0	45,407,951
Loans given	31 December 2016	0	45,915,389	0	45,915,389
<b>Liabilities - fair value disclosed</b>					
Subordinated bonds	31 December 2016	0	23,970,102	0	23,970,102

					in EUR
As at 31 December 2015	Measurement date	Level 1	Level 2	Level 3	Total
<b>Assets - measured at fair value</b>					
Equity securities	31 December 2015	100,553,534	0	9,623,123	110,176,657
Debt securities	31 December 2015	232,252,553	1,114,956,666	0	1,347,209,218
Derivative financial instruments	31 December 2015	1,101,100	1,607,814	0	2,708,914
Unit-linked insurance assets	31 December 2015	335,500,199	103,131,709	0	438,631,908
Investments in associates	31 December 2015	0	0	7,259,875	7,259,875
<b>Assets - fair value disclosed</b>					
Land and buildings for insurance activities	31 December 2015	0	0	62,260,845	62,260,845
Land and buildings for investment activities	31 December 2015	0	0	52,306,224	52,306,224
Debt securities	31 December 2015	16,926,121	205,340,209	0	222,266,331
<b>Liabilities - fair value disclosed</b>					
Subordinated bonds	31 December 2015	24,402,840	0	0	24,402,840

### 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
<b>EXTERNAL APPRAISERS (market operator)</b>				
Debt securities - composite	Stochastic model, HW1f and HW2f network models	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, correlation matrix, volatility indices		Level 2
Equity securities	Stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, volatility indices		Level 2
Derivatives	Black-Scholes model	Index volatility		Level 2
<b>BLOOMBERG BVAL</b>				
Debt securities – companies, financial institutions and government	Cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		Level 2
<b>INTERNAL APPRAISERS</b>				
Debt securities - government	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	1y: -0.4279%. 2y: -0.5399%. 3y: -0.1559%. 4y: 0.0563%. 5Y: 0.045%. 6y: 0.2476%. 7Y: 0.4502%. 8Y: 0.6567%. 9y: 0.9046%. 10y: 1.091%; credit spreads between 0% and 1%	Level 2
Debt securities - companies and financial institutions <sup>103</sup>	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	1y: -0.4279%. 2y: -0.5399%. 3y: -0.1559%. 4y: 0.0563%. 5Y: 0.045%. 6y: 0.2476%. 7Y: 0.4502%. 8Y: 0.6567%. 9y: 0.9046%. 10y: 1.091%; credit spreads between 0.3% and 1.93%	Level 2
Loans given	Cash flow discounting	Republic of Slovenia interest rate yield curve, issuer credit spreads	Credit spreads between 0.3% and 9.0938%	Level 2
Equity securities	Cash flow discounting	g (growth rate during constant growth period)	2%	Level 3
		EBIT margin (constant growth period)	33.30%	
		Discount rate	12.68%	
Equity investment in associates	NAV method	Lack of marketability discount	10%-23%	Level 3
	Cash flow discounting	Real property price changes		
		Real property price changes	2%	
		g (growth rate during constant growth period)	3.46%	
		Net margin (constant growth period)	8.80%	
		Re-discount rate	3.5%	

103 Also applied to valuation of subordinated ZT02 bonds.



### 5.1.3 Financial assets classified into Level 3

	Triglav Group			Zavarovalnica Triglav
				in EUR
	AFS	FVTPL	TOTAL	AFS
<b>Value as at 31 December 2014</b>	<b>24,191,370</b>	<b>1,022,563</b>	<b>25,213,933</b>	<b>14,060,363</b>
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 differentials	22	4,384	4,406	0
<b>Value as at 31 December 2015</b>	<b>27,225,206</b>	<b>490,584</b>	<b>27,715,790</b>	<b>16,882,997</b>
Purchases	884,320	0	884,320	1,047,017
Disposals	-551,740	0	-551,740	-551,740
Revaluation through profit or loss	-826,820	-41,287	-868,107	-989,437
Revaluation in other comprehensive income	63,240	0	63,240	2,337,911
Transfers from levels 1 and 2	-678,694	0	-678,694	0
Merger	0	0	0	0
Changes in Group	0	0	0	0
Foreign exchange differentials	-59	5,225	5,166	0
<b>Value as at 31 December 2016</b>	<b>26,115,453</b>	<b>454,522</b>	<b>26,569,975</b>	<b>18,726,749</b>

In 2016, the sale of financial assets classified to valuation level 3 generated:

- an increase due to the purchase of interests and shares in companies Gorenjska banka, d.d., Nervteh, raziskave in razvoj, d.o.o., ABCITI, d.o.o. and the Enterprise Innovation Fund;
- an increase due to the revaluation through equity, mainly in shares of Nama, d.d. amounting to EUR 2.2 million;
- a decrease share value recognised through profit or loss, due to an impairment of investment in ABCITI, d.o.o. and Pomurske mlekarne, d.d.;
- a loss in the amount of EUR 106 recognised in profit or loss due to the sale of shares of companies Thermana, d.d. and Adriatic venture B.V.

#### 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.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Non-marketable assets (Level 3)	28,185,747	27,715,790	9,223,701	9,623,123
Estimated value deviation-/+	-900,000/+2,600,000	-1,100,000/+2,300,000	-558,000/+2,320,000	-610,000/+2,110,000
Equity investment in associates	6,826,400	n/a	9,503,047	7,259,875
Estimated value deviation-/+	n/a	n/a	-1,340,000/+1,350,000	-920,000/+1,000,000

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 4,847,786 (current use of financial asset), while under the second method it was valued at EUR 9,464,548 (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	
	2016	2015	2016	2015
Reclassification from level 1 to level 2	287,624,469	568,557,618	126,348,358	503,945,690
Reclassification from level 2 to level 1	149,473,959	3,384,252	136,506,888	3,107,873

In 2016, the method of measuring fair value did not change. Reclassifications between levels were a result of market factors. At the end of 2016, some financial assets showed greater liquidity and depth of the market than at the end of 2015, thus meeting the requirements for classification to level 1. One part of financial assets no longer fulfilled the conditions to be classified to level 1 of the fair value hierarchy and was reclassified to level 2. Reclassification between levels has no impact on fair value.

### 5.1.6 Reclassification of financial assets between categories

In 2016, there were no reclassifications of financial assets. The table below shows the effects of reclassifications made in previous years.

<b>Reclassifications from AFS to HTM</b>	<b>Triglav Group</b>	<b>Zavarovalnica Triglav</b>
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%

in EUR

<b>Reclassifications from AFS to HTM</b>	<b>Triglav Group</b>		<b>Zavarovalnica Triglav</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Carrying amount of reclassified assets as at 31 December	42,405,675	48,516,751	23,473,374	29,677,491
Fair value of reclassified assets as at 31 December	50,312,190	56,949,159	29,000,745	35,299,913
Impact on comprehensive income if not reclassified	5,527,372	5,622,422	5,527,372	5,622,422
Estimated cash flows	30,784,182	38,669,814	29,639,018	37,521,726

in EUR

<b>Reclassifications from AFS to L&amp;R</b>	<b>Triglav Group</b>		<b>Zavarovalnica Triglav</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Carrying amount of reclassified assets as at 31 December	26,433	0	0	0
Fair value of reclassified assets as at 31 December	27,219	0	0	0
Estimated cash flows	29,474	0	0	0

## 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 2016 and 2015 was performed by the auditing company Ernst&Young, Revizija, poslovno svetovanje d.o.o., Ljubljana, while the financial statements of the companies of Lovćen Group were audited by Deloitte Revizija d.o.o., Ljubljana. The amounts, paid for auditing services were as follows.

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
Auditing of the Annual Report	384,852	412,039	118,828	130,234
Other auditing services	175,685	114,680	175,685	114,680
Other assurance services	62,397	54,011	610	610
Other non-auditing services	9,052	739	0	0
<b>TOTAL</b>	<b>631,986</b>	<b>581,469</b>	<b>295,123</b>	<b>245,524</b>

Other audit services in Zavarovalnica Triglav refer to consulting services in relation with the Solvency 2 project, for which a consulting contract was concluded in 2015.

## 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].
- Transactions with shareholders and shareholder-related companies.

The largest shareholders of Zavarovalnica Triglav are Zavod za pokojninsko in invalidsko zavarovanje (ZPIZ), holding an equity stake of 34.47% and Slovenski državni holding (SDH) with a 28.09% shareholding.

The shareholder-related companies are those in which the SDH and the Republic of Slovenia together directly hold at least a 20% stake. As at 31 December 2016, there were 53 of such companies; the list is published on the SDH website (<http://sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>).

Business with the two largest shareholders and the state-related parties is limited to regular business cooperation. In the reporting period, there were no individual significant transactions between the above-stated companies. Total transaction value is shown in the table below.

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 2016	31 December 2015
<b>ASSETS</b>		
Stakes and shares	130,632,437	134,689,036
Debt securities and loans given to members of the Group	19,331,938	18,223,726
Other financial investments	0	924,125
Receivables from insurance premium	2,600,718	1,914,689
Co-insurance receivables	11,381	22,812
Receivables for reinsurer's share in claims	5,622,496	10,147,257
Other short-term receivables from insurance operations	14,369	18,060
Short-term receivables from financing	1,172,759	13,656,651
Other short-term receivables	825,663	810,511
<b>LIABILITIES</b>		
Liabilities to insureds	444,617	344,344
Liabilities to agents and brokers	340,930	294,961
Liabilities to insurances for coinsurance premium	14,697	0
Liabilities for reinsurance premiums	9,183,540	9,028,603
Liabilities for shares in claims from coinsurance	1,712	1,110
Other short-term liabilities	190,746	189,389

