

Accounting Report

Business
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The Triglav
Group and
Zavarovalnica
Triglav d.d.
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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 2018, 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 2018 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

Uroš Ivanc,
Member of the Management Board

Tadej Čoroli,
Member of the Management Board

Barbara Smolnikar,
Member of the Management Board

Marica Makoter,
Member of the Management Board



Ljubljana, 8 March 2019

Independent Auditor's Report



This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zavarovalnica Triglav, d.d.

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 2018, 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 2018 and separate and consolidated financial performance and 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) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities ("Regulation (EU) No. 537/2014 of the European Parliament and the Council"). 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 the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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 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 separate and consolidated statement of

We used 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 LAT cash flows in life products. We assessed the design and verified the operating effectiveness of internal controls over the actuarial



financial position and in the LAT. We determined this to be a significant item for our audit and a key auditing matter.

process including claim reserves calculation, process of setting economic and actuarial assumptions as well as cash flow derivation approach. We assessed the Company's and the Group's modelling approach in the areas considered higher risk as a result of complexity and/or magnitude. We also assessed the Company's and the Group's approach and methodology for the actuarial analyses including estimated versus actual results and experience studies. We assessed the experience analyses performed by the Company's and the Group's in their assumption setting processes. Our assessments included evaluation, as necessary, of specified economic and actuarial assumptions considering management's rationale for the actuarial judgments applied. We compared applicable industry information considering the appropriateness of actuarial judgments used in the models, which may vary depending on the product and/or the specifications of the product, and also the compliance of the models with International Financial Reporting Standards as adopted by the European Union. Furthermore, we performed audit procedures to evaluate if 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 LAT which is a test performed to check that the liabilities are adequate as compared to the expected future contractual obligations. Our work on the LAT included assessment of the projected cash flows and of the assumptions adopted in the context of both Company's and the Group's and industry experience and specific product features.

We assessed the adequacy of the disclosures included in note 2.6 Main assumptions and 3.14 Insurance technical provisions and insurance technical provisions for unit-linked insurance contracts of the separate and consolidated financial statements.

Other information

Other information comprises the information included in the 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, audit committee and the supervisory board 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 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 and the Group'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 and the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee and the 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 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 and Group'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 and Group 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 the 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 the 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 the 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.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as the statutory auditor by the statutory body of the Company on 6 September 2016 based on our approval by the General Meeting of Shareholders of the Company on 31 May 2016. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for 7 years.

Consistence with Additional Report to Audit Committee

Our audit opinion on the separate and consolidated financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued on 4 March 2019.

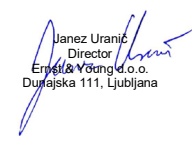
Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and its controlled undertakings and we remain independent from the Company and its controlled undertakings in conducting the audit.

In addition to statutory audit services and services disclosed in the Annual Report and in the separate and consolidated financial statements, no other services which were provided by us to the Company and its controlled undertakings.

Ljubljana, 8 March 2019

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



ERNST & YOUNG
Revizija, poslovno svetovanje d.o.o., Ljubljana 1

Simon Podvinški
Certified auditor



1. Financial Statements¹⁰⁵

1.1 Statement of financial position

		in EUR			
		Triglav Group		Zavarovalnica Triglav	
	Notes	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
ASSETS		3,645,277,487	3,674,676,193	2,730,187,525	2,786,489,540
Intangible assets	3.1	84,060,048	78,840,612	62,162,502	59,786,283
Property, plant and equipment	3.2	113,296,053	111,210,437	67,986,100	67,526,775
Non-current assets held for sale	3.11	2,067,399	2,278,440	0	0
Deferred tax assets	3.17	12,893,732	13,769,115	0	0
Investment property	3.3	89,840,456	94,007,483	45,270,540	48,214,401
Investments in subsidiaries	3.4	0	0	131,938,667	118,167,937
Investments in associates	3.5	14,125,973	6,449,324	16,959,355	10,002,047
– accounted for using the equity method		14,125,973	6,449,324	0	0
– measured at fair value		0	0	16,959,355	10,002,047
Financial investments	3.6	2,588,904,297	2,587,850,704	1,840,036,950	1,860,998,156
– loans and deposits		138,857,972	125,251,487	92,670,309	91,428,595
– held to maturity		196,773,185	221,390,576	159,463,950	166,993,807
– available for sale		1,802,568,767	1,815,323,900	1,383,855,505	1,400,652,988
– recognised at fair value through profit and loss		450,704,373	425,884,741	204,047,186	201,922,766
Unit-linked insurance assets		402,515,770	450,236,044	366,664,078	417,607,959
Reinsurers' share of technical provisions	3.7	85,920,499	83,815,576	87,893,306	85,327,645
Receivables	3.8	178,654,878	163,878,354	89,980,951	81,350,417
– receivables from direct insurance operations		96,601,328	85,722,492	62,635,337	54,731,853
– receivables from reinsurance and coinsurance operations		51,299,903	44,939,702	18,157,611	13,889,792
– current tax receivables		579,645	32,211	0	0
– other receivables		30,174,002	33,183,949	9,188,003	12,728,772
Other assets	3.9	5,396,722	3,922,257	3,296,589	1,993,174
Cash and cash equivalents	3.10	67,601,660	78,417,847	17,998,487	35,514,746
<i>Off balance sheet items</i>		<u>251,429,127</u>	<u>240,363,102</u>	<u>178,359,227</u>	<u>174,448,801</u>

¹⁰⁵Notes on pages from 180 to 281 are part of financial statements.

		Triglav Group		Zavarovalnica Triglav		in EUR
	Notes	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017	
EQUITY AND LIABILITIES						
Equity	3.12	746,862,805	756,645,683	560,120,736	571,412,305	
Controlling interests		744,566,806	749,838,244	560,120,736	571,412,305	
– share capital		73,701,392	73,701,392	73,701,392	73,701,392	
– share premium		50,206,540	50,403,656	53,412,884	53,412,884	
– reserves from profit		334,121,464	333,407,073	318,962,643	318,962,643	
– treasury share reserves		364,680	364,680	0	0	
– treasury shares		-364,680	-364,680	0	0	
– fair value reserve		66,237,889	95,398,236	47,260,189	67,250,264	
– net profit brought forward		142,483,579	160,647,992	1,239,764	25,563,172	
– net profit/loss for the year		80,533,643	39,133,955	65,543,864	32,521,950	
– currency translation differences		-2,717,701	-2,854,060	0	0	
– reserve of disposal group held for sale		0	0	0	0	
Non-controlling interests	2.7	2,295,999	6,807,439	0	0	
Subordinated liabilities	3.13	15,462,711	15,459,132	20,612,951	20,608,180	
Insurance technical provisions	3.14	2,310,503,061	2,282,701,026	1,696,143,475	1,687,109,267	
– unearned premiums		300,166,946	278,112,719	213,919,937	196,528,185	
– mathematical provisions		1,357,233,017	1,333,055,389	1,009,712,605	994,737,498	
– claims provisions		614,943,915	638,473,713	442,560,188	469,230,900	
– other insurance technical provisions		38,159,183	33,059,205	29,950,745	26,612,684	
Insurance technical provisions for unit-linked insurance contracts		402,598,039	449,544,565	365,238,075	416,250,767	
Provisions for employee benefits	3.15	14,804,574	13,979,843	11,167,156	10,700,463	
Other provisions	3.16	1,919,555	3,794,647	758,435	724,961	
Non-current liabilities held for sale and discontinued operations		0	0	0	0	
Deferred tax liabilities	3.17	17,203,576	26,396,579	2,813,736	9,301,053	
Other financial liabilities	3.18	5,620,904	5,589,381	1,587,443	1,845,184	
Operating liabilities	3.19	54,792,055	49,381,602	28,523,572	27,740,050	
– liabilities from direct insurance operations		19,717,929	18,875,323	11,306,835	11,354,265	
– liabilities from reinsurance and co-insurance operations		30,465,655	28,758,158	13,819,946	15,249,797	
– current tax liabilities		4,608,471	1,748,121	3,396,791	1,135,988	
Other liabilities	3.20	75,510,207	71,183,735	43,221,946	40,797,310	
<i>Off balance sheet items</i>		251,429,127	240,363,102	178,359,227	174,448,801	

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1.2 Income statement

in EUR					
	Notes	Triglav Group		Zavarovalnica Triglav	
		2018	2017 restated ¹⁰⁶	2018	2017 restated
Net premium income	4.1	951,762,862	891,197,369	551,940,868	522,057,353
– gross written premium		1,068,394,407	999,916,626	660,210,432	621,971,336
– ceded written premium		-106,624,908	-97,550,733	-101,297,110	-93,522,581
– change in unearned premium reserve		-10,006,637	-11,168,524	-6,972,454	-6,391,402
Income from investments in subsidiaries and associates	4.2	1,021,159	224,605	5,305,545	7,106,829
– profit on equity investments accounted for using the equity method		1,021,159	224,605	0	0
– other income from investments in subsidiaries and associates		0	0	5,305,545	7,106,829
Income from investments	4.2	88,889,077	132,944,438	61,755,135	99,243,902
– interest income calculated using the effective interest method		55,573,242	58,196,582	36,890,019	38,861,704
– gains on disposals		23,777,837	29,790,480	18,521,649	25,370,295
– other income from investments		9,537,998	44,957,376	6,343,467	35,011,903
Other income from insurance operations	4.6	29,837,981	29,237,231	27,448,384	27,732,584
– fees and commission income		15,806,181	16,487,470	17,004,132	18,011,729
– other income from insurance operations		14,031,800	12,749,762	10,444,252	9,720,855
Other income	4.7	36,149,533	34,033,116	12,491,979	10,951,423
Net claims incurred	4.8	626,560,398	619,958,781	359,941,674	376,292,830
– gross claims settled		679,600,218	642,162,569	421,002,582	411,305,524
– reinsurers' share		-39,988,966	-24,573,610	-37,767,613	-24,624,035
– changes in claims provisions		-19,248,552	-3,915,964	-23,293,295	-10,388,659
– equalisation scheme expenses for supplementary health insurance		6,197,698	6,285,786	0	0
Change in other insurance technical provisions (excluding ULI)	4.10	39,860,373	60,281,190	29,499,390	35,366,975
Change in insurance technical provisions for unit-linked insurance contracts	4.10	-46,889,547	-8,250,712	-50,884,979	-14,678,837
Expenses for bonuses and discounts	4.11	11,417,685	9,342,891	10,571,287	8,073,088
Change in financial contract liabilities		0	0	0	0
Operating expenses	4.12	233,637,425	220,762,633	153,008,918	145,922,909
– acquisition costs		159,245,093	147,942,412	110,230,112	105,301,136
– other operating costs		74,392,332	72,820,221	42,778,806	40,621,773
Expenses from investments in subsidiaries and associates	4.3	137,092	3,126,853	4,759	4,435
– loss on investments accounted for using the equity method		137,092	1,981,853	0	0
– other expenses from financial assets and liabilities		0	1,145,000	4,759	4,435
Expenses from investments	4.3	67,118,486	27,651,058	50,929,727	20,438,978
– loss on impairment of investments		1,497,483	335,255	1,248,877	200,000
– loss on disposal of investments		13,128,928	11,083,596	12,566,364	10,588,356
– other expenses from investments		52,492,075	16,232,207	37,114,486	9,650,622
Other insurance expenses	4.13	33,744,135	28,058,062	11,819,639	6,980,751
Other expenses	4.14	44,618,763	42,260,921	15,594,244	14,868,646
– expenses from financing		1,384,361	1,631,023	1,507,022	1,549,066
– other expenses		43,234,402	40,629,898	14,087,222	13,319,580
Profit before tax		97,455,802	84,445,082	78,457,252	73,822,316
Income tax expense	4.15	16,629,557	14,737,130	12,913,388	11,300,366
NET PROFIT FOR THE PERIOD		80,826,245	69,707,952	65,543,864	62,521,950
Earnings per share (basic and diluted)		3.56	3.07	-	-
Net profit/loss attributable to the controlling company		80,662,754	69,256,560	-	-
Net profit/loss attributable to the non-controlling interest holders	2.7	163,491	451,391	-	-

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1.3 Comprehensive income

		in EUR			
		Triglav Group		Zavarovalnica Triglav	
	Notes	2018	2017	2018	2017
Net profit for the year after tax	3.12	80,826,245	69,707,952	65,543,864	62,521,950
Other comprehensive income after tax		-28,931,958	9,018,012	-19,997,563	2,339,106
Items which will not be transferred in income statement in future periods					
Actuarial gains/losses on defined benefit pension plans	3.15	-303,425	391,597	-266,153	350,717
Tax on items which will not be transferred in income statement		-303,550	391,597	-266,153	350,717
Items which could be transferred into income statement in future periods					
Fair value gains/losses on available-for-sale financial assets	2	125	0	0	0
– net gains/losses recognized directly in equity		-28,628,533	8,626,415	-19,731,410	1,988,389
– transfers from equity to income statement		-50,091,501	7,982,377	-39,514,888	2,935,382
Fair value gains/losses on non-current assets held for sale		-32,052,599	32,023,082	-25,811,542	24,405,582
Fair value gains/losses on cashflow hedges		-18,038,902	-24,040,705	-13,703,346	-21,470,200
Share of OCI of entities accounted for using the equity method		0	204,793	0	0
Liabilities from insurance contracts with DPF		0	0	0	0
Currency translation differences		-310,367	603,255	0	0
Tax on other comprehensive income		12,510,378	-487,190	12,510,379	-487,190
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX		9,135,474	-757,625	7,273,099	-459,803
Controlling interest		51,894,287	78,725,963	45,546,301	64,861,056
Non-controlling interest		51,702,769	78,173,753	-	-
		191,518	552,210	-	-