	2016	2015
in EUR		
<b>INCOME AND EXPENSES</b>		
Gross written premium	12,628,100	10,948,070
Assumed coinsurance written premium	10,364	36,981
Outward reinsurance premium (-)	-60,421,156	-60,525,507
<b>Net premium income</b>	<b>-47,782,692</b>	<b>-49,540,456</b>
Reinsurance commission income	12,209,795	10,787,451
Other income from insurance operations	4,600,334	4,712,061
Interest income	857,579	1,985,141
Other insurance income	1,792,434	2,295,231
Income from land and buildings	526,079	323,036
Income from disposal of financial assets	8,911,599	329,158
Other income	203,482	197,611
Dividends	0	29,172,864
Other income from financial assets	5,450	8,399
<b>TOTAL INCOME</b>	<b>-18,675,940</b>	<b>270,496</b>
Gross claims settled	999,133	1,211,401
Reinsurers' share in gross claims	-18,000,951	-21,199,636
Shares in indemnities from assumed co-insurances abroad	602	0
<b>Net claims</b>	<b>-17,001,217</b>	<b>-19,988,235</b>
Loss on disposal from financial assets	544,414	882,000
Other financial expenses	7,340	59,097
Other expenses	0	16,878
<b>TOTAL EXPENSES</b>	<b>-16,449,463</b>	<b>-19,030,260</b>

### Transactions with associates

	Triglav Group		Zavarovalnica Triglav	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
in EUR				
<b>ASSETS</b>				
Stakes and shares	6,826,400	6,939,700	9,503,047	7,259,875
Insurance premium receivables from policyholders	800	987	364	769
Other short-term receivables	18,100	0	18,100	0
<b>LIABILITIES</b>				
Liabilities to agents and brokers	22,008	19,681	20,919	18,480
Other short-term liabilities	436	553	0	0
Accrued costs and expenses	60	116	0	0

	Triglav Group		Zavarovalnica Triglav	
	2016	2015	2016	2015
in EUR				
<b>INCOME AND EXPENSES</b>				
Gross written premium	35,277	97,511	32,866	95,158
Income from dividends and stakes	0	0	62,153	145,322
Income from disposal of financial assets	0	0	0	47,255
Other income	0	0	0	0
<b>TOTAL INCOME</b>	<b>35,277</b>	<b>97,511</b>	<b>95,019</b>	<b>287,735</b>
Gross claims settled	20,628	60,498	20,628	60,498
Acquisition costs	16,083	30,959	0	0
<b>TOTAL EXPENSES</b>	<b>36,711</b>	<b>91,457</b>	<b>20,628</b>	<b>60,498</b>

## Transactions with shareholders and shareholder-related companies

	in EUR	
	Triglav Group	Zavarovalnica Triglav
	31 December 2016	31 December 2016
<b>ASSETS</b>		
Stakes and shares	10,829,436	6,020,206
Debt securities	111,600,197	81,917,309
Operating receivables	428,376	426,184
Other assets	28,085,644	20,760,486
<b>LIABILITIES</b>		
Operating liabilities	2,449,808	1,263,124

	in EUR	
	Triglav Group	Zavarovalnica Triglav
	2016	2016
<b>INCOME</b>		
Gross written premium	24,448,590	24,080,645
Financial income	6,632,202	4,526,623
Other income	99,605	92,687
<b>EXPENSES</b>		
Gross claims settled	7,574,150	7,496,524
Financial expenses	523,276	261,577
Other expenses	8,782,294	6,785,728

## 5.5 Members of the Management Board and Supervisory Board

In 2016, 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	153,264	2,105	37,601	70,607	48,266	3,372	2,749
Makoter Marica	145,601	2,457	36,402	64,559	33,577	3,777	517
Jošar Benjamin	145,601	2,395	36,402	63,257	32,764	6,062	992
Ivanc Uroš	145,601	1,837	21,998	59,988	33,613	1,037	1,143
Čoroli Tadej	145,601	1,837	21,998	60,226	33,589	670	2,161
<b>TOTAL</b>	<b>735,668</b>	<b>10,631</b>	<b>154,401</b>	<b>318,637</b>	<b>181,809</b>	<b>14,918</b>	<b>7,562</b>

\* Other additional payments include holiday allowances.

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

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

As at 31 December 2016, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

	in EUR	
Management board	Receivables as at 31 December 2016	Liabilities as at 31 December 2016
Slapar Andrej	27	22,021
Makoter Marica	16	21,281
Jošar Benjamin	1,792	21,311
Ivanc Uroš	6	17,109
Čoroli Tadej	30	16,583
<b>TOTAL</b>	<b>1,871</b>	<b>98,305</b>

In 2016, the Supervisory Board members and members of Committees were paid the following amounts as compensation for their work:

Supervisory board						in EUR
	Compensation	Attendance fee	Reimbursements	Total gross pay	Total net pay	
Blažič Matija	14,172	2,420	1,314	17,906	13,023	
Celar Peter	17,715	3,960	192	21,867	15,904	
Gobbo Mario	21,258	4,741	23,579	49,578	32,660	
Kastelic Gregor	22,675	3,685	9,317	35,677	27,650	
Molan Boštjan	17,715	4,224	1,027	22,966	16,703	
Nose Barbara*	7,083	2,970	0	10,053	7,312	
Pervanje Milena*	449	660	0	1,109	806	
Runjak Matej	10,166	2,453	166	12,785	9,298	
Sotošek Ivan	17,715	4,521	1,352	23,588	17,155	
Štankovič Rajko	17,715	4,796	166	22,677	16,493	
Štebernak Igor	13,577	2,376	0	15,953	11,603	
Svoljšak Mitja*	1,180	1,320	0	2,500	1,818	
Štimac Dubravko	0	0	0	0	0	
<b>TOTAL</b>	<b>161,420</b>	<b>38,126</b>	<b>37,113</b>	<b>236,659</b>	<b>170,425</b>	

\*External committee members.

As at 31 December 2016, Zavarovalnica Triglav the outstanding payables to the above stated members of the Supervisory Board, its committees and commission were as follows:

Surname and name	in EUR	
	Receivables as at 31 December 2016	Liabilities as at 31 December 2016
Gobbo Mario	0	356
Runjak Matej	20	0
Štimac Dubravko	287	0
<b>TOTAL</b>	<b>307</b>	<b>356</b>

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 40% of the bonus is paid after two years, and 10% after three years; however, both payments must be proportionate to the period of the office being held 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			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Outstanding subrogated receivables	50,815,616	48,830,683	44,791,232	42,875,344
Derivatives - futures	111,151,895	0	111,151,895	0
Alternative investments	19,889,990	0	19,889,990	0
Bonds, guarantees and other sureties issued	332,925	9,280,276	54,000	5,895,180
Contingent assets	3,327,806	3,558,941	1,896,311	2,207,358
Receivables from option agreements	1,363,886	16,555,886	0	15,192,000
Receivables from forward contracts	0	50,000,000	0	50,000,000
Contingent liabilities	563,667	637,745	0	0
Properties under acquisition	162,675	170,172	0	0
Assets under management	31,335,362	25,499,557	0	0
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>	<b>218,943,822</b>	<b>154,533,259</b>	<b>177,783,428</b>	<b>116,169,882</b>

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. Final settlement of these receivables was realised in 2016. A guarantee amounting to EUR 4.2 million was cashed (see [→ Section 3.20]). As at the balance sheet date, the Company therefore had no obligations and the off-balance-sheet contingent liability related to that guarantee was released.

## 5.7 Employees

The table below shows the number and educational structure of employees in the Group and Zavarovalnica Triglav.

Level of education	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Primary and vocational	975	1,267	136	154
Secondary school	1,461	1,553	864	908
Post-Secondary Education	598	622	380	371
Higher Education and University	1,815	1,773	871	837
Masters and Doctorates	197	164	84	71
<b>TOTAL</b>	<b>5,046</b>	<b>5,379</b>	<b>2,335</b>	<b>2,341</b>
Average number of employees	5,005	5,251	2,357	2,357

## 5.8 Significant legal disputes

- 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 the course of the procedure, the Court obtained the opinion of the settlement committee regarding the exchange rate testing, and an expert opinion of the court nominated expert. The expert opinions show that an appropriate cash compensation per share of excluded minority shareholders of Triglav Re, d.d., Ljubljana should be significantly higher than that adopted by the General Meeting of Triglav Re, d.d., Ljubljana. Based on interviews with all parties involved regarding the possibility of a settlement, all parties to the proceedings reached a court settlement before the District Court in Ljubljana on 18 January 2017. The parties agreed that Zavarovalnica Triglav would pay the difference between the already paid indemnity in the amount of EUR 1,441 per share and the amount of EUR 2.891 per share, i.e. an additional amount of 1.450 euros per share plus interest in the amount of 2 per cent per annum for the period from 26 April 2012 to 30 November 2016. The total amount of required payments to applicants thus totaled EUR 2,137,590, of which the principal is EUR 1,957,500 and accrued interest EUR 180,090. The parties have also agreed to bear their own costs of the litigious procedure.

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. At hearings on 13 January 2016 and 15 March 2016, witnesses were heard. After the Court the financial analysis on 5 May 2016, je Triglav Osiguranje a.d.o. Beograd, set the amount of the payment claim at RSD 236,690,436 and interest accrued from 17 March 2013 onwards, and decided to reject the counterclaim for the cancellation of the reinsurance contract. Dunav RE proposed the exclusion of the financial expert, yet on 6 October 2016, the Court rejected the request as ungrounded. Dunav RE then filed a repeated request for the exclusion of the financial expert. 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 osiguranje 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. The Court upheld the objection of Zavarovalnica Triglav regarding the jurisdiction of the Macedonian court and rejected the claim of the plaintiff.

■ 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. On the grounds of shortcomings of the action, the Court dismissed the action on 5 March 2013. The Court upheld the objection and the case was referred back to the Court of First Instance for reconsideration. The Court adopted a decision by which it rejected the subject matter jurisdiction of the Macedonian court. 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.

## 5.9 Reviews by supervisory bodies

### ■ Order of the Insurance Supervision Agency (ISA)

Based on the Order of the Insurance Supervision Agency (hereinafter: AZN) issued to Zavarovalnica Triglav d.d., on 11 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 as set out in Article 67(1)(1) of the Insurance Act (ZZavar-1), which defines that a person with adequate professional qualifications and knowledge and experience required to supervise the insurance business operations shall be appointed Supervisory Board Member of an insurance company. In line with the Worker Participation in Management Act, both above-mentioned members were elected into the Supervisory Board by the Works Council of Zavarovalnica Triglav in 2015.

On 19 February 2016, Zavarovalnica Triglav d.d. received the Insurance Supervision Agency Decision rejecting as unfounded the objection filed by Zavarovalnica Triglav d.d. on 14 December 2010 against the Insurance Supervision Agency Order to terminate the stated infringement.