1.4 Statement of changes in equity

in EUR

Triglav Group	Share capital	Share premium	Reserves from profit						Fair value reserve	Reserve of disposal group held for sale	Net profit brought forward	Net profit/loss	Currency translation differences	TOTAL EQUITY ATTRIBUTABLE TO THE CONTROLLING COMPANY	Non-controlling interests	TOTAL
			Contingency reserves	Legal and statutory reserves	Treasury share reserves	Treasury shares	Credit risk reserves	Other reserves from profit								
As at 1 January 2017	73,701,392	53,488,690	592,269	20,642,424	364,680	-364,680	764	284,300,000	87,735,128	0	173,192,869	44,216,477	-3,914,499	733,955,514	10,394,233	744,349,747
Comprehensive income for the year after tax	0	0	0	0	0	0	0	0	7,663,108	0	193,644	69,256,560	1,060,439	78,173,753	552,210	78,725,963
a) Net profit	0	0	0	0	0	0	0	0	0	0	0	69,256,560	0	69,256,560	451,391	69,707,952
b) Other comprehensive income	0	0	0	0	0	0	0	0	7,663,108	0	193,644	0	1,060,439	8,917,191	100,819	9,018,010
Transfer to retained earnings	0	0	0	0	0	0	0	0	0	0	44,216,477	-44,216,477	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	0	-56,777,086	0	0	-56,777,086	-4,312	-56,781,398
Transfer of net profit to reserves from profit	0	0	0	553,416	0	0	0	30,000,000	0	0	-430,811	-30,122,605	0	0	0	0
Offset of loss from previous years	0	0	0	-252,900	0	0	0	0	0	0	252,900	0	0	0	0	0
Change in Group	0	-3,186,028	0	-2,428,901	0	0	0	0	0	0	0	0	0	-5,614,929	-4,134,692	-9,749,621
Other	0	100,994	0	0	0	0	0	0	0	0	0	0	0	100,994	0	100,994
As at 31 December 2017	73,701,392	50,403,656	592,269	18,514,040	364,680	-364,680	764	314,300,000	95,398,236	0	160,647,992	39,133,955	-2,854,060	749,838,244	6,807,439	756,645,683
Comprehensive income for the year after tax	0	0	0	0	0	0	0	0	-29,160,347	0	64,002	80,662,754	136,359	51,702,768	191,518	51,894,287
a) Net profit	0	0	0	0	0	0	0	0	0	0	0	80,662,754	0	80,662,754	163,491	80,826,245
b) Other comprehensive income	0	0	0	0	0	0	0	0	-29,160,347	0	64,002	0	136,359	-28,959,986	28,027	-28,931,959
Repayment of equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-133,062	-133,062
Transfer to retained earnings	0	0	0	0	0	0	0	0	0	0	39,133,955	-39,133,955	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	0	-56,777,086	0	0	-56,777,086	-102,094	-56,879,180
Transfer of net profit to reserves from profit	0	0	6,819	707,572	0	0	0	0	0	0	-585,282	-129,109	0	0	0	0
Change in Group	0	-197,116	0	0	0	0	0	0	0	0	0	0	0	-197,116	-4,467,802	-4,664,918
As at 31 December 2018	73,701,392	50,206,540	599,088	19,221,612	364,680	-364,680	764	314,300,000	66,237,889	0	142,483,579	80,533,643	-2,717,701	744,566,806	2,295,999	746,862,805

in EUR

Zavarovalnica Triglav	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit brought forward	Net profit/loss	TOTAL
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
As at 1 January 2017	73,701,392	53,412,884	4,662,643	0	284,300,000	64,890,318	44,688,278	37,733,602	563,389,117
Comprehensive income for the year after tax	0	0	0	0	0	2,359,946	-20,839	62,521,950	64,861,056
a) Net profit	0	0	0	0	0	0	0	62,521,950	62,521,950
b) Other comprehensive income	0	0	0	0	0	2,359,946	-20,839	0	2,339,107
Dividend payment	0	0	0	0	0	0	-56,837,869	0	-56,837,869
Transfer of net profit to other reserves from profit	0	0	0	0	30,000,000	0	0	-30,000,000	0
Transfer to retained earnings	0	0	0	0	0	0	37,733,602	-37,733,602	0
As at 31 December 2017	73,701,392	53,412,884	4,662,643	0	314,300,000	67,250,264	25,563,172	32,521,950	571,412,305
Comprehensive income for the year after tax	0	0	0	0	0	-19,990,075	-7,488	65,543,864	45,546,301
a) Net profit	0	0	0	0	0	0	0	65,543,864	65,543,864
b) Other comprehensive income	0	0	0	0	0	-19,990,075	-7,488	0	-19,997,563
Dividend payment	0	0	0	0	0	0	-56,837,870	0	-56,837,870
Transfer to retained earnings	0	0	0	0	0	0	32,521,950	-32,521,950	0
As at 31 December 2018	73,701,392	53,412,884	4,662,643	0	314,300,000	47,260,189	1,239,764	65,543,864	560,120,736

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1.5 Cash flow statement

		in EUR			
		Triglav Group		Zavarovalnica Triglav	
	Notes	2018	2017	2018	2017
A.	OPERATING CASH FLOW				
a.	Income statement items	63,558,277	47,763,405	27,298,196	2,402,118
	Net written premium for the period	992,822,784	931,192,941	558,913,322	528,448,755
	Investment income (excluding financial income)	21,545,047	21,583,243	11,916,643	12,038,000
	Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables	39,089,344	34,492,062	10,868,255	10,097,825
	Net claims paid	-658,958,408	-626,345,459	-383,234,969	-386,681,490
	Bonuses and rebates paid	-10,350,140	-9,258,381	-9,374,088	-8,218,663
	Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	-240,531,743	-220,091,770	-129,555,100	-120,912,122
	Investment expenses (excluding depreciation charge and financial expenses)	-11,076,031	-10,115,412	-5,595,378	-7,077,627
	Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	-54,675,615	-59,658,304	-16,773,686	-15,161,832
	Corporate income tax and other taxes excluded from operating expenses	-14,306,961	-14,035,515	-9,866,802	-10,130,728
b.	Changes in net current assets-operating balance sheet items	-19,565,937	1,918,944	-14,036,824	4,592,420
	Movements in receivables from direct insurance operations	-10,439,344	2,408,225	-8,151,580	4,875,196
	Movements in receivables from reinsurance operations	-10,452,845	-8,946,527	-4,267,819	-6,351,696
	Movements in other receivables from (re)insurance operations	2,614,724	-2,058,178	-1,264,031	1,147,648
	Movements in other receivables and assets	-2,998,138	-352,320	-1,302,382	-585,626
	Movements in deferred tax assets	-1,444,446	54,034	0	0
	Movements in inventories	27,655	170,131	-2,973	-24,706
	Movements in debts from direct insurance operations	843,066	2,519,871	-47,430	151,923
	Movements in debts from reinsurance operations	4,012,279	1,738,719	-1,429,852	3,742,212
	Movements in operating debts	5,751,510	1,921,919	-2,718	-494,928
	Movements in other liabilities (excluding unearned premiums)	-6,159,491	2,972,253	2,431,959	2,132,397
	Movements in deferred tax liabilities	-1,320,907	1,490,817	0	0
c.	Net cash from/ (used in) operating activities (a + b)	43,992,340	49,682,349	13,261,372	6,994,538
		5.2			
B.	CASH FLOWS FROM INVESTING ACTIVITIES				
a.	Cash inflows from investing activities	999,778,200	1,295,036,003	796,648,223	1,077,968,813
	Cash inflows from interest from investing activities	53,035,031	56,592,362	36,970,864	39,336,018
	Cash inflows from dividends received and profit sharing	3,828,099	4,900,674	7,557,132	8,868,008
	Cash inflows from the disposal of intangible assets	3,094	0	3,094	0
	Cash inflows from the disposal of property, plant and equipment	8,715,584	2,947,661	8,181,979	952,716
	Cash inflows from the disposal of financial investments	934,196,392	1,230,595,306	743,935,154	1,028,812,072
	- Cash inflows from the disposal of investments in subsidiaries and associates	0	14,505,290	0	14,505,290
	- Other cash inflows from disposal of financial investments	934,196,392	1,216,090,016	743,935,154	1,014,306,782
b.	Cash outflows from investing activities	-996,334,697	-1,271,700,986	-769,343,650	-1,018,983,429
	Cash outflows for the purchase of intangible assets	-6,223,811	-7,013,310	-2,948,864	-5,164,016
	Cash outflows for the purchase of property, plant and equipment	-14,669,708	-11,294,823	-10,003,879	-4,285,331
	Cash outflows for the purchase of financial investments	-975,441,178	-1,253,392,853	-756,390,907	-1,009,534,083
	- Cash outflows for the purchase of investments in subsidiaries and associates	11,617,277	-11,567,163	-17,060,388	-6,124,150
	- Other cash outflows to acquire financial investments	-987,058,455	-1,241,825,690	-739,330,519	-1,003,409,933
c.	Net cash from/ (used in) investing activities (a + b)	3,443,503	23,335,017	27,304,573	58,985,384
		5.2			

		Triglav Group		Zavarovalnica Triglav		in EUR
	Notes	2018	2017	2018	2017	
C.	CASH FLOWS FROM FINANCING ACTIVITIES					
a.	Cash inflows from financing activities	0	0	0	0	
	Cash inflows from paid-in capital	0	0	0	0	
	Cash inflows from long-term loans received and issued	0	0	0	0	
	Cash inflows from short-term loans received	0	0	0	0	
b.	Cash outflows from financing activities	-58,256,189	-60,407,207	-58,082,203	-58,118,823	
	Cash outflows for paid interest	-1,227,366	-1,227,366	-1,227,366	-1,227,366	
	Cash outflows for purchase of treasury shares	0	-2,349,109	0	0	
	Cash outflows for capital repayment	-133,062	0	0	0	
	Cash outflows for payments of long-term financial liabilities	0	0	0	0	
	Cash outflows for payments of short-term financial liabilities	0	0	0	0	
	Cash outflows from dividends paid and profit sharing	-56,895,761	-56,830,732	-56,854,837	-56,891,457	
c.	Net cash from/ (used in) financing activities (a + b)	-58,256,189	-60,407,207	-58,082,203	-58,118,823	
D.	Closing balance of cash and cash equivalents	67,601,660	78,417,847	17,998,487	35,514,746	
E1.	Net cash flow for the period	-10,820,346	12,610,159	-17,516,258	7,861,100	
E2.	Foreign exchange differences	4,159	93,214	0	0	
F.	Opening balance of cash and cash equivalents	78,417,847	65,714,474	35,514,746	27,653,646	

2. General Information

2.1 Profile of Zavarovalnica Triglav and Triglav Group

Zavarovalnica Triglav d.d. (hereinafter: Zavarovalnica Triglav or the controlling company) is a public limited company, with its registered office at Miklošičeva 19 in Ljubljana, Slovenia. The controlling interest in Zavarovalnica Triglav is held by the Institute of Pension and Disability Insurance of Slovenia (Zavod za pokojninsko in invalidsko zavarovanje Slovenije) and the Slovenian Sovereign Holding (Slovenski državni holding), which participate with 34.47% and 28.09% of the share capital, respectively.

Zavarovalnica Triglav offers a broad range of life and non-life insurance, as well as ancillary insurance and pension fund services. In accordance with the Pension and Disability Insurance Act (ZPIZ-2), the Company also provides pension insurance and other ancillary services in relation to insurance and pension funds in the framework of life insurance.

In the life insurance segment, the following funds of assets for supplemental voluntary pension insurance operated in 2018:

- the group of assets, covering technical provisions for supplemental voluntary pension insurance PDPZ (registration no. 5063345032), includes three funds through which the lifecycle investment policy is implemented. All three funds serve to implement pension schemes of group supplemental voluntary pension insurance bearing the codes PN-ZT-01/15-9, PN-ZT-03/15-9, PN-ZT-05/15-9 as well as schemes of individual supplemental voluntary pension insurance bearing the codes PN-ZT-02/15-9, PN-ZT-04/15-9, PN-ZT-06/15-9. The PDPZ group of funds comprises the following three funds of assets, covering technical provisions:
 - fund Triglav PDPZ-zajamčeni (registration number 5063345029);
 - fund Triglav PDPZ-zmerni (registration number 5063345030);
 - fund Triglav PDPZ-drzni (registration number 5063345031);
- fund of assets, covering technical provisions for supplemental voluntary pension insurance during the payout period of pension annuities – rent 1 (registration number 5063345028);

- fund of assets, covering technical provisions for supplemental voluntary pension insurance during the payout period of pension annuities – rent 2 (registration number 5063345033);
- unit-linked life insurance contracts (registration number 5063345023).

Statements of financial position and income statements for funds posted separately are shown [[→ in Section 5.13](#)].

The manager of the Triglav PDPZ-zmerni and Triglav PDPZ-drzni funds is Triglav Skladi d.o.o. Zavarovalnica Triglav manages the other abovementioned funds. The custodian of all PDPZ guarantee funds is Abanka d.d.

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 support activities and other services.

Both separate 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 2018, the Supervisory Board had the following members:

Name	SB	AC	ACC	SC	Notes
Igor Stebernak	M				since 2 June 2016
	P				since 18 August 2016
			P		since 18 August 2016 until 12 June 2017 and since 21 June 2017
Andrej Andoljšek	M				since 13 June 2017
	DP				since 21 June 2017
				M	since 21 June 2017
Milan Tomaževič	M				since 13 June 2017
				P	since 21 June 2017
Žiga Škerjanec	M		M		since 13 June 2017
					since 21 June 2017
				M	since 21 June 2017
Nataša Damjanovič	M				since 13 June 2017
		M			since 21 June 2017
			M		since 21 June 2017
Mario Gobbo	M				since 12 June 2013
					P
Peter Celar	M				since 30 May 2011
Boštjan Molan	M		M		since 31 May 2015
Ivan Sotošek	M		M		since 31 May 2015
Simon Kolenc		M			since 18 August 2017

Legend:

SB – Supervisory Board

AC – Audit Committee

ACC – Appointments and Compensation Committee

SC – Strategy Committee

P – President

DP – Deputy President

M – Member

Management Board

The Management Board directs, represents and acts on behalf of Zavarovalnica Triglav, independently and on its own responsibility. In compliance with the Articles and Memorandum of Association, the Supervisory Board can appoint three to six members 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 2018, the Management Board had the following composition:

- Andrej Slapar, President,
- Uroš Ivanc, member,
- Tadej Čoroli, member,
- Barbara Smolnikar, 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-1).

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,
- 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.

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

The reclassifications for both 2018 and 2017 are shown below:

	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Income from financial assets	-6,358,721	-5,793,980	-6,100,508	-5,793,980
Other insurance income	6,358,721	5,793,980	6,100,508	5,793,980
Expenses from financial assets	-1,384,361	-1,631,023	-1,507,022	-1,549,066
Other expenses	1,384,361	1,631,023	1,507,022	1,549,066

in EUR

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.

Disclosures relating to risks arising from financial instruments are not included in the Accounting Report. They can be found [[→ in the Risk Management chapter on pages from 143 to 167](#)].

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 8 March 2019, 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. 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

Goodwill can arise from the acquisition of a subsidiary and is recognised in consolidated financial statements as the surplus of

the sum of the paid consideration measured at fair value over the net amount of the acquired assets and liabilities of the subsidiary. If the difference is negative, the profit is recognised in its entirety in the income statement.

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 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. The depreciation rates given below have been used consistently through the years.

	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 (land and buildings) owned or leased 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 Section 2.5.2 in 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 power 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

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. In separate financial statements investments in equity instruments of associated companies (shares, stakes) are measured at fair value.

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 Sections 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. The dividends of associates are excluded in consolidated financial statements.

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 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 funds¹⁰⁷ 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 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 or 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.

¹⁰⁷Long-term business funds include the assets of insured persons arising from life insurance, supplementary voluntary pension insurance, voluntary pension insurance during the annuity pay-out period and unit-linked insurance.