In accordance with the order the Company's Management Board proposed the Works Council to convene a meeting of the Works Council and submitted a proposal for the dismissal of members of the Supervisory Board Ivan Sotoška and Sebastian Molan. On 18 May 2016, the Works Council discussed the presented proposal of the Management Board and did not adopt the proposed decision on the dismissal of Ivan Sotoška and Sebastian Molan. In compliance with the order and within the period specified therein, the Company presented a report on the execution of the ISA order.

### ■ Termination of authorisation for brokering the purchase and sale of mutual funds investment coupons

On 22 February 2016, the Company is received the Insurance Supervision Agency decision on the termination of the authorisation for the business of brokering the purchase or sale of mutual fund investment coupons regulated under the law governing investment funds and management companies. The authorisation was terminated pursuant to Article 633(1) of the Insurance Act, which provides that with effect from 1 January 2016 the authorisation of insurance undertakings acquired on the basis of Article 14(7) of the Insurance Act shall cease to be in force, while insurance companies shall cease to perform the operations within four months after the entry into force of the Insurance Act (ZZavar-1).

### ■ Issue of authorisation to perform reinsurance operations

On 25 April 2016 the Company was issued a decision by the Insurance Supervision Agency authorising it to perform reinsurance operations in the non-life insurance segment. The Company filed the application for the authorisation in order to comply with Article 635 of the Insurance Act, as at the date of entry into force of the revised Insurance Act (ZZavar-1) the Company performed reinsurance operations under Article 14(10) of the Insurance Act and intends to perform such operations also in the future.

### ■ Inspections performed by the Insurance Supervision Agency (hereinafter: ISA) in Zavarovalnica Triglav

■ On 17 November 2016 the Company received a request for inspection by the Insurance Supervision Agency on the basis of which, on 24 November 2016 the ISA began to review the operations related to the work and cooperation of the insurance company with medical examiners. On 7 February 2017 the ISA informed the Company that on the basis of the findings of the review no imposition of measures was needed and thereby the inspection of operations was completed.

- On 17 November 2016 the Company received a request for inspection by the Insurance Supervision Agency on the basis of which, on 28 November 2016 the ISA began to review the operations related primarily to the investment-linked life insurance.
- In 2014, the Insurance Supervision Agency (hereinafter: ISA) performed a review of operations, in order to inspect whether the Company's operations are in compliance with the Insurance Act and other applicable acts and implementing regulations, regulating its operating and accounting activities. Based on the said review, on 10 June 2015 the ISA issued the Order to eliminate the violations pertaining to the evaluation 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 categorising investments, as well as to amend and test the business continuity plan. On 22 June 2015, Zavarovalnica Triglav lodged an appeal against that Order, stating that the said violations were not mentioned in the Order. The Insurance Supervision Agency rejected the Company's appeal and established that the Company eliminated the violations pertaining to the evaluation of certain investments in due time. In addition, On 8 March 2016 the ISA further established that the alleged violation was eliminated in the part related to completing and testing the business continuity plan. On 7 August 2015, Zavarovalnica Triglav brought legal proceedings before the Administrative Court of the Republic of Slovenia, challenging the validity of the ISA Order and stating that the said violations were not mentioned in the issued Order. On 27 February 2017, the Company received the judgement of the The Supreme Court upheld the action and delivered a judgement of the Administrative Court by which the action was rejected.
- Lovćen Osiguranje, a.d., Podgorica

In March 2016, the Insurance Supervision Agency of Montenegro in cooperation with the Slovenian Insurance Supervision Agency carried out an inspection in the areas of corporate governance, related party transactions, information systems and accounting of technical reserves.

In August 2016, the Agency imposed the following measures on the Company: revision of the Rules for the Work of the Audit Committee, disclosure of information about transactions with related natural persons since the beginning of 2016, inclusion of the company INPRO in the record of related parties since 2016, revision of the rules concerning transactions with related persons, adoption of internal rules on advances paid to the representation company. On 28 December 2016, the Company notified the Agency of the fulfilment of all the imposed measures.

On 24 July 2015 the Competition Protection Office of Montenegro adopted a decision on the basis of which it found that Lovćen and Sava Montenegro violated competition rules in the area of non-life insurance by arranging, conclusion and execution of the agreement, which restricted and prevented competition. By the same decision, it was found that the agreements were null and void and that all parties were prohibited to further execute the agreements. Based on the decision of 21 August 2015, the Office upheld the claim of Lovćen to postpone the enforcement of the Office's decision until the final decision of the Administrative Court of Montenegro. On 25 August 2015 Lovćen brought the action against the decision of the Office. The action was finally rejected as ungrounded. The Office also filed a complaint against Lovćen and the person responsible with the Misdemeanor Court in Podgorica. On 2 March 2016, the Misdemeanor Court issued a decision terminating the proceedings due to statute of and illegal retroactive application of regulations. The complaint of the Office was rejected and the case has become final.

The tax authority carried out an inspection in the Company in 2016, which included checking the correctness and timeliness of tax returns and contribution payments, examination of operations of taxpayers, checking of updatedness, accuracy and veracity of bookkeeping and other records. Certain irregularities were found in the course of inspection. The Company has paid additional obligations in the amount of EUR 18,092.

■ Triglav Osiguranje, d.d., Sarajevo

In 2016, the Insurance Supervision Agency FBiH carried out two inspections of business operations on the basis of submitted reports and documentation which the Company in accordance with the rules regularly submitted to the Agency. The inspection concentrated on insurance policies for motor vehicle liability insurance has not yet been completed to the reporting date. In the second inspection, the Agency ordered the Company to pay some claims that have been resolved. The Company has already met its obligation and informed the Agency accordingly.

Additional inspection was also carried out by the Insurance Supervision Agency of the Republic of Srpska. Based on the inspection, the Agency issued a decision, ordering the Company to organise the work in the Banja Luka branch in such a way that all the original documentation for life insurance is kept in an appropriate manner. The Company has already complied with the obligations imposed.

■ Triglav Osiguranje, a.d.o., Beograd

In 2016, the National Bank of Serbia started an inspection in the Company, looking into cost accounting, real estate and equity, classification of financial assets, market behavior, business planning, monitoring the adequacy of the provisions for unearned premiums, and mathematical reserves. To the reporting date, the inspection was not completed.

In addition, a tax inspection by the Tax Administration is underway. This time, the subject of inspection is the calculation and payment of the corporate income tax for the 2011–2015 period.

■ Triglav Osiguranje, d.d., Zagreb

In 2016, the Croatian Financial Services Supervisory Agency (hereinafter: HANFA) performed a direct inspection of the Company's operations. On 14 October 2016, the HANFA adopted a decision imposing elimination of some deficiencies. The Company has to meet its obligations by 31 July 2017.

■ Triglav Osiguruvanje, a.d., Skopje

The Insurance Supervision Agency of Macedonia undertook a compliance review in the company and concluded that premiums passed for reinsurance are not recorded in the appropriate manner. The Company has corrected the deficiencies and submitted some comments to the minutes, to which the Agency agreed and completed the review on 18 May 2016.

In addition to the above, the Agency carried out two field inspections related to the Company's operations. Two offences were found and two fines imposed in total amount of EUR 15,925. The fines were paid in October 2016.

## 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 the guarantee fund of Zavarovalnica Triglav for 2016, as well as no material non-adjusting events.

The events after the reporting date that are important for the operations in 2017 are the following:

- On 2 February 2017, Zavarovalnica Triglav d.d. and KGAL Beteiligungsverwaltungs GmbH (hereinafter: the KGAL Group) signed an agreement on the establishment of the company TRIGAL d.o.o., Ljubljana. Upon its establishment, the newly founded company will have EUR 1 million of capital, of which EUR 499 thousand will be paid in by Zavarovalnica Triglav. By founding a new company, Zavarovalnica Triglav d.d. is launching the project of setting up a regional platform for alternative investments. The purpose of the platform will be to obtain funds from institutional investors and invest them in various types of investments such as real property, infrastructure projects and other alternative investments, primarily in the Adria region.
- On 5 January 2017, Zavarovalnica Triglav was informed by the Insurance Supervision Agency (hereinafter: ISA) on the completed inspection of operations related to the Company's own models for valuation of subsidiaries, which had started on 23 February 2015. In its notice, the ISA informed the Company that due to the self-commitment of the Company to adjust the valuation model for its subsidiaries, complement the valuation bases and apply an additional control method in valuation its insurance subsidiaries, no imposition of measures in this area was needed and thereby the inspection of operations was completed.



## 5.11 Improvements in standards and interpretations

### **New standards and interpretations not yet in force**

The accounting policies used in the preparation of the consolidated and separate financial statements are consistent with those of the consolidated and separate annual financial statements for the year ended 31 December 2015, except for new and amended standards in force as of 1 January 2016 presented below.

#### *Amendments to the IFRS 11 Joint Arrangements Accounting for Acquisitions of Interests in Joint Operation:*

In accordance with the amendments to IFRS 11, an entity that is a party to a joint operation should on accounting for the acquisition of an interest in a joint operation whose activity constitutes a business apply the relevant accounting policies as defined in IFRS 3 Business Combinations. The amendments also contain additional interpretation that on acquisition of additional interests in the same joint operation the entity shall not remeasure its existing interests in the same joint operation, as long as such joint operation exists. In addition, the Board included some exceptions to IFRS 11, stating that the amendments shall not apply to parties participating in a joint operation (including the reporting party), if they are controlled by the same parent company.

The amendments apply to the accounting for acquisition of both existing and additional interests in the same joint operation. The Amendments apply to future periods. These amendments will not have an impact on the consolidated and separate financial statements of the Company.

#### *Amendments to the IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation*

With these amendments the Board clarifies the accounting policies of IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets providing that revenues reflect the pattern of economic benefits that the entity generates in its operation (also embodied in the asset), and not the economic benefits arising from the consumption of the asset. Since revenue-based methods of depreciation cannot be used for property, plant and equipment, it can only in limited circumstances be used for the amortisation of intangible assets. It is not expected that the amendment will have an impact on the Group's separate and consolidated financial statements.