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.

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 equaling 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 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). As part of the share premium, the impact of the acquisition of non-controlling shares is also recognised in the consolidated financial statements.

Reserves from profit are legal reserves, statutory and other reserves, 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 1.25%. Other insurance companies in the Triglav Group use different local mortality tables.

Provisions for incurred but not reported claims (IBNR) are calculated by means of “triangle” methods (a combination of Chain Ladder and Bornhuetter-Ferguson methods). The basis for calculation is a sample of past claims experience with appropriate allowance for future trends. For this purpose a several-year-long time series of settled claims is applied.

Additional provisions for incurred but not enough reported claims (IBNER) for annuity insurance are also formed in cases when the policyholder is a minor or a young person and the insurance company can reasonably expect that the policyholder will also submit a claim for loss of income at a certain age.

With the exception of annuities, provisions for outstanding claims are not discounted. The methods used and estimates made are reviewed at least on an quarterly basis.

Mathematical provisions

Mathematical provisions for life, annuity, pension and unit-linked products are calculated separately for each individual policy. For life, annuity and pension contracts in the pay-out period, a modified net premium prospective method is applied, taking into account insurance contract acquisition costs. For pension contracts in the saving period, where the nature of products makes the aforementioned method inappropriate, the retrospective net premium method is applied. The liabilities for unit-linked insurance contracts are evaluated for each insurance policy as the fair value of assets in the investment account decreased by capitalised future management charges on initial units (actuarial funding). For certain insurance products, additional provisions are formed for covering contractual risk payments.

All calculations allow for prudent actuarial assumption bases, the legislation in force and all liabilities to policyholders arising from contracts and the respective terms and conditions.

Mathematical provisions also contain components for discretionary benefits allocated to policyholders in the past, based on the terms and conditions of the underlying contracts.

A portion of fair value reserve of available-for-sale financial assets, which will be distributed among policyholders after maturity, is also included in mathematical provisions. The principle of shadow accounting is applied. In relation to available-for-sale financial instruments, all revaluation surpluses are accounted for in other comprehensive income upon recognition; on the balance sheet date, the transfer to mathematical provisions is made for the part that will go to the insurer upon realisation in line with the provisions of the insurance contract or internal regulations.

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. The abovementioned difference must amount to at least 10 percent of the payment at the beginning of the insurance. Other contracts, including contracts on asset management and lease contracts, are not relevant for disclosure proposes.

2.5.19 Provisions for 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:
 - the discount rate taking account of the yield of sovereign securities at the balance sheet date; and

- 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 cost. Subsequently 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 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 and operating expenses of non-insurance companies. 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 19% tax rate and in other countries where subsidiaries operate at tax rates enacted by local tax laws [*→ as shown in Section 2.7*]. The same applies to the calculation of deferred taxes.

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 2.9% p.a. for the contracts containing a fixed interest rate guarantee of 3.25% or more.

The guaranteed technical interest rate used for valuation ranges between 0.75% 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 0.75% p.a. and 2.85% p.a. For the purpose of valuing its liabilities during the pay-out period of pension annuities bearing an interest rate from 1.0% p.a. to 2.85% 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 1.0% to 2.85%.

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 and additional insurance-technical provisions are established to cater for credit risk.

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 cash-generating unit or the insurance company are also considered a homogenous group. Any deficit is determined at the level of the individual insurance company. 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 the LAT test for 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 uses the probability of an early termination of the insurance contract or discontinuation of premium payments determined on the basis of the analysis of early terminations of life insurance contracts in the past years. 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 2018 was applied to Zavarovalnica Triglav d.d., Triglav Osiguranje d.d., Sarajevo, and Lovćen životna osiguranja a.d. The reference value for a period of 10 years is 1.04%;

- the yield curve of Croatian sovereign debt securities denominated in euros as at 31 December 2018 was applied to Triglav Osiguranje, Zagreb. The reference value for a period of 10 years is 2.34%;
- 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 4.24%) as well as in Serbian dinars (the reference value for a period of 10 years is 4.60%) as at 31 December 2018;
- the yield curve of Macedonian sovereign debt securities denominated in Macedonian dinars as at 31 December 2018 was applied for the purpose of the LAT test for Triglav Osiguranje Život, AD Skopje. The reference value for a period of 10 years is 1.78%.

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 70% of supplemental voluntary pension insurance policyholders and 82% 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

Based on the available data of the liability adequacy test the provisioning for life insurance confirms the sufficient amount of provisions formed for all insurance companies in the Group, except for the insurance company Triglav Osiguranje Život, AD Skopje and for the guarantee funds backing supplemental voluntary pension insurance during the period of annuity payments by Zavarovalnica Triglav, d.d.

The guarantee funds backing supplemental voluntary pension insurance during the period of annuity payments by Zavarovalnica Triglav, are showing a deficit of EUR 5,483,840 as at 31 December 2018. The insurance company has set aside sufficient insurance technical provisions to offset this deficit.

As at the reporting date, Triglav Osiguranje Život, AD Skopje recorded a deficit in the total amount of EUR 18,370. Zavarovalnica Triglav set aside sufficient insurance technical provisions to cover the deficit amount.

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 Život, Skopje
An increase in mortality rates by 10%	-1,007,478	967
A decrease in mortality rates by 10%	1,107,154	-970
An increase in lapse rates by 10%	0	-15,666
A decrease in lapse rates by 10%	0	16,684
An increase in expenses by 10%	320,821	14,257

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 1.25%.

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 financial income from other investing activities

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).

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 2018 and business plans of individual companies for 2018 as approved by their supervisory bodies as well as strategic plans of individual companies for the 2019-2022 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 2018, 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 de-consolidated from the date on which control ceases. All gains and losses arising from deconsolidation are recognised as profit or loss in the consolidated income statement.

Financial statements of Zavarovalnica Triglav and its subsidiaries used in the preparation of the consolidated financial statements all refer to the same reporting date.

All companies within the Triglav Group apply uniform accounting policies. In case the accounting policies of a particular subsidiary differ from the policies applied by the Group, appropriate adjustments are made to the financial statements of the subsidiary prior to the compilation of the consolidated financial statements to ensure compliance with the accounting policies of the Triglav Group.

In the consolidated financial statements, the profit/loss and other comprehensive income are attributed also to non-controlling interests. In case the equity stake of non-controlling interests changes, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributed to the owners of the controlling company.

Members of Triglav Group ¹⁰⁸

NO.	COMPANY	ADDRESS	TAX RATE (in %)	ACTIVITY	EQUITY STAKE (in %)		SHARE OF VOTING RIGHTS (in %)		VALUE OF EQUITY AS AT 31 DECEMBER (in EUR)	
					2018	2017	2018	2017	2018	2017
1	Pozavarovalnica Triglav RE d.d.	Miklošičeva 19, Ljubljana, Slovenia	19	Reinsurance	100.00	100.00	100.00	100.00	79,455,791	82,010,418
2	Triglav, Zdravstvena zavarovalnica d.d.	Pristaniška 10, Koper, Slovenia	19	Insurance	100.00	100.00	100.00	100.00	31,627,112	30,986,326
3	Triglav Osiguranje d.d., Zagreb	Antuna Heinza 4, Zagreb, Croatia	18	Insurance	100.00	100.00	100.00	100.00	29,945,453	29,014,630
4	Triglav Osiguranje d.d., Sarajevo	Dolina 8, Sarajevo, Bosnia and Herzegovina	10	Insurance	97.78	97.78	98.87	98.87	17,272,246	21,454,439
5	Lovćen Osiguranje a.d., Podgorica	Ulica Slobode 13a, Podgorica, Montenegro	9	Insurance	96.59	96.59	96.59	96.59	8,609,819	8,811,540
6	Lovćen životna osiguranja a.d., Podgorica	Ulica Marka Miljanova 29, Podgorica, Montenegro	9	Insurance	96.59	96.59	96.59	96.59	3,209,528	2,644,428
7	Triglav Osiguranje a.d.o., Belgrade	Milutina Milankovića 7a, New Belgrade, Serbia	15	Insurance	99.88	99.88	99.88	99.88	18,358,695	16,200,927
8	Triglav Osiguranje a.d., Banja Luka	Ulica Prvog krajiškog korpusa broj 29, Banja Luka, Bosnia and Herzegovina	10	Insurance	100.00	100.00	100.00	100.00	3,727,010	3,748,175
9	Triglav Osiguruvanje a.d., Skopje	Bulevar 8—mi Septemvri 16, Skopje, North Macedonia	10	Insurance	80.35	79.94	80.35	79.94	14,383,011	13,604,323
10	Triglav Osiguruvanje Život a.d., Skopje	Bulevar sv. Kiril i Metodij 18, Skopje, North Macedonia	10	Insurance	96.07	95.99	96.07	95.99	4,941,556	4,856,501
11	Skupna pokojninska družba d.d.	Dunajska 22, Ljubljana, Slovenia	19	Fund management	100.00	71.87	100.00	71.87	17,070,762	17,546,852
12	Triglav INT d.d.	Dunajska 22, Ljubljana, Slovenia	19	Holding company	100.00	100.00	100.00	100.00	75,071,066	63,578,265
13	Triglav Skladi d.o.o.	Slovenska 54, Ljubljana, Slovenia	19	Fund management	67.50	67.50	100.00	100.00	46,144,535	43,112,426
14	Triglav Avtoservis d.o.o.	Verovškova 60b, Ljubljana, Slovenia	19	Maintenance and repair of motor vehicles	100.00	100.00	100.00	100.00	67,410	64,954
15	Triglav Svetovanje d.o.o.	Ljubljanska 86, Domžale, Slovenia	19	Insurance agency	100.00	100.00	100.00	100.00	578,638	547,383
16	Salnal d.o.o. ¹⁰⁹	Slovenska 54, Ljubljana, Slovenia	19	Real estate management	-	-	-	-	-	-
17	AKM Nepremičnine d.o.o. ¹¹⁰	Dunajska 22, Ljubljana, Slovenia	19	Retail trade	-	100.00	-	100.00	-	3,987,601
18	Golf Arboretum d.o.o.	Volčji potok 43g, Radomlje, Slovenia	19	Sport facilities management	80.73	80.10	80.73	80.10	316,314	379,001
19	Triglav Upravljanje Nepremičnin d.d.	Dunajska 20, Ljubljana, Slovenia	19	Real estate management	100.00	100.00	100.00	100.00	35,397,601	34,552,246
20	Triglav Savjetovanje d.o.o., Sarajevo	Topal Osman Paše 30, Sarajevo, Bosnia and Herzegovina	10	Insurance agency	98.91	98.91	98.91	98.91	94,662	68,153
21	TRI-LIFE d.o.o., Zagreb	Sarajevska 60, Zagreb, Croatia	18	Insurance	100.00	100.00	100.00	100.00	-281,333	-260,976
22	Triglav Savetovanje d.o.o., Belgrade	Zelengorska 1, New Belgrade, Serbia	15	Insurance agency	99.94	99.94	99.94	99.94	8,443	-39,704
23	Autocentar BH d.o.o.	Džemala Bjedića 165b, Sarajevo, Bosnia and Herzegovina	10	Maintenance and repair of motor vehicles	97.78	97.78	98.87	98.87	1,793,419	1,717,726
24	Unis automobili i dijelovi d.o.o.	Mehmeda ef. Pandze 13, Sarajevo, Bosnia and Herzegovina	10	Maintenance and repair of motor vehicles	97.78	97.78	98.87	98.87	135,536	133,394
25	Sarajevostan d.o.o.	Kolodvorska 12, Sarajevo, Bosnia and Herzegovina	10	Real estate management	90.95	90.95	91.97	91.97	1,531,907	3,302,360
26	Lovćen Auto a.d., Podgorica	Novaka Miloševa 6/2, Podgorica, Montenegro	9	Maintenance and repair of motor vehicle	96.59	96.59	96.59	96.59	1,158,530	897,843
27	Triglav Auto d.o.o.	Trg srpskih junaka 4, Banja Luka, 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	Ivana Lučića 2a, Zagreb, Croatia	18	Real estate management	100.00	100.00	100.00	100.00	3,189,395	3,258,264
29	Triglav upravljanje nekretninama d.o.o., Podgorica	Džordža Vašingtona 44, Podgorica, Montenegro	9	Real estate management	100.00	100.00	100.00	100.00	3,307,275	3,299,284
30	PROF-IN d.o.o.	Mehmed paše Sokolovića 15, Banja Luka, Bosnia and Herzegovina	10	Fund management	62.54	62.54	62.54	62.54	3,604,502	3,442,397
31	Hotel Grad Podvin d.d.	Dunajska 20, Ljubljana, Slovenia	19	Tourism	100.00	100.00	100.00	100.00	546,091	647,225
32	Zavod Vse bo v redu	Miklošičeva 19, Ljubljana, Slovenia	19	Institute for corporate social responsibility	100.00	100.00	100.00	100.00	100,000	100,000

¹⁰⁸ The companies listed under numbers 1 to 32 have been included in the consolidated financial statements using the full consolidation method. The companies listed under numbers 30 to 32 have not been included using the full consolidation method, as they are not of importance to the Group. GRI GS 102-45.

¹⁰⁹ Salnal was in 2017 wound-up through a fast-track procedure without liquidation.

¹¹⁰ In 2018, Triglav, upravljanje nepremičnin, d.d. acquired the company AKM Nepremičnine. The details on this acquisition are described in this Section.