#### *Amendments to the IAS 16 and IAS 41 Agriculture: Bearer Plants*

The amendments are changing the requirement in accounting for biological assets meeting the definition of bearer plants. In accordance with these amendments biological assets defined as bearer plants, are no longer accounted for under IAS 41 Agriculture, but rather under IAS 16. That means that under the requirements of IAS 16, after the initial recognition bearer plants shall be measured at accumulated costs (before maturity) and by applying either the cost model or the revaluation model (after maturity). In addition, the amendment requires that the produce growing on bearer plants be measured at fair value less the cost of sales in accordance with the provisions of IAS 41. Government subsidies for bearer plants shall be accounted for in accordance with IAS 20, including the accounting for state subsidies and disclosure of state aid. These amendments have no impact on the Company's separate and consolidated financial statements.

#### *Amendments to IAS 27: Equity method in the separate financial statements*

Amendments to IAS 27 allow companies to use the equity method in its separate financial statements to account for investments in subsidiaries, associates and joint ventures. Companies that already prepare their financial statements in accordance with International Financial Reporting Standards (IFRS) and wish to make the transition to the equity method shall also apply these amendments to the separate financial statements of the preceding period. These amendments have no impact on separate financial statements.

#### *Amendment to IAS 1: Disclosure initiative*

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. Among other things, the amendments clarify:

- the requirements of IAS 1 in relating to materiality,
- that an entity may neglect individual items in the income statement, comprehensive income and statement of financial position,
- that an entity may freely choose their order of presentation of notes to the financial statements, and
- that an entity shall recognise the share in comprehensive income of an associated or jointly controlled entity using the equity method to show the total amount in one item and then allocate it to the items that subsequently will not be reclassified to profit or loss.

The amendments further clarify the requirements for additional presentation of interim amounts in the statement of financial position, income statement and statement of comprehensive income. These amendments will have no impact on the separate and consolidated financial statements of the Company.

#### *Amendments to IFRS 10, IFRS 12 and IFRS 28: Applying the consolidation exception*

The amendments clarify the issues faced by entities when applying the consolidation exceptions in investment entities based on the provisions of IFRS 10 Consolidated Financial Statements. The amendments clarify that the exemption from preparing consolidated financial statements only applies to a parent entity that is a subsidiary of an investment entity parent in cases where the investment entity measures its interests in all its subsidiaries at fair value. In addition, the amendments clarify that consolidation only includes subsidiaries that themselves are not investment entities and only provide ancillary services to the investment entity. All other subsidiaries of an investment entity are measured at fair value. Amendments to IFRS 28 Investments in Associates and Joint Ventures, allows investors to keep the fair value method along with the equity method, so that all associates and joint ventures apply the fair value method when measuring their interests in subsidiaries. These amendments will not have an impact on consolidated financial statements of the Company.

#### **Annual Improvements to IFRSs 2012–2014 Cycle**

##### *IFRS 5 Non-current assets held for sale and discontinued operations*

In general, an entity disposes of assets (or disposal groups) through either sale or distribution to owners. The amendment clarifies that the change of asset disposal method (by sale or distribution to owners) does not constitute a new sales plan but rather a continuation of the original plan, which in no way discontinues the requirements of IFRS 5. Entities shall follow the amendment in future periods.

##### *IFRS 7 Financial Instruments: Disclosures*

The amendment clarifies that a servicing contract specifying the price of services constitutes continuing involvement in the financial asset. To establish whether disclosure is required or not, an entity shall assess the type and price of the servicing contract and on that basis determine whether or not the contract represents continuing involvement in the financial assets in accordance with IFRS 7. Furthermore, assessing whether a servicing contract represents continuing involvement in the financial assets. However, disclosure is not required for period preceding the year in which an entity observes the amendment for the first time.

### *IAS 19 Employee Benefits*

The amendment clarifies that the entity shall assess market depth of high-quality corporate bond rate based on the currency in which the obligation is expressed and not taking into account the currency of the country in which the obligation exists. In the absence of market depth, high-quality corporate bonds in a particular currency, the entity shall apply the rate of return on government bonds. The amendment shall be applied to future periods.

### **New IFRSs and interpretations not yet in force**

A number of new standards and interpretations adopted by the EU were not yet effective when these separate and consolidated financial statements were prepared. The Company intends to follow these standards and interpretations in its financial statements after they have become effective. So far, the Company has adopted none of these standards prior to their required effective date.

### *IFRS 9 Financial Instruments*

In July 2014, the International Accounting Standards Board promulgated the final version of IFRS 9 Financial Instruments, containing the requirements of all intermediate stages of the project to adjust IFRS 9 and replace IAS 39 Financial instruments. The new standard introduces new requirements for classification and measurement of financial assets and liabilities. The interpretation is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted. Companies must apply the amended standard for the previous periods, whereby the disclosure of comparative information is not required.

The adoption of IFRS 9 will have an effect on the classification and measurement of the financial assets and liabilities of the guarantee fund. The Company will apply the new standard together with the use of IFRS 4.

### *IFRS 15 Revenue from the Contracts with Customers*

In May 2014, the International Accounting Standards Board issued IFRS 15. The standard establishes a five-step model of recognising revenue expected 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. At the same time, 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 2018. Early application is permitted.

The Company is currently evaluating the impact of the new standard, which will be observed from the date of its entry into force.

### **New standards and interpretations not yet adopted by the EU**

#### *IFRS 16: Leases*

In January 2016, the International Accounting Standards Board published IFRS 16, replacing the international accounting standard IAS 17 Leases, IFRIC Interpretation 4 Determining whether an Arrangement Contains a Lease, SIC interpretation 15 Operating Leases – Incentives and SIC interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 thus determines policies for recognition, measurement, presentation and disclosure of a lease. Standard od najemnika zahteva, da pripozna vse najeme v okviru enotnega modela bilance stanja, podobno kot pri obračunu finančnega najema v skladu z MRS 17. The standard requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal

computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). At the same time, lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. According to the new standard, they will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

In accordance with IFRS 16, the accounting treatment of the lease by the lessor remains essentially the same as in the existing IAS 17. The lessor will continue to classify all leases on the same principle as defined in IAS 17 and distinguish between two types of lease: operating and financial lease. IFRS 16 requires more extensive disclosures from both the lessor and the lessee than the existing IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted as long as the Company has already reported in compliance with IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The transitional provisions of the standard also provide for certain exceptions for the companies.

It is not expected that the amendment will have an impact on the consolidated and separate 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.

#### *Amendments to IFRS 10 and IAS 28: Sales or contributions of assets between an investor and its associate or joint venture*

The amendment deals with the conflict between the requirements of IFRS 10 and IAS 28 regarding the accounting for the loss of control over a subsidiary resulting from the sale or contribution of assets to an associate or joint venture. The amendments clarify that a full gain or loss should be recognised 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. However, the gain or loss resulting from the sale or contribution of assets that does not constitute a business is recognised only to the extent of unrelated investor's interests in the associate or joint venture. The International Accounting Standards Board has deferred the effective date indefinitely. The company that decides on early adoption of these amendments has to apply them for future periods. It is not expected that the amendment will have an impact on the consolidated financial statements.

#### *IAS 12: Recognition of Deferred tax Assets – Amendments to IAS 12*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The amendments have to be applied retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The interpretation is effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. If the amendments are applied for an earlier period, this fact has to be disclosed. It is not expected that the amendment will have an impact on the separate and consolidated financial statements.

#### *IAS 7 Disclosure Initiative – Amendments to IAS 7*

The International Accounting Standards Board (IASB) published Amendments to IAS 7 Statement of Cash Flows as part of its endeavours to encourage disclosures. Thus, Amendments to IAS 7 require entities to include in financial statement disclosure that enable the users of financial statements to see the scope of changes in the entity's liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendments, entities are not required to provide comparative information for preceding periods.

The amendments are effective for annual periods beginning on or after 1 January 2017. Earlier application is permitted. In accordance with these amendments, the Company will include additional disclosures in its annual report, if needed.

#### *Clarifications to IFRS 15 Revenue from the Contracts with Customers*

In April 2016, the International Accounting Standards Board (IASB) published amendments to IFRS 15 to address several implementation issues discussed by the »Joint Transition Resource Group for Revenue Recognition«.

The amendments clarify:

- when a promised good or service is distinct within;
- how to apply the principal versus application guidance, including the unit of account for the assessment, how to apply the control principle in service transactions and reframe the indicators;
- when an entity's activities significantly affect the intellectual property (IP) to which the customer has rights, which is a factor in determining whether the entity recognises revenue for licences over time or at a point of time;
- The scope of the exception for sales-based and usage-based royalties related to licences of IP (the royalty constraint) when there are other promised goods or services in the contract.

In addition, the amendments contain two practical expedients to the transition requirements of IFRS 15 for:

- completed contracts under the full retrospective transition approach and
- contract modifications at transition to the new standard.

The amendments have an effective date of 1 January 2018, which is the effective date of IFRS 15. The amendments are intended to clarify the requirements in IFRS 15, not to change the standard. The Group/Company is required to apply these amendments retrospectively. Early application is permitted and must be disclosed.

The Company currently assesses the impact of these clarifications that will be observed as of the effective date.

#### *IFRS 2: Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2*

Within the Amendments to IFRS 2 Share-based Payments, the International Accounting Standards Board (IASB) address the following three main areas:

- the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction,
- the classification of share-based payment transactions with net settlement features for withholding tax obligations and
- the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

On adoption of these amendments, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted only if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted. It is not expected that the amendment will have an impact on the Group's separate and consolidated financial statements.

#### *IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – Amendments to IFRS 4*

The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

The amendments are effective for annual periods beginning on or after 1 January 2018. The Company is assessing the impact of the amendments on both separate and consolidated financial statements.

#### **Annual improvements of standards in the 2014–2016 period**

The improvements comprise amendments to three standards:

- IFRS 12 Disclosure of Interests in Other Entities The amendment is effective for annual periods beginning on or after 1 January 2017. The amendments clarify the scope of the standard and provide requirements with regard to disclosures (except for those in paragraphs B10 – B16), apply to an entity's interests in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5. Non-current Assets Held for Sale and Discontinued Operations.
- IFRS 1 – First-time Adoption of International Financial Reporting Standards. The amendment is effective for annual periods beginning on or after 1 January 2018. The amendments deleted the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their purpose and are no longer needed.
- IAS 28 Investments in Associates and Joint Ventures (revised) The amendments are effective for annual periods beginning on or after 1 January 2018. The amendments clarify that, upon initial recognition, an entity may elect to measure any investment in an associate or joint venture that is a venture capital organisation, or other qualifying entity at fair value through profit or loss.

The Company is currently assessing the possible impact of the amendments on its separate and consolidated financial statements.

#### *IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration*

The Interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.

The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or nonmonetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

IFRIC Interpretation 22 is effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The Interpretation can be applied either prospectively to all foreign currency assets, expenses and income in the scope of the interpretation initially recognised on or after the beginning of the reporting period an entity first applies the interpretation in or the beginning of a prior reporting period presented as comparative information.

The Company is currently assessing the possible impact of the amendments on its separate and consolidated financial statements.

#### *Amendments to IAS 40 – Transfer of Investment Property*

The amendments clarify the requirements on transfer to, or from, investment property. The amendments are effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

The amendments are applied to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is also permitted if that is possible without the use of hindsight. The Company is currently assessing the possible impact of the amendments on its separate and consolidated financial statements.

## 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 December 2016	31 December 2015
Balance sheet total (without offsetting)	2,761,482,778	2,707,758,359
Mutual receivables and liabilities	-6,410,518	-7,598,782
Deferred tax assets and liabilities	-14,739,215	-14,726,987
<b>Offset balance</b>	<b>2,740,333,045</b>	<b>2,685,432,591</b>

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, as well as by geographical areas (separately for Slovenia and other countries).

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 income from insurance operations and other income is accounted for by insurance groups. In order to ensure an appropriate presentation of the insurance-technical result, income from non-insurance operations is disclosed as other income. 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).

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
<b>Triglav Group 2016</b>	<b>Non-life</b>	<b>Life</b>	<b>Health</b>	<b>Non-insurance</b>		<b>TOTAL</b>
Investments in intangible assets	5,882,534	1,926,445	319,432	39,275		<b>8,167,686</b>
Investments in property plant and equipment	5,096,370	236,929	201,677	604,424		<b>6,139,400</b>
Investments in investment property	597,478	0	0	18,423,463		<b>19,020,941</b>

						in EUR
<b>Triglav Group 2015</b>	<b>Non-life</b>	<b>Life</b>	<b>Health</b>	<b>Non-insurance</b>		<b>TOTAL</b>
Investments in intangible assets	4,657,694	608,150	641,837	148,870		<b>6,056,551</b>
Investments in property plant and equipment	6,138,992	150,240	290,528	4,570,828		<b>11,150,588</b>
Investments in investment property	425,441	0	0	4,463		<b>429,904</b>

The highest exposure of Triglav Group to individual financial institutions is:

- in non-life insurance, exposure to Nova ljubljanska banka, d.d. of EUR 17,668,797;
- in life insurance, exposure to Commerzbank AG of EUR 66,107,017;
- in health insurance, exposure to N.V.Bank Nederlandse Gemeenten of EUR 816,633;
- in non-insurance, exposure to Abanka, d.d. of EUR 10,253,509.

in EUR

<b>Zavarovalnica Triglav 2016</b>	<b>Non-life</b>	<b>Life</b>	<b>TOTAL</b>
<b>ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION</b>			
Investments in intangible assets	4,163,365	1,805,265	5,968,630
Investments in property, plant and equipment	2,943,570	193,806	3,137,376
Investments in investment property	269,987	0	269,987
<b>ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT</b>			
Depreciation charge for the current year	-7,572,502	-1,617,712	-9,190,214
Expenses from the impairment of premium and subrogation receivables	-14,181,138	0	-14,181,138
Income from reversal of impairment of receivables	12,581,923	1,727	12,583,650
Expenses from impairment of investment property	0	0	0
Expenses from impairment of other receivables	-120,089	-10,724	-130,812
Income from reversal of impairment of other receivables	67,000	14,757	81,756

in EUR

<b>Zavarovalnica Triglav 2015</b>	<b>Non-life</b>	<b>Life</b>	<b>TOTAL</b>
<b>ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION</b>			
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
<b>ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT</b>			
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 property, plant and equipment	-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

Maximum individual exposure of Zavarovalnica Triglav to financial institutions is:

- for non–life insurance: Nova ljubljanska banka, d.d.: EUR 15,036,596 and
- for life insurance: Commerzbank, AG: EUR 66,107,017.

	2016					2015				
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL
<b>Triglav Group</b>										
<b>Comprehensive income by business segments</b>										
<b>NET PROFIT FOR THE YEAR AFTER TAX</b>	<b>63,293,520</b>	<b>15,587,538</b>	<b>3,303,538</b>	<b>147,178</b>	<b>82,331,774</b>	<b>59,973,409</b>	<b>19,932,426</b>	<b>5,690,619</b>	<b>3,264,740</b>	<b>88,861,194</b>
<b>OTHER COMPREHENSIVE INCOME AFTER TAX</b>	<b>5,079,234</b>	<b>3,929,216</b>	<b>432,159</b>	<b>1,149,402</b>	<b>10,590,011</b>	<b>-13,072,485</b>	<b>-5,299,412</b>	<b>-769,437</b>	<b>334,965</b>	<b>-18,806,369</b>
Items which will not be transferred in P&L in future periods	-413,840	-82,783	-18,680	-17,326	-532,629	158,819	36,305	3,605	-83,581	115,148
Net actuarial gains/losses for pension plans	-338,072	-66,960	-18,680	-17,326	-441,038	182,824	40,489	3,605	-83,581	143,337
Tax on items which will not be transferred in P&L	-75,768	-15,823	0	0	-91,591	-24,005	-4,184	0	0	-28,189
Items which could be transferred into P&L in future periods	5,493,074	4,011,999	450,839	1,166,728	11,122,640	-13,231,304	-5,335,717	-773,042	418,546	-18,921,517
Fair value gains/losses on available-for-sale financial assets	7,664,391	14,080,157	587,841	1,436,565	23,768,954	-15,939,755	-27,589,269	-931,376	994,492	-43,465,908
- net gains/losses recognized directly in equity	11,550,817	19,433,955	766,785	1,436,565	33,188,122	-8,907,223	-3,721,391	194,931	994,492	-11,439,191
- transfers from equity to income statement	-3,886,426	-5,353,798	-178,944	0	-9,419,168	-7,032,532	-23,867,878	-1,126,307	0	-32,026,717
Fair value gains/losses on non-current assets held for sale	89	0	0	0	89	0	-381,226	0	0	-381,226
Share of OCI of entities accounted for using the equity method	0	0	0	402,548	402,548	0	30,807	0	-343,792	-312,985
Liabilities from insurance contracts with DPF	0	-6,554,570	0	0	-6,554,570	0	17,740,272	0	0	17,740,272
Currency translation differences	634,614	51,805	0	-101,311	585,108	61,261	-16,622	0	6,330	50,969
Tax on other comprehensive income	-2,806,020	-3,565,393	-137,002	-571,074	-7,079,489	2,647,190	4,880,321	158,334	-238,484	7,447,361
<b>COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX</b>	<b>68,372,754</b>	<b>19,516,754</b>	<b>3,735,697</b>	<b>1,296,580</b>	<b>92,921,785</b>	<b>46,900,923</b>	<b>14,633,014</b>	<b>4,921,182</b>	<b>3,599,705</b>	<b>70,054,825</b>
Controlling interest	67,790,842	19,814,000	3,735,697	1,348,648	92,689,187	47,040,569	14,365,821	4,921,182	3,893,462	70,221,035
Non-controlling interest	581,912	-297,246	0	-52,068	232,598	-139,646	267,193	0	-293,757	-166,210

in EUR

	2016			2015		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
<b>Zavarovalnica Triglav</b>						
<b>Comprehensive income by business segments</b>						
<b>Net profit for the year after tax</b>	<b>61,127,344</b>	<b>14,206,258</b>	<b>75,333,602</b>	<b>40,333,066</b>	<b>18,172,752</b>	<b>58,505,818</b>
<b>Other comprehensive income after tax</b>	<b>4,517,734</b>	<b>4,610,781</b>	<b>9,128,515</b>	<b>-9,541,648</b>	<b>-7,953,479</b>	<b>-17,495,126</b>
Items which will not be transferred in P&L in future periods	-410,006	-82,783	-492,789	178,600	36,305	214,905
Actuarial gains and losses related to post-employment benefits on retirement	-334,238	-66,960	-401,198	199,088	40,489	239,577
Tax on items which will not be transferred in P&L	-75,768	-15,823	-91,591	-20,488	-4,184	-24,672
Items which could be transferred into P&L in future periods	4,927,740	4,693,564	9,621,304	-9,720,248	-7,989,784	-17,710,031
Fair value gains/losses on available-for-sale financial assets	7,387,066	14,802,889	22,189,955	-11,711,142	-30,730,657	-42,441,799
- net gains/losses recognized directly in equity	8,940,230	19,640,087	28,580,317	-4,113,934	-6,862,923	-10,976,857
- transfers from equity to income statement	-1,553,164	-4,837,198	-6,390,362	-7,597,208	-23,867,734	-31,464,942
Liabilities from insurance contracts with DPF	0	-6,554,570	-6,554,570	0	17,740,272	17,740,272
Tax on other comprehensive income	-2,459,326	-3,554,755	-6,014,081	1,990,894	5,000,601	6,991,496
<b>COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX</b>	<b>65,645,078</b>	<b>18,817,039</b>	<b>84,462,117</b>	<b>30,791,418</b>	<b>10,219,273</b>	<b>41,010,692</b>