Summary financial information on subsidiaries

in EUR

COMPANY	ASSETS		LIABILITIES		EQUITY		INCOME		NET PROFIT/LOSS	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Pozarovalnica Triglav Re, d.d., Ljubljana	285,485,523	279,644,959	206,029,732	197,634,541	79,455,791	82,010,418	147,093,177	141,477,660	4,532,787	6,347,139
Triglav, Zdravstvena zavarovalnica, d.d., Koper	59,416,391	56,434,979	27,789,279	25,448,653	31,627,112	30,986,326	145,928,444	131,252,617	1,324,192	1,257,492
Triglav Osiguranje, d.d., Zagreb	149,791,109	152,619,957	119,845,656	123,605,327	29,945,453	29,014,630	64,655,378	61,014,413	875,819	107,418
Triglav Osiguranje, d.d., Sarajevo	51,862,677	53,718,177	34,590,431	32,263,738	17,272,246	21,454,439	25,037,266	24,617,992	925,597	919,088
Lovćen Osiguranje, a.d., Podgorica	50,332,908	56,253,110	41,723,089	47,441,570	8,609,819	8,811,540	35,362,033	33,728,246	412,726	130,782
Lovćen životna osiguranja, a.d., Podgorica	7,042,710	6,150,004	3,833,182	3,505,576	3,209,528	2,644,428	2,563,680	1,688,180	417,927	129,580
Triglav Osiguranje a.d.o., Beograd	67,505,358	64,448,280	49,146,663	48,247,353	18,358,695	16,200,927	53,454,959	48,303,613	1,765,910	195,412
Triglav Osiguranje, a.d., Banja Luka	11,717,746	9,501,867	7,990,736	5,753,692	3,727,010	3,748,175	6,205,975	5,827,767	3,225	219,961
Triglav Osiguruvanje, a.d., Skopje	37,658,712	36,755,702	23,275,701	23,151,379	14,383,011	13,604,323	24,755,663	23,211,300	540,769	1,419,813
Triglav Osiguruvanje život, a.d., Skopje	5,157,166	4,999,246	215,610	142,745	4,941,556	4,856,501	435,590	9,007	-149,669	-167,305
Skupna pokojninska družba, d.d., Ljubljana	323,872,026	309,433,327	306,801,264	291,886,475	17,070,762	17,546,852	41,671,530	43,670,266	212,669	926,454
Triglav INT, d.d., Ljubljana	75,381,489	70,039,115	310,423	6,460,850	75,071,066	63,578,265	4,496,760	10,457	2,320,200	-2,182,380
Triglav Skladi, d.o.o., Ljubljana	52,242,331	49,435,746	6,097,796	6,323,320	46,144,535	43,112,426	20,550,198	16,423,389	7,743,528	3,590,116
Triglav Avtoservis, d.o.o., Ljubljana	445,658	418,098	378,248	353,144	67,410	64,954	2,241,741	2,169,360	2,146	3,477
Triglav Svetovanje, d.o.o., Ljubljana	1,440,158	1,453,333	861,520	905,950	578,638	547,383	4,667,756	4,624,641	21,768	35,998
Salnal, d.o.o., Ljubljana	0	0	0	0	0	0	0	509,513	0	503,178
AKM Nekretnine, d.o.o., Ljubljana	0	4,253,950	0	266,349	0	3,987,601	0	376,101	0	256,908
Golf Arboretum, d.o.o., Ljubljana	1,149,977	1,297,670	833,663	918,669	316,314	379,001	695,674	714,269	-57,721	-77,741
Triglav, Upravljanje nepremičnin, d.d., Ljubljana	43,119,424	44,662,534	7,721,823	10,110,288	35,397,601	34,552,246	4,772,288	3,845,623	870,320	-113,682
Triglav Savjetovanje, d.o.o., Sarajevo	232,418	210,156	137,756	142,003	94,662	68,153	995,145	910,408	26,509	27,791
TRI-LIFE, d.o.o., Zagreb	105,035	53,865	386,368	314,841	-281,333	-260,976	356,917	304,044	-154,177	-101,222
Triglav Savetovanje, d.o.o., Beograd	82,871	75,600	74,428	115,304	8,443	-39,704	379,870	204,649	-36,243	-71,723
Autocentar BH, d.o.o., Sarajevo	2,677,522	2,692,475	884,103	974,749	1,793,419	1,717,726	1,565,719	1,528,673	126,823	143,748
Unis automobili i dijelovi, d.o.o., Sarajevo	188,637	214,209	53,101	80,815	135,536	133,394	201,550	347,901	2,142	-59,906
Sarajevostan, d.d., Sarajevo	4,055,029	3,971,017	2,523,122	668,657	1,531,907	3,302,360	2,443,267	2,421,836	135,887	30,848
Lovćen Auto, a.d., Podgorica	3,915,032	4,256,613	2,756,502	3,358,770	1,158,530	897,843	2,128,939	2,771,134	-889,313	323,402
Triglav Auto, d.o.o., Banja luka	1,023	1,023	0	0	1,023	1,023	0	0	0	0
Triglav Upravljanje nekretninama, d.o.o., Zagreb	3,330,251	3,288,822	140,856	30,558	3,189,395	3,258,264	54,445	236,941	-80,896	-76,425
Triglav Upravljanje nekretninama, d.o.o., Podgorica	3,452,529	3,342,858	145,254	43,574	3,307,275	3,299,284	209,461	124,910	7,991	-18,634
PROF-IN, d.o.o., Banja luka	3,643,170	3,485,854	38,668	37,718	3,604,502	3,442,397	625,681	616,217	162,330	208,870
Hotel Grad Podvin d.d., Ljubljana	2,537,920	2,755,839	1,991,829	2,108,614	546,091	647,225	75,531	294,987	-101,133	-362,989
Zavod Vse bo v redu	143,507	158,586	43,507	58,586	100,000	100,000	55,001	30,000	10,678	8,514

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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	
			2018	2017	2018	2017	2018	2017	2018	2017
1	Triglav Osiguranje, d.d., Sarajevo	Dolina 8, Sarajevo, Bosnia and Herzegovina	2.22	2.22	1.13	1.13	19,418	18,560	240,001	332,329
2	Triglav Osiguranje, a.d.o., Belgrade	Milutina Milankovića 7a, New Belgrade, Serbia	0.12	0.12	0.12	0.12	2,181	305	201,008	198,019
3	Triglav Osiguruvanje, a.d., Skopje	Bulevar 8-mi Septemvri 16, Skopje, North Macedonia	19.65	20.06	19.65	20.06	106,261	284,815	1,650,912	1,540,519
4	Lovćen Osiguranje, a.d., Podgorica	Ulica Slobode 13a, Podgorica, Montenegro	3.41	3.41	3.41	3.41	53,289	4,460	331,073	298,738
5	Lovćen životna osiguranja, a.d., Podgorica	Ulica Marka Miljanova 29, Podgorica, Montenegro	3.41	3.41	3.41	3.41	14,251	4,419	72,024	62,984
6	Golf Arboretum, d.o.o., Volčji Potok	Volčji Potok 43g, Radomlje, Slovenia	19.27	19.90	19.27	19.90	-11,123	-15,470	58,827	73,784
7	Triglav Savjetovanje, d.o.o., Sarajevo	Topal Osman Paše 30, Sarajevo, Bosnia and Herzegovina	1.09	1.09	1.09	1.09	288	302	-16,609	-16,898
8	Unis automobili i dijelovi, d.o.o., Sarajevo	Mehmeda ef. Pandže 13, Sarajevo, Bosnia and Herzegovina	2.22	2.22	1.13	1.13	48	-1,330	-333,323	-333,372
9	Autocentar BH, d.o.o., Sarajevo	Džemala Bjedića 165b, Sarajevo, Bosnia and Herzegovina	2.22	2.22	1.13	1.13	2,816	3,191	163,530	161,281
10	Lovćen Auto, a.d., Podgorica	Novaka Miloševa 6/2, Podgorica, Montenegro	3.41	3.41	3.41	3.41	-30,326	11,028	-367,651	-337,325
11	Triglav Osiguruvanje život, a.d., Skopje	Bulevar sv. Kiril i Metodij 18, Skopje, North Macedonia	0.00	4.01	0.00	4.01	-5,882	-6,712	-2,135	-6,741
12	Sarajevostan, d.o.o., Sarajevo	Kolodvorska 12, Sarajevo, Bosnia and Herzegovina	9.05	9.05	8.03	8.03	12,291	2,790	298,480	420,528
13	Triglav Savetovanje, d.o.o., Belgrade	Zelengorska 1g, New Belgrade, Serbia	0.06	0.06	0.06	0.06	-21	-43	-137	-115
14	Skupna pokojninska družba d.d.	Dunajska 22, Ljubljana, Slovenia	0.00	28.13	0.00	28.13	0	145,076	0	4,413,709
TOTAL							163,491	451,391	2,295,999	6,807,439

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Changes occurred in the ownership structure of the Triglav Group in 2018

Purchase of shares of Skupna pokojninska družba d.d. from non-controlling interest holders

In 2018, Zavarovalnica Triglav d.d. acquired a 28.13% equity stake from the non-controlling interest holders of Skupna pokojninska družba d.d., thereby becoming its 100% owner. The purchase price equalled EUR 4,600,000. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as a decrease in share premium of EUR 186,291.

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

In the reporting period, Triglav INT, d.d., gradually acquired equity stakes from non-controlling interest holders. In total, it acquired a 0.42% equity stake of Triglav Osiguruvanje a.d., Skopje, thereby becoming its 80.35% owner. The acquisition price of the equity stake amounted to BAM 3,695,289 or EUR 59,968. The acquisition of the non-controlling interest stake was recognised in the consolidated financial statements as a decrease in share premium of EUR 9,688.

Capital increase of Triglav INT

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

Capital increase of Lovćen životna osiguranja

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

Capital increase of Lovćen Auto d.o.o.

Lovćen Osiguranje a.d. increased its equity stake in its subsidiary Lovćen Auto d.o.o. in the amount of EUR 1,150,000, thus remaining a 100% owner of the said company.

Capital increase of Triglav Savetovanje d.o.o., Belgrade

Triglav Osiguranje a.d., Belgrade and Triglav Svetovanje d.o.o., Domžale increased the capital of their subsidiary Triglav Savetovanje d.o.o., Belgrade in accordance with their proportional stakes. The capital increase was raised by in-cash contributions of RSD 10,000,000. As a result, both companies maintained their stakes in the said company of 49% and 51%, respectively.

Capital increase of Triglav d.o.o.

By paying in EUR 6,832,309, Zavarovalnica Triglav increased the share capital of its associate Triglav d.o.o. and thus maintained its 49.9% equity stake in the said company. Triglav is a 100% owner of equity stakes of three companies: Ljubljana d.o.o., Loma center d.o.o. and KRDU Building d.o.o. All three companies are accounted for by using the equity method in the consolidated financial statements of the Triglav Group.

Merger of AKM Nepremičnine d.o.o.

Triglav, Upravljanje nepremičnin d.d. merged with AKM Nepremičnine, d.o.o. and thus became its legal successor. No merger effects are recognised in the consolidated financial statements.

Establishment of ZTSR d.o.o.

On 25 September 2018, project company ZTSR d.o.o. was established. With the contribution of EUR 125,000, Zavarovalnica Triglav became a 50% owner of ZTSR.

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

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

Change of legal form and share capital decrease of Sarajevostan d.o.o.

Sarajevostan d.o.o. changed its legal form from a public limited company (d.d.) to a limited liability company (d.o.o.). In the context of changing its legal form, the company's share capital was reduced by BAM 3,728,477 or EUR 1.9 million. All shareholders were repaid proportionally to their share. Following the share capital decrease, Triglav Osiguranje d.d., Sarajevo remained the 93.02% owner of the said company. In the consolidated financial statements, the effect of the share capital decrease is recognized as a decrease in non-controlling interests in the amount of BAM 259,805 or EUR 133,062.

3. Notes to the Statement of Financial Position

3.1 Intangible assets

Triglav Group	in EUR				
	Deferred acquisition cost	Long-term deferred items	Licences and software	Intangible assets in course of acquisition	Total
COST					
As at 1 January 2017	40,205,132	1,401,626	65,423,078	4,705,350	111,735,186
– transfer in use	0	0	4,340,461	-4,340,461	0
– purchases	0	0	3,776,886	2,937,072	6,713,958
– disposals	0	0	-2,427,072	-7,006	-2,434,078
– increase (net value)	1,711,610	3,063,293	-26,423	0	4,748,480
– exchange rate difference	204,726	0	195,483	1,649	401,858
As at 31 December 2017	42,121,469	4,464,919	71,282,413	3,296,603	121,165,404
– transfer in use	0	0	2,896,144	-2,896,144	0
– purchases	0	0	4,996,291	2,592,996	7,589,287
– disposals	0	0	-2,927,961	-2,987	-2,930,948
– reclassification	1,206,307	0	-1,206,307	0	0
– increase (net value)	5,947,377	-1,475,430	0	0	4,471,947
– exchange rate difference	4,001	0	19,758	-1,250	22,509
As at 31 December 2018	49,279,154	2,989,489	75,060,338	2,989,220	130,318,201
ACCUMULATED AMORTISATION					
As at 1 January 2017	0	0	-37,911,595	0	-37,911,595
– current year amortisation	0	0	-6,419,854	0	-6,419,854
– disposals	0	0	2,106,711	0	2,106,711
– impairment	0	0	26,423	0	26,423
– exchange rate difference	0	0	-126,475	0	-126,475
As at 31 December 2017	0	0	-42,324,789	0	-42,324,789
– current year amortisation	0	0	-6,837,916	0	-6,837,916
– disposals	0	0	2,917,758	0	2,917,758
– impairment	0	0	0	0	0
– exchange rate difference	0	0	-13,199	0	-13,199
As at 31 December 2018	0	0	-46,258,148	0	-46,258,148
CARRYING AMOUNT					
As at 31 December 2017	42,121,469	4,464,919	28,957,622	3,296,603	78,840,612
As at 31 December 2018	49,279,154	2,989,489	28,802,190	2,989,220	84,060,048

The Group did not pledge any intangible assets as collateral. As at 31 December 2018, trade payables for intangible assets amounted to EUR 6,238,145 (vs. EUR 7,942,679 as at 31 December 2017).

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 2018, 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.

Zavarovalnica Triglav	Deferred acquisition costs	Long-term deferred items	Licenses and software	Intangible assets in course of acquisition	in EUR
					Total
COST					
As at 1 January 2017	29,504,819	1,401,626	46,377,521	3,897,054	81,181,021
– transfer in use	0	0	2,963,410	-2,963,410	0
– purchases	0	0	3,181,716	1,594,706	4,776,422
– disposal	0	0	-2,236,406	0	-2,236,406
– increase (net value)	1,155,153	3,063,293	0	0	4,218,446
As at 31 December 2017	30,659,972	4,464,919	50,286,241	2,528,350	87,939,483
– transfer in use	0	0	1,276,865	-1,276,865	0
– purchases	0	0	4,291,359	132,935	4,424,294
– disposal	0	0	-2,782,408	0	-2,782,408
– increase (net value)	4,476,220	-1,475,430	0	0	3,000,790
As at 31 December 2018	35,136,192	2,989,489	53,072,058	1,384,420	92,582,159
ACCUMULATED AMORTISATION					
As at 1 January 2017	0	0	-25,296,452	0	-25,296,452
– amortisation	0	0	-5,089,004	0	-5,089,004
– disposal	0	0	2,232,258	0	2,232,258
As at 31 December 2017	0	0	-28,153,198	0	-28,153,198
– amortisation	0	0	-5,045,772	0	-5,045,772
– disposal	0	0	2,779,314	0	2,779,314
As at 31 December 2018	0	0	-30,419,656	0	-30,419,656
CARRYING AMOUNT					
As at 31 December 2017	30,659,972	4,464,919	22,133,045	2,528,350	59,786,283
As at 31 December 2018	35,136,192	2,989,489	22,652,403	1,384,420	62,162,502

Zavarovalnica Triglav did not pledge any intangible assets as collateral. As at 31 December 2018, trade payables for intangible assets amounted to EUR 6.113.245 (vs. EUR 7.819.176 as at 31 December 2017).

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 4.1].