In EUR

### 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 December 2016						
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
<b>ASSETS</b>	<b>1,710,431,404</b>	<b>1,950,198,994</b>	<b>50,565,069</b>	<b>189,872,226</b>	<b>3,901,067,693</b>	<b>-326,182,270</b>	<b>3,574,885,423</b>
Intangible assets	66,610,433	2,543,966	957,696	3,711,493	73,823,588	0	73,823,588
Property, plant and equipment	87,241,429	11,088,587	1,430,541	8,172,871	107,933,428	0	107,933,428
Deferred tax assets	13,900,553	1,336,641	270,553	285,367	15,793,114	0	15,793,114
Investment property	53,171,613	2,286,948	0	35,020,188	90,478,749	5,363,971	95,842,720
Investments in subsidiaries	128,224,747	10,578,066	0	66,439,368	205,242,181	-205,242,181	0
Investments in associates	0	4,144,637	0	2,681,763	6,826,400	0	6,826,400
Financial assets	1,027,520,871	1,881,153,435	43,172,848	47,480,986	2,999,328,140	-25,024,859	2,974,303,281
Financial investments	1,027,520,871	1,421,170,613	43,172,848	47,480,986	2,539,345,318	-25,024,859	2,514,320,459
- loans and deposits	99,799,691	65,243,436	94,678	4,384,687	169,522,492	-20,790,854	148,731,638
- held to maturity	0	231,342,393	0	0	231,342,393	0	231,342,393
- available for sale	915,935,021	739,668,176	43,078,170	43,096,299	1,741,777,666	-3,734,594	1,738,043,072
- recognised at fair value through profit and loss	11,786,159	384,916,608	0	0	396,702,767	-499,411	396,203,356
Unit-linked insurance assets	0	459,982,822	0	0	459,982,822	0	459,982,822
Reinsurers' share of technical provisions	146,560,701	45,965	65,090	0	146,671,756	-69,586,973	77,084,783
Receivables	164,484,623	5,305,518	4,490,337	10,191,907	184,472,385	-31,551,296	152,921,089
- receivables from direct insurance operations	82,083,004	613,437	4,077,473	0	86,773,914	-2,714,748	84,059,166
- receivables from reinsurance and coinsurance operations	59,119,683	9,485	36,998	0	59,166,166	-24,066,316	35,099,850
- current tax receivables	747,686	154	0	142,436	890,276	0	890,276
- other receivables	22,534,250	4,682,442	375,866	10,049,471	37,642,029	-4,770,232	32,871,797
Other assets	2,766,763	46,341	18,490	931,591	3,763,185	-140,932	3,622,253
Cash and cash equivalents	19,949,671	31,668,890	159,514	13,936,399	65,714,474	0	65,714,474
Non-current assets held for sale	0	0	0	1,020,293	1,020,293	0	1,020,293
<b>EQUITY AND LIABILITIES</b>	<b>1,710,431,404</b>	<b>1,950,198,994</b>	<b>50,565,069</b>	<b>189,872,226</b>	<b>3,901,067,693</b>	<b>-326,182,270</b>	<b>3,574,885,423</b>
Equity	591,821,655	157,208,258	29,592,588	166,050,727	944,673,228	-200,323,481	744,349,747
Controlling interests	591,821,655	157,208,258	29,592,588	166,050,727	944,673,228	-210,717,714	733,955,514
- share capital	115,729,153	42,885,603	25,822,144	92,230,534	276,667,434	-202,966,042	73,701,392
- share premium	42,947,231	13,658,827	0	25,088,124	81,694,182	-28,205,492	53,488,690
- reserves from profit	253,088,684	46,665,650	222,038	1,956,708	301,933,080	3,602,377	305,535,457
- fair value reserve	59,890,604	15,157,857	1,493,135	22,201,532	98,743,128	-11,008,000	87,735,128
- net profit brought forward	91,831,887	22,941,388	951,202	13,663,954	129,388,431	43,804,438	173,192,869
- net profit/loss for the year	31,031,308	17,001,668	1,104,069	10,995,776	60,132,821	-15,916,344	44,216,477
- currency translation differences	-2,697,212	-1,102,735	0	-85,901	-3,885,848	-28,651	-3,914,499
Non-controlling interests	0	0	0	0	0	10,394,233	10,394,233
Subordinated liabilities	11,073,221	10,029,887	1,500,000	0	22,603,108	-5,734,006	16,869,102
Insurance technical provisions	963,579,734	1,295,414,018	12,364,372	0	2,271,358,124	-68,252,900	2,203,105,224
- unearned premiums	275,336,728	462,864	2,463,639	0	278,263,231	-14,623,611	263,639,620
- mathematical provisions	0	1,272,092,349	0	0	1,272,092,349	1,446,259	1,273,538,608
- claims provisions	662,116,426	18,911,900	9,105,769	0	690,134,095	-54,893,200	635,240,895
- other insurance technical provisions	26,126,580	3,946,905	794,964	0	30,868,449	-182,348	30,686,101
Insurance technical provisions for unit-linked insurance contracts	0	457,683,091	0	0	457,683,091	0	457,683,091
Employee benefits	10,490,082	1,981,637	477,216	601,329	13,550,264	0	13,550,264
Other provisions	1,623,462	1,714,200	258,023	375,532	3,971,217	0	3,971,217
Deferred tax liabilities	13,424,776	8,868,633	0	3,107,135	25,400,544	0	25,400,544
Other financial liabilities	5,088,991	1,112,067	99,125	1,164,440	7,464,623	-2,175,930	5,288,693
Operating liabilities	57,976,553	7,925,969	2,416,732	991,817	69,311,071	-27,282,876	42,028,195
- liabilities from direct insurance operations	6,837,341	7,912,022	2,386,126	0	17,135,489	-1,115,469	16,020,020
- liabilities from reinsurance and co-insurance operations	49,252,099	13,947	30,606	0	49,296,652	-26,167,407	23,129,245
- current tax liabilities	1,887,113	0	0	991,817	2,878,930	0	2,878,930
Other liabilities	55,352,930	8,261,234	3,857,013	17,581,246	85,052,423	-22,413,077	62,639,346
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

in EUR

	31 December 2015						
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations))	ELIMINATIONS	TOTAL (after eliminations)
<b>ASSETS</b>	<b>1,679,001,567</b>	<b>1,889,678,781</b>	<b>50,604,574</b>	<b>210,850,496</b>	<b>3,830,135,418</b>	<b>-336,678,618</b>	<b>3,493,456,800</b>
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 co-insurance 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
<b>EQUITY AND LIABILITIES</b>	<b>1,679,001,567</b>	<b>1,889,678,781</b>	<b>50,604,574</b>	<b>210,850,496</b>	<b>3,830,135,418</b>	<b>-336,678,618</b>	<b>3,493,456,800</b>
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
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





## 5.12.2 Reporting by business segment for Zavarovalnica Triglav

	31 December 2016			31 December 2015			in EUR
Statement of financial position	NON - LIFE	LIFE	TOTAL	NON - LIFE	LIFE	TOTAL	
<b>ASSETS</b>	<b>1,197,481,419</b>	<b>1,564,001,358</b>	<b>2,761,482,778</b>	<b>1,174,656,551</b>	<b>1,533,101,808</b>	<b>2,707,758,359</b>	
Intangible assets	53,370,950	2,513,617	55,884,567	51,469,624	1,674,020	53,143,644	
Property, plant and equipment	57,112,392	9,118,064	66,230,456	57,485,007	9,549,987	67,034,994	
Deferred tax assets	13,442,264	1,296,951	14,739,215	13,476,586	1,250,401	14,726,987	
Investment property	48,345,052	1,266,365	49,611,417	51,575,234	1,295,574	52,870,808	
Investments in subsidiaries	122,086,439	8,545,999	130,632,438	126,143,038	8,545,998	134,689,036	
Investments in associates	0	9,503,047	9,503,047	0	7,259,875	7,259,875	
Financial assets	733,241,225	1,513,302,645	2,246,543,870	699,630,730	1,494,809,747	2,194,440,477	
Financial investments:	733,241,225	1,079,259,376	1,812,500,601	699,630,730	1,048,220,186	1,747,850,916	
- loans and deposits	38,389,616	44,008,278	82,397,894	40,234,999	68,346,748	108,581,747	
- held to maturity	0	168,983,706	168,983,706	0	178,250,255	178,250,255	
- available for sale	687,302,729	678,146,717	1,365,449,446	651,006,775	617,271,546	1,268,278,321	
- investments recognised at fair value	7,548,880	188,120,675	195,669,555	8,388,956	184,351,637	192,740,593	
Unit-linked insurance assets	0	434,043,269	434,043,269	0	446,589,561	446,589,561	
Reinsurers' share of technical provisions	76,416,041	39,066	76,455,107	69,916,901	18,493	69,935,394	
Receivables	79,220,347	3,059,256	82,279,603	98,253,231	5,062,276	103,315,507	
- receivables from direct insurance operations	58,026,869	464,734	58,491,603	57,484,337	474,676	57,959,013	
- receivables from reinsurance and co-insurance operations	7,536,781	1,315	7,538,096	12,204,759	14,439	12,219,198	
- current tax receivables	0	0	0	0	0	0	
- other receivables	13,656,697	2,593,207	16,249,904	28,564,135	4,573,161	33,137,296	
Other assets	1,946,367	3,044	1,949,412	2,784,635	7,044	2,791,679	
Cash and cash equivalents	12,300,342	15,353,304	27,653,646	3,921,565	3,628,393	7,549,958	
<b>EQUITY AND LIABILITIES</b>	<b>1,197,481,419</b>	<b>1,564,001,358</b>	<b>2,761,482,778</b>	<b>1,174,656,551</b>	<b>1,533,101,808</b>	<b>2,707,758,359</b>	
Equity	448,114,222	115,274,895	563,389,117	416,857,921	113,702,351	530,560,272	
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392	
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884	
- reserves from profit	243,448,752	45,513,891	288,962,643	237,152,390	45,513,891	282,666,281	
- fair value reserve	48,073,456	16,816,861	64,890,318	43,547,114	12,204,329	55,751,443	
- net profit brought forward	41,379,152	3,309,126	44,688,278	4,828,190	2,382,620	7,210,810	
- net profit/loss for the year	23,527,344	14,206,258	37,733,602	39,644,710	18,172,752	57,817,462	
Subordinated liabilities	11,073,221	10,029,887	21,103,108	11,072,611	10,028,667	21,101,278	
Insurance technical provisions	663,716,670	981,461,141	1,645,177,811	667,217,986	947,726,143	1,614,944,129	
- unearned premiums	188,067,543	420,333	188,487,876	180,141,569	417,422	180,558,991	
- mathematical provisions	0	959,268,937	959,268,937	0	925,402,898	925,402,898	
- claims provisions	453,377,312	17,863,463	471,240,775	467,032,829	19,214,892	486,247,722	
- other insurance technical provisions	22,271,815	3,908,408	26,180,223	20,043,588	2,690,931	22,734,518	
Insurance technical provisions for unit-linked insurance contracts	0	431,125,308	431,125,308	0	438,920,157	438,920,157	
Employee benefits	8,690,246	1,857,268	10,547,514	7,559,612	1,629,426	9,189,038	
Other provisions	577,969	111,700	689,669	381,762	0	381,762	
Deferred tax liabilities	11,434,105	10,370,519	21,804,624	14,179,377	6,815,763	20,995,140	
Other financial liabilities	1,852,710	0	1,852,710	1,752,990	0	1,752,990	
Operating liabilities	18,179,880	6,272,070	24,451,951	18,165,801	5,720,912	23,886,713	
- liabilities from direct insurance operations	4,930,272	6,272,070	11,202,342	5,270,069	5,715,512	10,985,581	
- liabilities from reinsurance and co-insurance operations	11,507,585	0	11,507,586	10,259,196	5,400	10,264,596	
- current tax liabilities	1,742,023	0	1,742,023	2,636,536	0	2,636,536	
Other liabilities	33,842,396	7,498,570	41,340,966	37,468,491	8,558,389	46,026,880	