As at 31 December 2018, intangible assets with an indefinite useful life amounted to EUR 9,368, the same as in 2017. 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 21.41% of the total gross amount of intangible assets.

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3.2 Property, plant and equipment

Triglav Group	in EUR				
	Land	Buildings	Equipment	PP&E in course of acquisition	Total
COST					
As at 1 January 2017	11,527,165	120,727,400	61,395,068	2,300,526	195,950,160
– transfer in use	0	1,232,748	1,049,008	-2,281,756	0
– purchases	0	751,121	5,329,862	3,214,641	9,295,624
– disposals	-21,827	0	-4,895,991	0	-4,917,818
– impairment	0	0	-140,362	0	-140,362
– transfer from investment property	199,335	424,072	42,531	0	665,938
– exchange rate differences	69,673	446,756	174,410	688	691,527
As at 31 December 2017	11,774,345	123,582,099	62,954,526	3,234,099	201,545,069
– transfer in use	0	2,511,143	4,564,476	-7,075,620	0
– purchases	2,777	206,016	2,931,406	7,826,487	10,966,686
– disposals	0	-195,820	-8,673,843	-14,135	-8,883,798
– transfer to investment property	0	-1,597,617	0	0	-1,597,617
– impairment	0	-18,892	-141,038	0	-159,930
– exchange rate differences	16,489	59,901	8,080	180	84,650
As at 31 December 2018	11,793,611	124,546,831	61,643,604	3,971,011	201,955,057
ACCUMULATED DEPRECIATION					
As at 1 January 2017	0	-35,805,127	-52,211,605	0	-88,016,732
– depreciation for the current year	0	-2,296,475	-4,320,260	0	-6,616,735
– disposals	0	0	4,429,546	0	4,429,546
– impairment	0	0	144,371	0	144,371
– transfer from investment property	0	-79,108	1,719	0	-77,389
– exchange rate differences	0	-77,489	-120,209	0	-197,698
As at 31 December 2017	0	-38,258,199	-52,076,438	0	-90,334,637
– depreciation for the current year	0	-2,269,813	-5,194,358	0	-7,464,171
– disposals	0	84,369	8,415,541	0	8,499,910
– transfer to investment property	0	481,171	0	0	481,171
– impairment	0	18,892	157,452	0	176,344
– exchange rate differences	0	-11,274	-6,355	0	-17,629
As at 31 December 2018	0	-39,954,853	-48,704,159	0	-88,659,012
CARRYING AMOUNT					
As at 31 December 2017	11,774,345	85,323,900	10,878,088	3,234,099	111,210,437
As at 31 December 2018	11,793,611	84,591,978	12,939,445	3,971,011	113,296,053

As at the reporting period, no property, plant and equipment were pledged as collateral by the Group. Companies within the Group have financial leases on equipment totalling EUR 608 thousand.

The depreciation charge for the current year is disclosed in several items of the income statement, as income statement expenses are recorded by functional group, as described [[→ in Section 2.5.27](#)]. For details, see expenses by nature and function [[→ in Section 4.12](#)].

A comparison between the carrying amounts and the fair values of own-account buildings and land is given below.

	in EUR	
	31 Dec. 2018	31 Dec. 2017
Carrying amount	96,385,589	97,098,245
Estimated fair value	95,864,073	96,640,382

Zavarovalnica Triglav	Land	Buildings	Equipment	PP&E in course of acquisition	in EUR	
					Total	
COST						
As at 1 January 2017	5,499,662	78,439,561	40,208,628	460,658	124,608,509	
– transfer in use	0	952,091	261,763	-1,213,854	0	
– purchases	0	156,907	3,455,373	1,110,570	4,722,850	
– disposal	0	0	-3,444,724	0	-3,444,724	
– transfer from investment property	122,298	421,769	0	0	544,067	
As at 31 December 2018	5,621,960	79,970,328	40,481,040	357,374	126,430,702	
– transfer in use	0	148,215	3,770,938	-3,919,153	0	
– purchases	2,777	58,324	1,920,529	4,472,594	6,454,224	
– disposal	0	-171,414	-7,817,509	0	-7,988,923	
– transfer to investment property	0	-1,506,337	0	0	-1,506,337	
As at 31 December 2018	5,624,737	78,499,116	38,354,998	910,815	123,389,666	
ACCUMULATED DEPRECIATION						
As at 1 January 2017	0	-24,040,173	-34,337,879	0	-58,378,052	
– depreciation for the current year	0	-1,317,851	-2,445,087	0	-3,762,938	
– disposal	0	0	3,237,065	0	3,237,065	
As at 31 December 2017	0	-25,358,024	-33,545,901	0	-58,903,925	
– depreciation for the current year	0	-1,331,975	-3,312,480	0	-4,644,455	
– disposal	0	76,190	7,623,707	0	7,699,897	
– transfer to investment property	0	444,920	0	0	444,920	
As at 31 December 2018	0	-26,168,889	-29,234,674	0	-55,403,563	
CARRYING AMOUNT						
As at 31 December 2017	5,621,960	54,612,304	6,935,139	357,374	67,526,775	
As at 31 December 2018	5,624,737	52,330,227	9,120,324	910,815	67,986,100	

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 [\rightarrow in Section 4.12]. As at 31 December 2018, trade payables for property, plant and equipment amounted to EUR 2.228.906 (vs. EUR 1,933,129 as at 31 December 2017). Gross amount of fully depreciated property, plant and equipment still in use represents 20.92% of the total gross amount of property, plant and equipment.

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

	in EUR	
	31 Dec. 2018	31 Dec. 2017
Carrying amount	57,954,964	60,234,264
Estimated fair value	59,002,099	61,295,538

3.3 Investment property

Triglav Group	in EUR			
	Land	Buildings	IP in course of acquisition	Total
COST				
As at 1 January 2017	23,359,815	73,536,171	16,307,966	113,203,952
– transfer in use	2,409,440	1,330,563	-3,740,003	0
– purchases	34,291	205,704	3,296,771	3,536,766
– disposals	-340,418	-1,944,949	0	-2,285,367
– impairment	0	-34,018	0	-34,018
– transfer to non-current assets held for sale	-651,645	-1,058,341	0	-1,709,986
– transfer to property, plant and equipment	-186,382	-479,556	0	-665,938
– exchange rate difference	23,338	62,262	0	85,600
As at 31 December 2017	24,648,439	71,617,835	15,864,729	112,131,003
– transfer in use	0	1,370,775	-1,370,775	0
– purchases	0	398,619	3,683,798	4,082,417
– disposals	-834,718	-3,793,583	-3,945,000	-8,573,301
– transfer from property, plant and equipment	64,852	1,532,765	0	1,597,617
– increase	0	13,173	0	13,173
– impairment	0	0	0	0
– transfer to non-current assets held for sale	78,837	139,595	0	218,432
– exchange rate difference	2,766	4,069	0	6,835
As at 31 December 2018	23,960,176	71,283,245	14,232,752	109,476,173
ACCUMULATED DEPRECIATION				
As at 1 January 2017	0	-17,361,232	0	-17,361,232
– depreciation for the current year	0	-1,413,250	0	-1,413,250
– disposals	0	718,278	0	718,278
– impairment	0	-147,152	0	-147,152
– transfer to non-current assets held for sale	0	13,229	0	13,229
– transfer to property, plant and equipment	0	77,389	0	77,389
– exchange rate difference	0	-10,785	0	-10,785
As at 31 December 2017	0	-18,123,526	0	-18,123,526
– depreciation for the current year	0	-1,415,409	0	-1,415,409
– disposals	0	860,652	0	860,652
– transfer from property, plant and equipment	0	-481,171	0	-481,171
– impairment	0	-474,484	0	-474,484
– transfer to non-current assets held for sale	0	-1,745	0	-1,745
– exchange rate difference	0	-42	0	-42
As at 31 December 2018	0	-19,635,725	0	-19,635,725
CARRYING AMOUNT				
As at 31 December 2017	24,648,439	53,494,309	15,864,729	94,007,483
As at 31 December 2018	23,960,176	51,647,520	14,232,752	89,840,456

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 Dec. 2018	31 Dec. 2017
Carrying amount	89,840,456	94,007,483
Estimated fair value	99,121,781	101,439,216

Zavarovalnica Triglav	Land	Buildings	IP in course of acquisition	in EUR	
				Total	
COST					
As at 1 January 2017	4,803,325	37,999,708	15,248,189	58,051,222	
– transfer in use	0	480,059	-480,059	0	
– purchases	0	28,311	612,751	641,062	
– disposal	-36,186	-1,126,922	0	-1,163,108	
– transfer to property, plant and equipment	-109,345	-434,722	0	-544,067	
As at 31 January 2017	4,657,794	36,946,434	15,380,881	56,985,109	
– transfer in use	0	906,144	-906,144	0	
– purchases	0	386,505	3,163,151	3,549,656	
– disposal	-488,168	-3,074,765	-3,945,000	-7,507,933	
– transfer from property, plant and equipment	0	1,506,337	0	1,506,337	
As at 31 December 2018	4,169,626	36,670,655	13,692,888	54,533,169	
ACCUMULATED DEPRECIATION					
As at 1 January 2017	0	-8,439,802	0	-8,439,802	
– depreciation	0	-858,296	0	-858,296	
– disposal	0	527,390	0	527,390	
– transfer to property, plant and equipment	0	0	0	0	
As at 31 December 2017	0	-8,770,708	0	-8,770,708	
– depreciation	0	-851,407	0	-851,407	
– disposal	0	804,406	0	804,406	
– transfer from property, plant and equipment	0	-444,920	0	-444,920	
As at 31 December 2018	0	-9,262,629	0	-9,262,629	
CARRYING AMOUNT					
As at 31 December 2017	4,657,794	28,175,726	15,380,881	48,214,401	
As at 31 December 2018	4,169,626	27,408,026	13,692,888	45,270,540	

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 Dec. 2018	31 Dec. 2017
Carrying amount	45,270,540	48,214,401
Estimated fair value	52,936,499	56,108,712

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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.

NO.	COMPANY	ADDRESS	TAX RATE (in %)	ACTIVITY	EQUITY STAKE (in %)		SHARE OF VOTING RIGHTS (in %)		BOOK VALUE (in EUR)	
					2018	2017	2018	2017	2018	2017
1	Pozavarovalnica Triglav Re d.d.	Miklošičeva 19, Ljubljana, Slovenia	19	Reinsurance	100.00	100.00	100.00	100.00	9,750,752	9,750,752
2	Triglav, Zdravstvena zavarovalnica d.d.	Pristaniška 10, Koper, Slovenia	19	Insurance	100.00	100.00	100.00	100.00	3,735,886	3,735,886
3	Triglav INT d.d.	Dunajska 22, Ljubljana, Slovenia	19	Holding company	100.00	100.00	100.00	100.00	79,770,730	70,600,000
4	Skupna pokojninska družba d.d.	Dunajska 22, Ljubljana, Slovenia	19	Fund management	100.00	71.87	100.00	71.87	11,631,327	7,031,327
5	Triglav Upravljanje nepremičnin d.d.	Dunajska 22, Ljubljana, Slovenia	19	Real estate management	100.00	100.00	100.00	100.00	24,493,300	24,493,300
6	Triglav Skladi d.o.o.	Slovenska 54, Ljubljana, Slovenia	19	Fund management	67.50	67.50	100.00	100.00	2,076,723	2,076,723
7	Salnal d.o.o. ¹¹¹	Slovenska 54, Ljubljana, Slovenia	19	Real estate management	-	-	-	-	-	-
8	Triglav Avtoservis d.o.o.	Verovškova 60b, Ljubljana, Slovenia	19	Maintenance and repair of motor vehicle	100.00	100.00	100.00	100.00	100,214	100,214
9	Triglav Svetovanje d.o.o.	Ljubljanska 86, Domžale, Slovenia	19	Insurance agency	100.00	100.00	100.00	100.00	279,736	279,736
10	Zavod Vse bo v redu	Miklošičeva 19, Ljubljana, Slovenia	19	Institute for corporate social responsibility	100.00	100.00	100.00	100.00	100,000	100,000
TOTAL									131,938,667	118,167,937

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¹¹¹The company Salnal, d.o.o. was wound-up through a fast-track procedure without liquidation. Details can be found [→ in Section 2.7].

3.5 Investments in associates

In the year 2018, four new associates were included in the Triglav Group. Investments in LOMA CENTER, d.o.o., KRDU Building d.o.o. and Ljubljana, d.o.o. were acquired by Triglav, d.o.o. In addition, Zavarovalnica Triglav, d.d. acquired a 50% share in the company ZTSR, d.o.o. Details on the acquisition of shares are described [→ in Chapter 2.7].

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.¹¹²

COMPANY	ADDRESS	TAX RATE (in%)	ACTIVITY
Nama d.d.	Tomšičeva 1, Ljubljana, Slovenia	19	Retail trade
Triglavko, d.o.o.	Ulica XXX. divizije 23, Nova Gorica, Slovenia	19	Insurance agency
ZIF Prof Plus	Veselina Masleše 1, Banja Luka, Republika Srbska, Bosnia and Herzegovina	10	Investment fund
TRIGAL, upravljanje naložb in svetovanje, d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Management of financial funds
LOMA CENTER, nepremičnine, d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Real estate management
KRDU Building d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Real estate management
Ljubljana, d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Holding company
Društvo za upravljanje EDPF, a.d., Banja Luka	Kralja Petra i Karadorđevića 109 Banja Luka, Republika Srbska, Bosnia and Herzegovina	10	Fund management
ZTSR, raziskovanje trga, d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	19	Business services

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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)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Nama, d.d.	39.07	39.07	39.07	39.07	3,956,065	4,034,178	39.07	39.07	39.07	39.07	9,464,548	9,464,548
Triglavko, d.o.o.	38.47	38.47	38.47	38.47	16,586	20,002	38.47	38.47	38.47	38.47	38,499	38,499
ZIF Prof Plus	22.09	21.24	22.09	21.24	2,063,504	1,341,278	0	0	0	0	0	0
TRIGAL, upravljanje naložb in svetovanje, d.o.o.	49.90	49.90	49.90	49.90	7,375,491	345,630	49.90	49.90	49.90	49.90	7,331,308	499,000
LOMA CENTER, nepremičnine, d.o.o.	49.90	-	49.90	-	0	-	49.90	-	49.90	-	0	-
KRDU Building d.o.o.	49.90	-	49.90	-	0	-	49.90	-	49.90	-	0	-
Ljubljana, d.o.o.	49.90	-	49.90	-	0	-	49.90	-	49.90	-	0	-
Društvo za upravljanje EDPF, a.d.	34.00	24.44	34.00	24.44	611,768	708,237	0	0	0	0	0	0
ZTSR, raziskovanje trga, d.o.o.	50.00	-	50.00	-	102,560	-	50.00	50.00	50.00	50.00	125,000	-
TOTAL					14,125,974	6,449,324					16,959,355	10,002,047

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COMPANY	in EUR									
	ASSETS		LIABILITIES		EQUITY		REVENUES		PROFIT/LOSS	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Nama, d.d.	12,116,134	12,820,157	2,253,231	2,614,789	9,862,903	10,205,368	15,451,981	16,892,981	147,284	214,287
Triglavko, d.o.o.	168,926	143,967	76,945	43,108	91,981	100,859	457,560	454,810	-8,879	740
ZIF Prof Plus	18,772,316	18,361,902	54,786	49,873	18,717,530	18,312,023	661,320	545,902	2,554	-244,961
TRIGAL, upravljanje naložb in svetovanje, d.o.o.	14,860,505	8,186,682	147,625	149,857	14,712,880	8,036,825	370,592	0	334,055	-4,583
LOMA CENTER, nepremičnine, d.o.o.	8,300,328	-	6,088,658	-	2,211,670	-	897,341	-	71,981	-
KRDU Building d.o.o.	5,157,346	-	4,997,601	-	159,745	-	600,602	-	-10,141	-
Ljubljana, d.o.o.	10,000	-	-	-	10,000	-	-	-	-	-
Društvo za upravljanje EDPF, a.d.	1,815,513	2,102,029	16,647	19,188	1,798,866	2,082,841	35,171	12,124	-284,007	-166,633
ZTSR, raziskovanje trga, d.o.o.	220,564	-	15,444	-	205,120	-	7	-	-44,880	-

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¹¹²Financial data for 2018 are unaudited, whilst the data for 2017 were adjusted if the audited data differed from the data published in the 2017 Annual Report.

3.6 Financial assets¹¹³

Triglav Group	in EUR			
	Carrying value		Fair value	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Held to maturity	196,773,185	221,390,576	236,599,916	269,669,899
At fair value through profit and loss	450,704,373	425,884,741	450,704,373	425,884,741
– designated	207,266,117	424,014,108	208,659,381	424,014,108
– held for trading	243,438,256	1,870,633	242,044,992	1,870,633
Available for sale	1,802,568,767	1,815,323,900	1,802,568,767	1,815,323,900
Loans and deposits	138,857,972	125,251,487	138,681,009	127,658,663
Unit-linked insurance assets	402,515,770	450,236,044	402,856,839	450,806,041
– at fair value through profit and loss	398,291,798	445,899,916	398,291,798	445,899,916
– loans and deposits	4,223,972	4,336,128	4,565,041	4,906,125
– available for sale	0	0	0	0
TOTAL	2,991,420,067	3,038,086,748	3,031,410,904	3,089,343,244

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](#)].

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¹¹³ 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

An overview of financial assets by type is disclosed below.

						in EUR
31 December 2018	HTM	FVTPL – Held for trading	FVTPL - Classified upon acquisition	AFS	L&R	TOTAL
Debt and other fixed-return securities	196,773,185	196,323,245	237,931,576	1,669,947,422	6,400,208	2,307,375,636
Investments in shares, other floating-rate securities and fund coupons	0	45,721,747	349,024,577	132,191,892	0	526,938,212
Financial derivatives	0	19,995,025	0	0	0	19,995,025
Loans and deposits	0	0	0	429,453	130,400,460	130,829,913
– deposits with banks	0	0	0	0	90,589,490	90,589,490
– loans given	0	0	0	0	36,931,220	36,931,220
– other financial investments	0	0	0	429,453	2,879,751	3,309,204
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	6,281,276	6,281,276
TOTAL	196,773,185	262,040,017	586,956,153	1,802,568,767	143,081,944	2,991,420,067

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						in EUR
31 December 2017	HTM	FVTPL – Held for trading	FVTPL - Classified upon acquisition	AFS	L&R	TOTAL
Debt and other fixed-return securities	221,390,576	0	416,477,753	1,646,350,504	12,796,620	2,297,015,453
Investments in shares, other floating-rate securities and fund coupons	0	0	452,706,247	168,341,950	0	621,048,197
Financial derivatives	0	2,600,657	0	0	0	2,600,657
Loans and deposits	0	0	0	631,446	111,123,382	111,754,828
– deposits with banks	0	0	0	0	78,143,598	78,143,598
– loans given	0	0	0	0	30,119,792	30,119,792
– other financial investments	0	0	0	631,446	2,859,992	3,491,438
Financial investments of reinsurance companies in reinsurance contracts	0	0	0	0	5,667,613	5,667,613
TOTAL	221,390,576	2,600,657	869,184,000	1,815,323,900	129,587,615	3,038,086,748

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The table below shows the movements of financial assets of Triglav Group in 2017 and 2018.

FINANCIAL ASSETS	in EUR					
	HTM	FVTPL	AFS	L&R	ULI	TOTAL
As at 1 January 2017	231,342,393	396,203,356	1,738,043,072	148,731,640	459,982,822	2,974,303,281
Purchases	0	258,793,123	526,389,635	464,521,592	61,171,097	1,310,875,447
Disposals	0	-191,487,377	-418,156,874	-40,886,598	-72,282,273	-722,813,122
Maturities	-20,768,353	-47,946,339	-114,453,320	-420,891,374	-30,961,642	-635,021,028
Amount removed from equity at disposal	0	0	-17,743,591	0	0	-17,743,591
Realized gains or losses on disposal	0	0	15,249,695	0	0	15,249,695
Valuation trough profit and loss	0	767,045	0	70,253	31,320,216	32,157,514
Valuation trough equity	0	0	26,609,929	0	0	26,609,929
Impairments	0	0	-174,755	0	0	-174,755
Premiums and discounts	4,253,493	0	-5,126,288	311,341	202,338	-359,116
Interest income	6,364,512	9,844,352	36,235,780	3,855,759	662,099	56,962,502
Change in Group	0	0	30,744,255	-30,744,255	0	0
Exchange rate difference	198,532	-289,419	-2,293,638	283,132	141,387	-1,960,006
As at 31 December 2017	221,390,576	425,884,741	1,815,323,900	125,251,487	450,236,044	3,038,086,748
Purchases	0	186,743,567	461,384,166	344,100,205	43,435,175	1,035,663,113
Disposals	0	-103,328,464	-341,190,416	-56,078,096	-52,290,251	-552,887,227
Maturities	-34,257,758	-52,660,947	-124,202,363	-278,449,915	-5,587,254	-495,158,237
Amount removed from equity at disposal	0	0	-1,716,243	0	0	-1,716,243
Valuation trough profit and loss	0	-15,786,757	-3,966,036	-306,143	-34,105,474	-54,164,410
Valuation trough equity	0	0	-32,213,748	0	0	-32,213,748
Impairments	0	0	-1,269,225	0	0	-1,269,225
Premiums and discounts	4,329,426	0	-4,726,425	785,401	198,739	587,141
Interest income	5,486,508	9,638,473	35,218,161	3,567,405	756,035	54,666,582
Exchange rate difference	-175,567	213,760	-73,004	-12,372	-127,244	-174,427
As at 31 December 2018	196,773,185	450,704,373	1,802,568,767	138,857,972	402,515,770	2,991,420,067

The proportion of financial assets classified as subordinated instruments by the issuer was 2.9% as at the reporting date.

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Zavarovalnica Triglav	in EUR			
	Carrying value		Fair value	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Loans and deposits	92,670,309	91,428,595	91,151,215	91,118,948
Held to maturity	159,463,950	166,993,807	195,583,229	209,763,561
Available for sale	1,383,855,505	1,400,652,988	1,383,855,505	1,400,652,988
At fair value through profit and loss:	204,047,186	201,922,766	204,047,186	201,922,766
– designated	202,653,923	200,052,133	202,653,923	200,052,133
– held for trading	1,393,263	1,870,633	1,393,263	1,870,633
Unit-linked insurance assets:	366,664,078	417,607,959	366,989,905	418,154,032
– at fair value through profit and loss	362,634,086	413,458,656	362,634,086	413,458,656
– receivables	4,029,992	4,149,303	4,355,819	4,695,376
TOTAL	2,206,701,028	2,278,606,115	2,241,627,040	2,321,612,295

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

31 December 2018	in EUR					
	HTM	FVTPL - Classified upon acquisition	FVTPL - Held for trading	AFS	L&R	TOTAL
Debt and other fixed-return securities	159,463,950	237,809,118	0	1,308,515,680	6,400,208	1,712,188,956
Investments in shares, other floating-rate securities and fund coupons	0	326,954,722	0	75,339,825	0	402,294,547
Financial derivatives	0	0	1,917,432	0	0	1,917,432
Loans and deposits:	0	0	0	0	90,300,093	90,300,093
– deposits with banks and certificates of deposits	0	0	0	0	42,511,546	42,511,546
– loans given	0	0	0	0	46,099,990	46,099,990
– other financial investments	0	0	0	0	1,688,557	1,688,557
TOTAL	159,463,950	564,763,840	1,917,432	1,383,855,505	96,700,301	2,206,701,028

31 December 2017	in EUR					
	HTM	FVTPL - Classified upon acquisition	FVTPL - Held for trading	AFS	L&R	TOTAL
Debt and other fixed-return securities	166,993,807	241,648,097	0	1,277,150,369	6,992,719	1,692,784,992
Investments in shares, other floating-rate securities and fund coupons	0	371,158,929	0	123,502,619	0	494,661,549
Financial derivatives	0	0	2,574,396	0	0	2,574,396
Loans and deposits:	0	0	0	0	88,585,179	88,585,179
– deposits with banks and certificates of deposits	0	0	0	0	38,123,843	38,123,843
– loans given	0	0	0	0	48,781,121	48,781,121
– other financial investments	0	0	0	0	1,680,215	1,680,215
TOTAL	166,993,807	612,807,026	2,574,396	1,400,652,988	95,577,898	2,278,606,115

The table below shows the movements of financial assets of Zavarovalnica Triglav in 2017 and 2018.

FINANCIAL ASSETS	in EUR					
	HTM	FVTPL	AFS	L&R	ULI	TOTAL
As at 1 January 2017	168,983,706	195,669,555	1,365,449,446	82,397,894	434,043,269	2,246,543,870
Purchases	0	142,569,245	430,223,298	380,474,529	53,885,958	1,007,153,030
Maturities	-9,826,062	-26,065,768	-83,026,658	-374,002,831	-30,227,173	-523,148,492
Disposal	0	-113,862,880	-350,133,518	-20,022	-70,909,782	-534,926,202
Amount removed from equity	0	0	-15,182,733	0	0	-15,182,733
Realized gains or losses on disposal	0	0	0	0	0	0
Valuation trough profit and loss	0	-614,576	13,951,238	0	30,055,217	43,391,879
Valuation trough equity	0	0	18,118,116	0	0	18,118,116
Premiums and discounts	4,253,493	0	-4,906,821	387,101	202,338	-63,889
Interest income	3,582,670	4,612,072	28,792,718	2,189,718	558,132	39,735,311
Exchange rate difference	0	-384,882	-2,632,098	2,206	0	-3,014,774
As at 31 December 2017	166,993,807	201,922,766	1,400,652,988	91,428,595	417,607,959	2,278,606,115
Purchases	0	112,625,649	362,425,412	252,437,627	33,385,275	760,873,963
Maturities	-15,187,047	-17,884,432	-76,408,064	-254,071,333	-5,368,316	-368,919,192
Disposal	0	-88,806,086	-297,109,630	0	-49,236,954	-435,152,670
Amount removed from equity	0	0	-14,952,222	0	0	-14,952,222
Realized gains or losses on disposal	0	0	0	0	0	0
Valuation trough profit and loss	0	-7,883,265	10,884,732	0	-30,535,596	-27,534,129
Valuation trough equity	0	0	-24,562,665	0	0	-24,562,665
Premiums and discounts	4,329,426	0	-4,579,345	432,356	198,739	381,176
Interest income	3,327,764	3,877,334	26,932,000	2,428,575	612,971	37,178,648
Exchange rate difference	0	195,220	572,299	14,485	0	782,004
As at 31 December 2018	159,463,950	204,047,186	1,383,855,505	92,670,309	366,664,078	2,206,701,028

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. The proportion of financial assets classified as subordinated instruments by the issuer was 3.4% as at the reporting date.

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3.7 Reinsurers' share of technical provisions

	Triglav Group		Zavarovalnica Triglav		in EUR
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	
NON-LIFE INSURANCE					
Reinsurers' share of unearned premiums	26,263,889	19,815,862	23,516,562	17,573,786	
Reinsurers' share of claims	59,632,915	63,894,091	64,366,704	67,721,499	
Reinsurers' share of other technical provisions	22,976	104,737	0	0	
Total non-life insurance	85,919,780	83,814,690	87,883,266	85,295,285	
LIFE INSURANCE					
Reinsurers' share of unearned premiums	719	886	302	0	
Reinsurers' share of claims	0	0	9,738	32,360	
Reinsurers' share of other mathematical provisions	0	0	0	0	
Total life insurance	719	886	10,040	32,360	
TOTAL ASSETS FROM REINSURANCE CONTRACTS	85,920,499	83,815,576	87,893,306	85,327,645	

3.8 Receivables

Triglav Group											in EUR
31 December 2018	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		
Receivables from direct insurance operations	69,249,681	-64,726	69,184,955	25,667,259	-3,048,090	22,619,169	55,526,564	-50,729,360	4,797,204	96,601,328	
Receivables from insurers	68,674,946	-55,477	68,619,469	23,513,403	-2,513,520	20,999,883	44,600,293	-42,493,965	2,106,328	91,725,680	
Receivables from insurance brokers	209,124	0	209,124	538,874	-450,888	87,986	402,774	-384,423	18,351	315,461	
Other receivables from direct insurance operations	365,611	-9,249	356,362	1,614,982	-83,682	1,531,300	10,523,497	-7,850,972	2,672,525	4,560,187	
Receivables from co-insurance and reinsurance operations	38,981,896	0	38,981,896	10,211,742	0	10,211,742	4,237,343	-2,131,078	2,106,265	51,299,903	
Premium receivable from co-insurance	785,474	0	785,474	79,540	0	79,540	41,678	-3,228	38,450	903,464	
Premium receivable from reinsurance	27,716,272	0	27,716,272	6,181,686	0	6,181,686	1,199,329	-96,070	1,103,259	35,001,217	
Receivables from co-insurers' share in claims	107,098	0	107,098	10,705	0	10,705	687	0	687	118,490	
Receivables from reinsurers' share in claims	8,068,238	0	8,068,238	3,449,419	0	3,449,419	2,986,671	-2,031,780	954,891	12,472,548	
Other receivables from co-insurance and reinsurance operation	2,304,814	0	2,304,814	490,392	0	490,392	8,978	0	8,978	2,804,184	
Receivables for income tax refund	579,645	0	579,645	0	0	0	0	0	0	579,645	
Other receivables	22,136,002	-1,118,907	21,017,095	6,725,779	-950,333	5,775,446	76,883,223	-73,501,762	3,381,461	30,174,002	
Other short-term receivables from insurance operations*	7,383,225	0	7,383,225	3,078,825	-850,708	2,228,117	69,982,715	-68,856,084	1,126,631	10,737,973	
Short-term receivables from financing	1,701,982	0	1,701,982	813,260	-6,062	807,198	437,200	-420,604	16,596	2,525,776	
Other short-term receivables	12,450,935	-1,118,907	11,332,028	2,772,839	-90,239	2,682,600	4,587,942	-4,181,769	406,173	14,420,801	
Long-term receivables	599,860	0	599,860	60,855	-3,324	57,531	1,875,366	-43,305	1,832,061	2,489,452	
TOTAL	130,947,224	-1,183,633	129,763,591	42,604,780	-3,998,423	38,606,357	136,647,130	-126,362,200	10,284,930	178,654,878	

* Note: Subrogated receivables are included in other short-term receivables from insurance operations.