	31 December 2016			31 December 2015			in EUR
Income statement	NON - LIFE	LIFE	TOTAL	NON - LIFE	LIFE	TOTAL	
<b>Net premium income</b>	<b>339,908,447</b>	<b>169,856,757</b>	<b>509,765,204</b>	<b>342,706,800</b>	<b>174,333,436</b>	<b>517,040,236</b>	
- gross written premium	422,860,052	170,268,959	593,129,011	411,536,169	174,724,776	586,260,945	
- ceded written premium	-78,099,107	-409,291	-78,508,398	-72,073,868	-386,750	-72,460,618	
- change in unearned premiums	-4,852,498	-2,911	-4,855,409	3,244,499	-4,590	3,239,909	
<b>Total income from financial assets</b>	<b>43,583,122</b>	<b>72,413,992</b>	<b>115,997,114</b>	<b>70,575,579</b>	<b>204,307,590</b>	<b>274,883,169</b>	
Income from financial assets in associates	9,774,628	62,153	9,836,781	29,275,772	2,412,367	31,688,139	
- interest income	857,579	0	857,579	1,985,141	0	1,985,141	
- dividends	0	62,153	62,153	26,905,819	2,412,367	29,318,186	
- realised gains on disposals	8,911,599	0	8,911,599	376,413	0	376,413	
- other financial income	5,450	0	5,450	8,399	0	8,399	
Income from other financial assets	33,808,494	49,275,625	83,084,119	41,299,807	110,022,606	151,322,413	
- interest income	18,803,992	29,552,144	48,356,136	20,330,127	28,587,457	48,917,584	
- dividends	1,770,834	596,811	2,367,645	1,494,241	989,813	2,484,054	
- fair value gains	20,948	1,687,166	1,708,114	3,525,559	22,727,877	26,253,436	
- realised gains on disposals	12,285,124	16,967,581	29,252,705	12,907,061	55,634,928	68,541,989	
- other financial income	927,596	471,923	1,399,519	3,042,819	2,082,531	5,125,350	
Net unrealised gains on unit-linked life insurance assets	0	23,076,214	23,076,214	0	91,872,617	91,872,617	
<b>Other income from insurance operations</b>	<b>19,074,180</b>	<b>85,969</b>	<b>19,160,149</b>	<b>17,349,033</b>	<b>334,798</b>	<b>17,683,831</b>	
- fees and commission income	15,115,964	85,902	15,201,866	12,661,828	334,798	12,996,626	
- other income from insurance operations	3,958,216	67	3,958,283	4,687,205	0	4,687,205	
<b>Other income</b>	<b>8,987,440</b>	<b>3,658,175</b>	<b>12,645,615</b>	<b>5,219,708</b>	<b>4,039,244</b>	<b>9,258,952</b>	
<b>Net claims incurred</b>	<b>188,656,282</b>	<b>162,083,483</b>	<b>350,739,765</b>	<b>189,964,845</b>	<b>159,633,465</b>	<b>349,598,310</b>	
- gross claims settled	227,621,163	163,615,157	391,236,320	230,472,707	160,094,850	390,567,557	
- reinsurers' share	-20,519,696	-159,671	-20,679,367	-24,305,147	-613,809	-24,918,956	
- changes in claims provisions	-18,445,185	-1,372,003	-19,817,188	-16,202,715	152,424	-16,050,291	
<b>Change in other insurance technical provisions</b>	<b>550,376</b>	<b>28,208,149</b>	<b>28,758,525</b>	<b>-737,495</b>	<b>39,994,720</b>	<b>39,257,225</b>	
<b>Change in insurance technical provisions for unit-linked insurance contracts</b>	<b>0</b>	<b>-7,469,473</b>	<b>-7,469,473</b>	<b>0</b>	<b>-4,032,292</b>	<b>-4,032,292</b>	
<b>Expenses for bonuses and discounts</b>	<b>9,108,703</b>	<b>0</b>	<b>9,108,703</b>	<b>8,265,040</b>	<b>0</b>	<b>8,265,040</b>	
<b>Operating expenses</b>	<b>111,447,026</b>	<b>30,782,572</b>	<b>142,229,598</b>	<b>107,699,032</b>	<b>30,162,937</b>	<b>137,861,969</b>	
- costs of insurance contract acquisition	81,862,364	20,725,169	102,587,533	78,975,624	20,633,364	99,608,988	
- other operating costs	29,584,662	10,057,403	39,642,065	28,723,408	9,529,573	38,252,981	
<b>Expenses from financial assets and liabilities</b>	<b>16,003,185</b>	<b>14,160,209</b>	<b>30,163,394</b>	<b>66,316,362</b>	<b>133,750,753</b>	<b>200,067,115</b>	
Expenses from financial assets and liabilities in associates	551,754	0	551,754	47,292,586	0	47,292,586	
- realised loss on disposals	544,414	0	544,414	882,000	0	882,000	
- loss on impairment of financial assets	0	0	0	46,351,490	0	46,351,490	
- other expenses from financial assets and liabilities	7,340	0	7,340	59,096	0	59,096	
Expenses from other financial assets and liabilities	15,451,431	12,801,425	28,252,856	19,023,776	50,317,791	69,341,567	
- interest expense	764,078	618,986	1,383,064	1,180,586	719,656	1,900,242	
- fair value losses	309,525	1,575,491	1,885,016	1,554,335	32,514,026	34,068,361	
- realised loss on disposals	8,547,686	9,610,849	18,158,535	5,595,339	14,907,416	20,502,755	
- loss on impairment of financial assets	3,097,058	0	3,097,058	231,310	0	231,310	
- other expenses from financial assets and liabilities	2,733,084	996,099	3,729,183	10,462,206	2,176,693	12,638,899	
Net unrealised losses on unit-linked life insurance assets	0	1,358,784	1,358,784	0	83,432,962	83,432,962	
<b>Other insurance expenses</b>	<b>8,229,970</b>	<b>246,109</b>	<b>8,476,079</b>	<b>7,603,408</b>	<b>232,591</b>	<b>7,835,999</b>	
<b>Other expenses</b>	<b>10,463,310</b>	<b>1,680,379</b>	<b>12,143,689</b>	<b>10,071,067</b>	<b>1,508,258</b>	<b>11,579,325</b>	
<b>Profit before tax</b>	<b>67,094,337</b>	<b>16,323,465</b>	<b>83,417,802</b>	<b>46,668,861</b>	<b>21,764,636</b>	<b>68,433,497</b>	
Income tax expense	5,966,993	2,117,207	8,084,200	6,335,795	3,591,884	9,927,679	
<b>Net profit for the accounting period</b>	<b>61,127,344</b>	<b>14,206,258</b>	<b>75,333,602</b>	<b>40,333,066</b>	<b>18,172,752</b>	<b>58,505,818</b>	