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Triglav Group	in EUR									
	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL NET VALUE
31 December 2017	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Receivables from direct insurance operations	63,627,483	-5,524	63,621,959	22,432,390	-2,561,023	19,871,367	58,487,386	-56,258,220	2,229,166	85,722,492
Receivables from insurers	61,529,238	-5,524	61,523,714	21,370,747	-2,540,136	18,830,611	48,817,404	-46,919,199	1,898,205	82,252,530
Receivables from insurance brokers	229,627	0	229,627	441,605	-11,956	429,649	825,711	-819,302	6,409	665,685
Other receivables from direct insurance operations	1,868,618	0	1,868,618	620,038	-8,931	611,107	8,844,271	-8,519,719	324,552	2,804,277
Receivables from co-insurance and reinsurance operations	34,571,388	0	34,571,388	7,236,810	0	7,236,810	5,226,245	-2,094,740	3,131,505	44,939,702
Premium receivable from co-insurance	536,403	0	536,403	596,305	0	596,305	14,274	-3,222	11,052	1,143,760
Premium receivable from reinsurance	25,017,631	0	25,017,631	4,436,288	0	4,436,288	1,828,524	-96,070	1,732,454	31,186,373
Receivables from co-insurers' share in claims	106,521	0	106,521	11,344	0	11,344	404	0	404	118,269
Receivables from reinsurers' share in claims	6,542,919	0	6,542,919	2,179,606	0	2,179,606	3,374,445	-1,995,448	1,378,997	10,101,522
Other receivables from co-insurance and reinsurance operation	2,367,914	0	2,367,914	13,267	0	13,267	8,598	0	8,598	2,389,779
Receivables for income tax refund	32,211	0	32,211	0	0	0	0	0	0	32,211
Other receivables	24,270,916	80,089	24,351,005	8,223,383	-1,036,955	7,186,428	82,487,239	-80,840,723	1,646,516	33,183,949
Other short-term receivables from insurance operations *	9,263,057	-656	9,262,401	2,779,072	-875,816	1,903,256	76,964,069	-75,710,329	1,253,740	12,419,397
Short-term receivables from financing	5,197,728	32,889	5,230,617	81,846	-14,145	67,701	639,002	-600,229	38,773	5,337,091
Other short-term receivables	8,820,449	47,856	8,868,305	3,852,230	-146,994	3,705,236	4,838,335	-4,484,332	354,003	12,927,544
Long-term receivables	989,682	0	989,682	1,510,235	0	1,510,235	45,833	-45,833	0	2,499,917
TOTAL	122,501,998	74,565	122,576,563	37,892,583	-3,597,978	34,294,605	146,200,870	-139,193,683	7,007,187	163,878,354

Zavarovalnica Triglav											in EUR
31 December 2018	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		
Receivables from direct insurance operations	50,709,180	-26,653	50,682,527	10,663,711	-1,548,755	9,114,956	24,270,711	-21,432,857	2,837,854	62,635,337	
Receivables from insurers	50,646,861	-26,653	50,620,208	9,460,997	-1,505,104	7,955,893	21,447,079	-21,269,602	177,477	58,753,578	
Receivables from insurance brokers	0	0	0	0	0	0	0	0	0	0	
Other receivables from direct insurance operations	62,319	0	62,319	1,202,714	-43,651	1,159,063	2,823,632	-163,255	2,660,377	3,881,759	
Receivables from co-insurance and reinsurance operations	14,910,769	0	14,910,769	2,040,182	0	2,040,182	1,206,660	0	1,206,660	18,157,611	
Premium receivable from co-insurance	522,401	0	522,401	0	0	0	1,058	0	1,058	523,459	
Premium receivable from reinsurance	4,319,906	0	4,319,906	1,580,680	0	1,580,680	683,510	0	683,510	6,584,096	
Receivables from co-insurers' share in claims	94,169	0	94,169	0	0	0	0	0	0	94,169	
Receivables from reinsurers' share in claims	9,974,293	0	9,974,293	459,502	0	459,502	522,092	0	522,092	10,955,887	
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0	
Other receivables	5,867,006	0	5,867,006	3,460,357	-856,911	2,603,446	68,360,379	-67,642,828	717,551	9,188,003	
Other short-term receivables from insurance operations*	1,602,831	0	1,602,831	3,020,677	-850,708	2,169,969	68,105,377	-67,430,648	674,729	4,447,529	
Short-term receivables from financing	2,455,403	0	2,455,403	71,599	-6,063	65,536	117,783	-104,313	13,470	2,534,409	
Other short-term receivables	1,517,565	0	1,517,565	368,081	-140	367,941	137,219	-107,867	29,352	1,914,858	
Long-term receivables	291,207	0	291,207	0	0	0	0	0	0	291,207	
TOTAL	71,486,955	-26,653	71,460,302	16,164,250	-2,405,666	13,758,584	93,837,750	-89,075,685	4,762,065	89,980,951	

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31 December 2017	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		
Receivables from direct insurance operations	46,724,432	-4,483	46,719,949	8,931,348	-1,426,027	7,505,321	24,781,996	-24,275,413	506,583	54,731,853	
Receivables from insurers	45,151,521	-4,483	45,147,038	8,923,418	-1,425,380	7,498,038	23,780,187	-23,600,066	180,121	52,825,197	
Receivables from insurance brokers	0	0	0	0	0	0	0	0	0	0	
Other receivables from direct insurance operations	1,572,911	0	1,572,911	7,930	-647	7,283	1,001,809	-675,347	326,462	1,906,656	
Receivables from co-insurance and reinsurance operations	10,457,342	0	10,457,342	1,308,057	0	1,308,057	2,124,393	0	2,124,393	13,889,792	
Premium receivable from co-insurance	553,693	0	553,693	0	0	0	11,052	0	11,052	564,745	
Premium receivable from reinsurance	2,401,344	0	2,401,344	929,887	0	929,887	1,240,240	0	1,240,240	4,571,471	
Receivables from co-insurers' share in claims	98,775	0	98,775	0	0	0	404	0	404	99,179	
Receivables from reinsurers' share in claims	7,403,530	0	7,403,530	378,170	0	378,170	872,697	0	872,697	8,654,397	
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0	
Other receivables	10,225,782	0	10,225,782	2,685,342	-864,309	1,821,033	74,930,369	-74,248,412	681,957	12,728,772	
Other short-term receivables from insurance operations*	1,839,938	0	1,839,938	2,619,932	-853,109	1,766,823	74,594,069	-73,946,402	647,667	4,254,428	
Short-term receivables from financing	5,981,909	0	5,981,909	64,731	-11,018	53,713	231,976	-198,088	33,888	6,069,510	
Other short-term receivables	2,101,196	0	2,101,196	679	-182	497	104,324	-103,922	402	2,102,095	
Long-term receivables	302,739	0	302,739	0	0	0	0	0	0	302,739	
TOTAL	67,407,556	-4,483	67,403,073	12,924,747	-2,290,336	10,634,411	101,836,758	-98,523,825	3,312,933	81,350,417	

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

	Triglav Group		Zavarovalnica Triglav		in EUR
	2018	2017	2018	2017	
VALUE ADJUSTMENT OF RECEIVABLES FROM POLICYHOLDERS					
Impairment allowance for receivables as at 1 January	49,464,861	55,489,511	25,029,929	29,057,796	
– Increase of impairment allowance for receivables	4,669,542	4,704,741	2,648,004	2,624,043	
– Decrease in impairment allowance for receivables	-4,000,989	-4,823,090	-2,399,878	-3,739,489	
– Receivables write-off	-5,062,602	-5,829,142	-2,476,696	-2,912,421	
– Acquisition	0	-359,338	0	0	
– Exchange rate difference	-7,849	282,179	0	0	
Impairment allowance for receivables as at 31 December	45,062,962	49,464,861	22,801,359	25,029,929	
IMPAIRMENT ALLOWANCE FOR OTHER SHORT-TERM RECEIVABLES					
Impairment allowance for receivables as at 1 January	76,586,808	85,726,679	74,799,511	84,119,015	
– Increase of impairment allowance for receivables	8,787,035	8,016,656	8,564,636	7,670,259	
– Decrease in impairment allowance for receivables	-7,824,492	-8,194,953	-7,479,700	-8,028,402	
– Receivables write-off	-7,841,513	-8,988,118	-7,603,091	-8,961,361	
– Changes in Group	0	-15,566	0	0	
– Exchange rate difference	-1,046	42,110	0	0	
Impairment allowance for receivables as at 31 December	69,706,792	76,586,808	68,281,356	74,799,511	
VALUE ADJUSTMENT OF OTHER RECEIVABLES					
Impairment allowance for receivables as at 1 January	16,665,427	17,388,843	989,204	1,000,142	
– Increase of impairment allowance for receivables	3,103,663	1,323,017	268,705	94,072	
– Decrease in impairment allowance for receivables	-1,462,895	-501,341	-712,744	-73,342	
– Receivables write-off	-1,559,641	-1,212,283	-119,876	-31,668	
– Transfer on deferred income	0	0	0	0	
– Exchange rate difference	27,559	221,421	0	0	
– Changes in Group	388	-557,742	0	0	
– Merger	0	3,512	0	0	
– Transfer on disposal group held for sale	0	0	0	0	
Impairment allowance for receivables as at 31 December	16,774,502	16,665,427	425,289	989,204	
TOTAL VALUE ADJUSTMENT OF RECEIVABLES					
As at 1 January	142,717,096	158,605,033	100,818,644	114,176,953	
As at 31 December	131,544,256	142,717,096	91,508,004	100,818,644	

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3.9 Other assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Inventories	567,740	577,560	228,244	225,271
Deferred costs	4,315,270	2,851,316	2,666,792	1,401,535
Investments into computer software for the Group	401,553	366,368	401,553	366,368
Other assets	112,159	127,013	0	0
TOTAL	5,396,722	3,922,257	3,296,589	1,993,174

3.10 Cash and cash equivalents

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Cash in bank accounts	53,527,430	62,249,749	17,981,629	35,492,579
Deposits redeemable at notice	13,509,500	15,781,500	0	0
Cash on hand and cheques	564,730	386,598	16,858	22,166
Other	0	0	0	0
TOTAL	67,601,660	78,417,847	17,998,487	35,514,746

3.11 Non-current assets held for sale

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Land and property of company Triglav Upravljanje nekretninama, Zagreb	1,310,626	1,521,667	0	0
Land and property of company Triglav Upravljanje Nepremičnin, d.d.	756,773	756,773	0	0
TOTAL	2,067,399	2,278,440	0	0

3.12 Equity

As at 31 December 2018, the share capital amounted to EUR 73,701,392. The share capital was divided into 22,735,148 no-par value shares. Each share represents the same stake and a corresponding amount in the share capital. The portion of each no-par value share in the share capital is determined on the basis of the number of no-par value shares issued. All of the shares have been paid up in full.

Shareholders of Zavarovalnica Triglav

Shareholders	Number of shares		Percentage of ownership	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
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., Pension fund 1 - fiduciary account, Zagreb, Croatia	1,488,809	1,453,894	6.55	6.39
Unicredit Bank Austria - fiduciary account, Vienna, Austria	703,410	634,792	3.09	2.79
Citibank - fiduciary account, London, Great Britain	289,498	36,687	1.27	0.16
Hrvatska poštanska banka d.d. - fiduciary account, Zagreb, Croatia	232,189	322,004	1.02	1.42
East Capital - East Capital Balkans, Luxembourg, Luxembourg	188,100	221,700	0.83	0.98
Kuwait Investment Authority, Safat, Kuwait	187,827	193,827	0.83	0.85
Pozavarovalnica Sava Re d.d., Ljubljana	166,678	166,678	0.73	0.73
The Bank of New York Mellon - fiduciary account, New York, USA	109,855	128,576	0.48	0.57
Other shareholders (less than 1%)	5,145,510	5,353,718	22.64	23.55
TOTAL	22,735,148	22,735,148	100.00	100.00

Share price

	in EUR	
	31 December 2018	31 December 2017
Quoted price of the share on the regulated securities market	30.30	28.90
Book value of equity per share	24.64	25.13

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Distribution of accumulated profits of Zavarovalnica Triglav	in EUR	
	2018	2017
Net profit/loss for the year	65,543,864	62,521,950
Net profit brought forward	1,247,252	25,584,011
Increase in retained income	-7,488	-20,839
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	0
Increase of other reserves from profit based on the decision by the Management and Supervisory Boards	0	-30,000,000
ACCUMULATED PROFITS	66,783,628	58,085,122
Distribution of accumulated profits		
– to shareholders		56,837,870
– allocation to other reserves from profit		0
– transfer to the following year		1,247,252

The distribution of the accumulated profit for 2018 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	
	2018	2017
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.

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 financial statements, treasury shares are measured at their historical cost and are recognized as a deductible item within equity. For these shares, reserves for treasury shares are formed in the same amount, and they are formed from the retained earnings.

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 2018, the currency translation adjustment totalled EUR 136.360 (vs. EUR 1,060,439 in 2017).¹¹⁴ The translation differences mostly refer to the change in the value of the Croatian kuna exchange rate.

Notes to the statement of changes in equity

The following changes are shown in the statement of changes in equity for 2018:

- Based on the resolution passed by the General Meeting of Shareholders of Zavarovalnica Triglav on 29 May 2018 on the distribution of the accumulated profit for 2017, EUR 56,837,870 were allocated to dividend payments. In the preparation of consolidated financial statements, the dividends in the amount of EUR 60,780 paid to the company Triglav, Upravljanje nepremičnin, d.d. were excluded.
- Share premium decreased by EUR 197,116 as a result of purchase of minority stakes in Skupna pokojninska družba d.d., Triglav Osiguranje a.d, Skopje, and Golf Arboretum, d.o.o. For a detailed explanation [[→ see Section 2.7](#)].
- Legal and statutory reserves increased by EUR 707,572. The reserves were formed from the retained profit brought forward or net profit for the year.
- As a result of the acquisition of shares of non-controlling interests, equity of non-controlling interests decreased by EUR 4,467,802.
- Due to decrease of share capital of group entity Sarajevostan, d.o.o., the non-controlling interests decreased by EUR 133,062. For a detailed explanation [[→ see Section 2.7](#)].