### 5.12.3 Reporting by geographical area for Triglav Group

in EUR

Statement of financial position	31 December 2016				
	SLOVENIA	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
<b>ASSETS</b>	<b>3,530,198,569</b>	<b>370,869,124</b>	<b>3,901,067,693</b>	<b>-326,182,270</b>	<b>3,574,885,423</b>
Intangible assets	60,636,141	13,187,447	73,823,588	0	73,823,588
Property, plant and equipment	72,319,690	35,613,738	107,933,428	0	107,933,428
Deferred tax assets	15,295,135	497,979	15,793,114	0	15,793,114
Investment property	76,022,350	14,456,399	90,478,749	5,363,971	95,842,720
Investments in subsidiaries	198,843,920	6,398,261	205,242,181	-205,242,181	0
Investments in associates	6,826,400	0	6,826,400	0	6,826,400
Financial assets	2,776,715,851	222,612,289	2,999,328,140	-25,024,859	2,974,303,281
Financial investments	2,335,975,934	203,369,384	2,539,345,318	-25,024,859	2,514,320,459
- loans and deposits	104,567,347	64,955,145	169,522,492	-20,790,854	148,731,638
- held to maturity	212,410,092	18,932,301	231,342,393	0	231,342,393
- available for sale	1,628,468,878	113,308,788	1,741,777,666	-3,734,594	1,738,043,072
- recognised at fair value through profit and loss	390,529,617	6,173,150	396,702,767	-499,411	396,203,356
Unit-linked insurance assets	440,739,917	19,242,905	459,982,822	0	459,982,822
Reinsurers' share of technical provisions	126,409,373	20,262,383	146,671,756	-69,586,973	77,084,783
Receivables	139,051,920	45,420,465	184,472,385	-31,551,296	152,921,089
- receivables from direct insurance operations	62,579,234	24,194,680	86,773,914	-2,714,748	84,059,166
- receivables from reinsurance and coinsurance operations	52,836,852	6,329,314	59,166,166	-24,066,316	35,099,850
- current tax receivables	687,497	202,779	890,276	0	890,276
- other receivables	22,948,337	14,693,692	37,642,029	-4,770,232	32,871,797
Other assets	2,153,552	1,609,633	3,763,185	-140,932	3,622,253
Cash and cash equivalents	54,903,944	10,810,530	65,714,474	0	65,714,474
Non-current assets held for sale	1,020,293	0	1,020,293	0	1,020,293
<b>EQUITY AND LIABILITIES</b>	<b>3,530,198,569</b>	<b>370,869,124</b>	<b>3,901,067,693</b>	<b>-326,182,270</b>	<b>3,574,885,423</b>
Equity	843,069,531	101,603,697	944,673,228	-200,323,481	744,349,747
Controlling interests	843,069,531	101,603,697	944,673,228	-210,717,714	733,955,514
- share capital	183,946,127	92,721,307	276,667,434	-202,966,042	73,701,392
- share premium	80,238,633	1,455,549	81,694,182	-28,205,492	53,488,690
- reserves from profit	292,830,748	9,102,332	301,933,080	3,602,377	305,535,457
- fair value reserve	93,773,260	4,969,868	98,743,128	-11,008,000	87,735,128
- net profit brought forward	133,115,418	-3,726,987	129,388,431	43,804,438	173,192,869
- net profit/loss for the year	59,165,345	967,476	60,132,821	-15,916,344	44,216,477
- currency translation differences	0	-3,885,848	-3,885,848	-28,651	-3,914,499
- reserve of disposal group held for sale	0	0	0	0	0
Non-controlling interests	0	0	0	10,394,233	10,394,233
Subordinated liabilities	22,603,108	0	22,603,108	-5,734,006	16,869,102
Insurance technical provisions	2,064,922,488	206,435,636	2,271,358,124	-68,252,900	2,203,105,224
- unearned premiums	214,691,367	63,571,864	278,263,231	-14,623,611	263,639,620
- mathematical provisions	1,215,423,328	56,669,021	1,272,092,349	1,446,259	1,273,538,608
- claims provisions	607,358,659	82,775,436	690,134,095	-54,893,200	635,240,895
- other insurance technical provisions	27,449,134	3,419,315	30,868,449	-182,348	30,686,101
Insurance technical provisions for unit-linked insurance contracts	438,557,715	19,125,376	457,683,091	0	457,683,091
Employee benefits	11,734,153	1,816,111	13,550,264	0	13,550,264
Other provisions	2,817,708	1,153,509	3,971,217	0	3,971,217
Deferred tax liabilities	24,295,651	1,104,893	25,400,544	0	25,400,544
Other financial liabilities	3,262,821	4,201,802	7,464,623	-2,175,930	5,288,693
Operating liabilities	59,136,359	10,174,712	69,311,071	-27,282,876	42,028,195
- liabilities from direct insurance operations	14,216,505	2,918,984	17,135,489	-1,115,469	16,020,020
- liabilities from reinsurance and co-insurance operations	42,225,370	7,071,282	49,296,652	-26,167,407	23,129,245
- current tax liabilities	2,694,484	184,446	2,878,930	0	2,878,930
Other liabilities	59,799,035	25,253,388	85,052,423	-22,413,077	62,639,346
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

in EUR

Statement of financial position	31 December 2015				
	SLOVENIA	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
<b>ASSETS</b>	<b>3,475,955,971</b>	<b>354,179,447</b>	<b>3,830,135,418</b>	<b>-336,678,618</b>	<b>3,493,456,800</b>
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 r 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
<b>EQUITY AND LIABILITIES</b>	<b>3,475,955,971</b>	<b>354,179,447</b>	<b>3,830,135,418</b>	<b>-336,678,618</b>	<b>3,493,456,800</b>
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

Income statement	31 December 2016			31 December 2015		
	SLOVENIA	OTHER	TOTAL	SLOVENIA	OTHER	TOTAL
<b>Net premium income</b>	<b>703,239,403</b>	<b>146,354,598</b>	<b>849,594,001</b>	<b>702,635,173</b>	<b>136,532,051</b>	<b>839,167,224</b>
- gross written premium	774,450,456	161,553,359	936,003,815	760,924,325	158,191,940	919,116,265
- ceded written premium	-66,045,977	-13,034,972	-79,080,949	-60,163,244	-16,882,390	-77,045,634
- change in unearned premiums	-5,165,076	-2,163,789	-7,328,865	1,874,092	-4,777,499	-2,903,407
<b>Total income from financial assets</b>	<b>136,077,184</b>	<b>9,940,301</b>	<b>146,017,485</b>	<b>287,979,097</b>	<b>12,929,477</b>	<b>300,908,574</b>
Income from financial assets in associates	3,116,574	0	3,116,574	5,217,670	236,930	5,454,600
- profit on equity investments accounted for using the equity method	188,105	0	188,105	1,024,797	0	1,024,797
- 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	2,928,469	0	2,928,469	4,192,873	236,930	4,429,803
- other financial income	0	0	0	0	0	0
Income from other financial assets	109,884,396	9,562,238	119,446,634	190,888,810	11,688,370	202,577,180
- interest income	60,768,780	8,066,794	68,835,574	62,820,699	8,421,849	71,242,548
- dividends	3,224,538	132,231	3,356,769	3,182,732	35,788	3,218,520
- fair value gains	7,536,482	277,282	7,813,764	38,994,534	296,275	39,290,809
- realised gains on disposals	33,567,044	412,045	33,979,089	75,807,946	1,669,559	77,477,505
- other financial income	4,787,552	673,886	5,461,438	10,082,899	1,264,899	11,347,798
Net unrealised gains on unit-linked life insurance assets	23,076,214	378,063	23,454,277	91,872,617	1,004,177	92,876,794
<b>Other income from insurance operations</b>	<b>1,470,316</b>	<b>3,921,856</b>	<b>5,392,172</b>	<b>3,750,073</b>	<b>3,680,885</b>	<b>7,430,958</b>
- fees and commission income	-736,231	989,024	252,793	1,271,035	1,223,601	2,494,636
- other income from insurance operations	2,206,547	2,932,832	5,139,379	2,479,038	2,457,284	4,936,322
<b>Other income</b>	<b>47,121,790</b>	<b>6,415,385</b>	<b>53,537,175</b>	<b>70,867,093</b>	<b>6,393,163</b>	<b>77,260,256</b>
<b>Net claims incurred</b>	<b>502,368,127</b>	<b>74,734,291</b>	<b>577,102,418</b>	<b>493,102,870</b>	<b>77,240,424</b>	<b>570,343,294</b>
- gross claims settled	525,445,004	80,574,565	606,019,569	515,310,930	79,529,586	594,840,516
- reinsurers' and co-insurers' share	-15,942,335	-5,749,685	-21,692,020	-18,639,706	-4,895,691	-23,535,397
- changes in claims provisions	-14,084,611	-90,589	-14,175,200	-11,037,524	2,606,529	-8,430,995
- equalisation scheme expenses for supplementary health insurance	6,950,069	0	6,950,069	7,469,170	0	7,469,170
<b>Change in other insurance technical provisions</b>	<b>43,783,805</b>	<b>3,427,520</b>	<b>47,211,325</b>	<b>57,288,062</b>	<b>3,052,330</b>	<b>60,340,392</b>
<b>Change in insurance technical provisions for unit-linked insurance contracts</b>	<b>-37,067</b>	<b>813,715</b>	<b>776,648</b>	<b>-4,032,292</b>	<b>2,150,147</b>	<b>-1,882,145</b>
<b>Expenses for bonuses and discounts</b>	<b>9,106,886</b>	<b>2,224,744</b>	<b>11,331,630</b>	<b>8,261,787</b>	<b>1,941,172</b>	<b>10,202,959</b>
<b>Operating expenses</b>	<b>152,430,778</b>	<b>56,244,930</b>	<b>208,675,708</b>	<b>147,879,451</b>	<b>53,916,682</b>	<b>201,796,133</b>
- costs of insurance contract acquisition	102,328,037	38,674,976	141,003,013	99,688,817	36,469,602	136,158,419
- other operating costs	50,102,741	17,569,954	67,672,695	48,190,634	17,447,080	65,637,714
<b>Expenses from financial assets and liabilities</b>	<b>41,041,678</b>	<b>1,492,201</b>	<b>42,533,879</b>	<b>176,968,682</b>	<b>3,398,574</b>	<b>180,367,256</b>
Expenses from financial assets and liabilities in associates	3,406,619	-232,428	3,174,191	1,160,415	0	1,160,415
- loss on investments accounted for using the equity method	247,812	0	247,812	295,258	0	295,258
- interest expense	0	0	0	0	0	0
- fair value losses	0	0	0	0	0	0
- realised loss on disposals	3,158,807	-232,428	2,926,379	865,153	0	865,153
- impairments	0	0	0	4	0	4
- other financial expenses	0	0	0	0	0	0
Expenses from other financial assets and liabilities	36,276,275	1,577,609	37,853,884	92,375,305	3,398,574	95,773,879
- interest expense	1,259,386	55,119	1,314,505	2,024,386	153,060	2,177,446
- fair value losses	6,787,412	101,059	6,888,471	48,869,717	667,584	49,537,301
- realised loss on disposals	19,375,586	75,436	19,451,022	21,712,858	91,039	21,803,897
- impairments	3,098,169	98,856	3,197,025	2,641,953	1,185,492	3,827,445
- other financial expenses	5,755,722	1,247,139	7,002,861	17,126,391	1,301,399	18,427,790
Net unrealised losses on unit-linked life insurance assets	1,358,784	147,020	1,505,804	83,432,962	0	83,432,962
<b>Other insurance expenses</b>	<b>10,633,917</b>	<b>6,404,428</b>	<b>17,038,345</b>	<b>8,898,298</b>	<b>9,313,848</b>	<b>18,212,146</b>
<b>Other expenses</b>	<b>44,067,794</b>	<b>10,664,996</b>	<b>54,732,790</b>	<b>70,962,831</b>	<b>11,946,469</b>	<b>82,909,300</b>
<b>Profit before tax</b>	<b>84,512,775</b>	<b>10,625,315</b>	<b>95,138,090</b>	<b>105,901,747</b>	<b>-3,424,070</b>	<b>102,477,677</b>
Income tax expense	12,286,560	519,756	12,806,316	12,835,853	780,630	13,616,483
<b>Net profit</b>	<b>72,226,215</b>	<b>10,105,559</b>	<b>82,331,774</b>	<b>93,065,894</b>	<b>-4,204,700</b>	<b>88,861,194</b>
Net profit attributable to the controlling company	72,303,030	9,632,723	81,935,753	92,774,859	-3,949,424	88,825,435
Net profit attributable to non-controlling interest holders	-76,815	472,836	396,021	291,035	-255,276	35,759

#### 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.