¹¹⁴The amount does not include translation differences relating to non-controlling interests.

3.13 Subordinated liabilities

in EUR

	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Amortised cost	15,462,711	15,459,132	20,612,951	20,608,180
Fair value	16,369,802	17,010,568	21,822,171	22,676,360

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 (5,154 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 (9,372 lots). For the calculation of fair values, the last known price on the Ljubljana Stock Exchange is taken into account. As at 31 December 2018, ZT02 price stood at 105.789% (109.93% as at 31 December 2017).

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.

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

NON-LIFE INSURANCE	Triglav Group		Zavarovalnica Triglav		in EUR
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	
	GROSS PROVISIONS FOR UNEARNED PREMIUMS	296,924,690	275,166,193	213,519,363	196,121,893
Gross provision for unearned premiums	296,804,667	275,049,051	213,399,340	196,004,752	
Gross provisions for unearned premiums from coinsurance	120,023	117,142	120,023	117,142	
GROSS CLAIMS PROVISIONS	584,519,134	609,068,598	423,416,968	450,789,937	
Gross claims provisions for IBNR and IBNER	302,755,513	309,084,685	213,040,229	226,634,456	
Gross provisions for incurred and reported claims	254,056,778	264,481,317	187,205,588	193,212,385	
Gross claims provisions for co-insurance	911,138	1,125,741	911,138	1,125,741	
Expected subrogation	-9,135,984	-10,525,322	-9,135,984	-10,525,322	
Provisions for claim handling costs	35,931,689	44,902,177	31,395,997	40,342,677	
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	19,833,253	18,943,606	19,547,002	18,349,804	
OTHER GROSS INSURANCE TECHNICAL PROVISIONS	5,445,662	6,573,642	2,201,357	3,025,520	
TOTAL NON-LIFE INSURANCE TECHNICAL PROVISIONS	906,722,739	909,752,037	658,684,690	668,287,155	
LIFE INSURANCE					
GROSS UNEARNED PREMIUM PROVISIONS	414,329	426,149	400,574	406,292	
GROSS MATHEMATICAL PROVISIONS	1,357,233,017	1,333,055,389	1,009,712,605	994,737,498	
Gross mathematical provisions covering life insurance	820,799,524	812,582,423	756,226,453	750,484,060	
Gross mathematical provisions covering SVPI	489,469,402	478,653,633	206,522,061	202,434,105	
Gross mathematical provisions covering SVPI during the annuity pay-out period	46,964,091	41,819,333	46,964,091	41,819,333	
GROSS CLAIMS PROVISIONS	20,555,708	19,476,640	19,143,220	18,440,962	
Gross claims provisions for IBNR and IBNER	16,811,783	15,331,280	16,112,014	14,820,072	
Gross provisions for incurred and reported claims	3,379,774	3,854,666	2,724,176	3,373,458	
Gross claims provisions for co-insurance	0	0	0	0	
Expected subrogation	0	0	0	0	
Provisions for claim handling costs	364,151	290,693	307,030	247,432	
OTHER INSURANCE TECHNICAL PROVISIONS	9,605,442	5,270,021	8,202,386	5,237,360	
TOTAL LIFE INSURANCE TECHNICAL PROVISIONS	1,387,808,496	1,358,228,199	1,037,458,785	1,018,822,112	
HEALTH INSURANCE					
GROSS PROVISIONS FOR UNEARNED PREMIUMS	2,827,927	2,520,377	0	0	
Gross provision for unearned premiums	2,827,927	2,520,377	0	0	
Gross provisions for unearned premiums from coinsurance	0	0	0	0	
GROSS CLAIMS PROVISIONS	9,869,071	9,928,477	0	0	
Gross claims provisions for IBNR and IBNER	9,012,635	8,763,014	0	0	
Gross provisions for incurred and reported claims	621,457	864,765	0	0	
Gross claims provisions for co-insurance	41,520	30,106	0	0	
Expected subrogation	0	0	0	0	
Provisions for claim handling costs	193,459	270,592	0	0	
OTHER INSURANCE TECHNICAL PROVISIONS	3,274,826	2,271,936	0	0	
TOTAL HEALTH INSURANCE TECHNICAL PROVISIONS	15,971,824	14,720,790	0	0	
TOTAL INSURANCE TECHNICAL PROVISIONS	2,310,503,061	2,282,701,026	1,696,143,475	1,687,109,267	
GROSS MATHEMATICAL PROVISIONS COVERING ULI	402,598,039	449,544,565	365,238,075	416,250,767	

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.

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Breakdown of gross and net claims provisions	Triglav Group		Zavarovalnica Triglav		in EUR
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	
NON-LIFE INSURANCE					
Gross provisions for incurred and unreported claims	291,544,973	293,151,970	201,853,532	213,303,915	
Gross claims provisions	302,755,513	309,084,685	213,040,229	226,634,456	
Reinsurers' share	-11,210,540	-15,932,715	-11,186,697	-13,330,541	
Gross provisions for incurred and reported claims	205,018,987	215,886,669	133,410,165	138,188,156	
Gross claims provisions	254,056,778	264,481,317	187,205,589	193,212,385	
Reinsurers' and co-insurers' share	-49,037,791	-48,594,648	-53,795,424	-55,024,229	
Gross claims provisions for co-insurance	911,138	1,125,741	911,138	1,125,741	
Gross claims provisions	911,138	1,125,741	911,138	1,125,741	
Reinsurers' share	0	0	0	0	
Expected subrogation	-8,520,568	-9,892,051	-8,520,568	-9,892,051	
Gross claims provisions	-9,135,984	-10,525,322	-9,135,984	-10,525,322	
Reinsurers' share	615,416	633,271	615,416	633,271	
Provisions for claim handling costs	35,931,689	44,902,177	31,395,997	40,342,677	
Gross claims provisions	35,931,689	44,902,177	31,395,997	40,342,677	
Reinsurers' share	0	0	0	0	
TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS	524,886,219	545,174,506	359,050,264	383,068,438	
TOTAL GROSS CLAIMS PROVISIONS	584,519,134	609,068,596	423,416,968	450,789,937	
TOTAL REINSURERS' SHARE	-59,632,915	-63,894,091	-64,366,704	-67,721,499	
LIFE INSURANCE					
Gross provisions for incurred and unreported claims	16,821,521	15,331,280	16,112,014	14,820,072	
Gross claims provisions	16,811,783	15,331,280	16,112,014	14,820,072	
Reinsurers' share	9,738	0	0	0	
Gross provisions for incurred and reported claims	3,370,036	3,854,666	2,714,438	3,341,098	
Gross claims provisions	3,379,774	3,854,666	2,724,176	3,373,458	
Reinsurers' share	-9,738	0	-9,738	-32,360	
Gross claims provisions for co-insurance	0	0	0	0	
Gross claims provisions	0	0	0	0	
Reinsurers' share	0	0	0	0	
Expected subrogation	0	0	0	0	
Gross claims provisions	0	0	0	0	
Reinsurers' share	0	0	0	0	
Provisions for claim handling costs	364,151	290,693	307,030	247,432	
Gross claims provisions	364,151	290,693	307,030	247,432	
Reinsurers' share	0	0	0	0	
TOTAL LIFE INSURANCE GROSS CLAIMS PROVISIONS	20,555,708	19,476,640	19,133,482	18,408,602	
TOTAL GROSS CLAIMS PROVISIONS	20,555,708	19,476,639	19,143,220	18,440,962	
TOTAL REINSURERS' SHARE	0	0	-9,738	-32,360	
HEALTH INSURANCE					
Gross provisions for incurred and unreported claims	9,012,635	8,763,014	0	0	
Gross claims provisions	9,012,635	8,763,014	0	0	
Reinsurers' share	0	0	0	0	
Gross provisions for incurred and reported claims	621,457	864,765	0	0	
Gross claims provisions	621,457	864,765	0	0	
Reinsurers' and co-insurers' share	0	0	0	0	
Gross claims provisions for co-insurance	41,520	30,106	0	0	
Gross claims provisions	41,520	30,106	0	0	
Reinsurers' share	0	0	0	0	
Expected subrogation	0	0	0	0	
Gross claims provisions	0	0	0	0	
Reinsurers' share	0	0	0	0	
Provisions for claim handling costs	193,459	270,592	0	0	
Gross claims provisions	193,459	270,592	0	0	
Reinsurers' share	0	0	0	0	
TOTAL HEALTH INSURANCE GROSS CLAIMS PROVISIONS	9,869,071	9,928,477	0	0	
TOTAL GROSS CLAIMS PROVISIONS	9,869,071	9,928,477	0	0	
TOTAL REINSURERS' SHARE	0	0	0	0	

Analysis of changes in gross insurance technical provisions for Triglav Group							in EUR
NON-LIFE INSURANCE	Gross unearned premium	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions	
1 January 2017	260,854,523	607,228,071	19,105,924	6,838,308	0	894,026,826	
Increase	203,388,154	185,463,017	12,163,924	4,856,386	0	405,871,481	
Use	-190,083,460	-184,741,977	-12,332,044	-5,175,327	0	-392,332,808	
Exchange rate difference	1,006,976	1,119,485	5,802	54,275	0	2,186,538	
31 December 2017	275,166,193	609,068,596	18,943,606	6,573,642	0	909,752,037	
Increase	228,480,533	188,034,474	12,777,715	3,837,937	0	433,130,659	
Use	-206,778,357	-212,655,908	-11,886,556	-4,969,307	0	-436,290,128	
Exchange rate difference	56,321	71,972	-1,512	3,390	0	130,171	
31 December 2018	296,924,690	584,519,134	19,833,253	5,445,662	0	906,722,739	

							in EUR
LIFE INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross claims provisions	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions	
1 January 2017	449,648	1,273,538,608	18,911,899	3,946,905	457,683,091	1,754,530,151	
Increase	425,045	155,870,564	11,716,886	1,475,628	76,910,295	246,398,418	
Use	-448,869	-97,114,082	-11,164,116	-152,511	-85,356,523	-194,236,101	
Exchange rate difference	325	760,299	11,970	0	307,702	1,080,295	
31 December 2017	426,149	1,333,055,389	19,476,640	5,270,021	449,544,565	1,807,772,763	
Increase	403,589	129,645,897	14,165,394	4,509,651	18,291,860	167,016,391	
Use	-415,465	-105,632,762	-13,088,128	-174,230	-65,310,701	-184,621,286	
Exchange rate difference	56	164,493	1,804	0	72,315	238,668	
31 December 2018	414,329	1,357,233,017	20,555,710	9,605,442	402,598,038	1,790,406,536	

							in EUR
HEALTH INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross claims provisions	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions	
1 January 2017	2,335,449	0	9,100,925	794,964	0	12,231,338	
Increase	2,630,206	0	9,361,685	1,537,245	0	13,529,136	
Use	-2,445,278	0	-8,534,132	-60,273	0	-11,039,683	
Exchange rate difference	0	0	0	0	0	0	
31 December 2017	2,520,377	0	9,928,477	2,271,936	0	14,720,790	
Increase	2,917,168	0	9,491,994	1,008,309	0	13,417,471	
Use	-2,609,617	0	-9,551,399	-5,420	0	-12,166,436	
Exchange rate difference	0	0	0	0	0	0	
31 December 2018	2,827,927	0	9,869,071	3,274,826	0	15,971,824	

Analysis of changes in gross insurance technical provisions for Zavarovalnica Triglav							in EUR
NON-LIFE INSURANCE	Gross unearned premium	Gross claims provisions	Gross provisions for bonuses and discounts	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions	
1 January 2017	188,067,543	453,377,312	18,495,379	3,776,436	0	663,716,669	
Increase	165,641,630	160,485,906	11,678,477	3,025,520	0	340,831,533	
Use	-157,587,280	-163,073,281	-11,824,052	-3,776,436	0	-336,261,049	
31 December 2017	196,121,893	450,789,937	18,349,804	3,025,520	0	668,287,154	
Increase	179,517,437	149,611,662	12,580,404	2,201,357	0	343,910,860	
Use	-162,119,967	-176,984,631	-11,383,206	-3,025,520	0	-353,513,324	
31 December 2018	213,519,363	423,416,968	19,547,002	2,201,357	0	658,684,690	

Analysis of changes in gross insurance technical provisions for Zavarovalnica Triglav							in EUR
LIFE INSURANCE	Gross unearned premium	Gross mathematical provisions	Gross claims provisions	Other gross insurance technical provisions	Unit-linked insurance-technical provisions	Total gross insurance technical provisions	
1 January 2017	420,333	959,268,937	17,863,463	3,908,408	431,125,308	1,412,586,450	
Increase	406,292	110,521,211	11,325,346	1,468,328	67,221,946	190,943,123	
Use	-420,333	-75,052,651	-10,747,847	-139,375	-82,096,487	-168,456,693	
31 December 2017	406,292	994,737,498	18,440,962	5,237,360	416,250,767	1,435,072,879	
Increase	400,574	90,568,446	11,600,287	3,113,895	8,944,966	114,628,168	
Use	-406,292	-75,593,339	-10,898,029	-148,869	-59,957,658	-147,004,187	
31 December 2018	400,574	1,009,712,605	19,143,220	8,202,386	365,238,075	1,402,696,860	

Analysis of the decrease in gross mathematical provisions					in EUR
	Triglav Group		Zavarovalnica Triglav		2017
	2018	2017	2018	2017	
Surrenders	25,845,426	23,006,551	11,156,773	11,894,678	11,894,678
Endowments	56,390,693	56,353,099	51,210,505	53,092,261	53,092,261
Deaths	3,081,525	2,727,012	2,367,665	2,157,612	2,157,612
Other	20,315,118	15,027,422	10,858,396	7,908,100	7,908,100
TOTAL	105,632,762	97,114,084	75,593,339	75,052,651	75,052,651

Other releases refer to the payment of annuities, upon cancellation of insurance and releases of additional valuation provisions upon termination of insurance.

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

in EUR

	Before 2009	2009	2010	2011	2012	Year of occurrence						TOTAL
						2013	2014	2015	2016	2017	2018	
Cumulative loss assessment												
– at the end of year of occurrence		560,952,881	535,615,958	509,028,152	537,773,397	540,980,548	523,335,884	494,721,974	497,610,909	523,078,938	559,765,704	
– 1 year after year of occurrence		502,868,739	492,902,084	461,311,067	539,573,012	447,917,990	481,304,284	477,337,992	463,199,516	513,384,536		
– 2 years after year of occurrence		492,609,753	473,335,579	474,755,005	500,921,267	463,342,293	466,027,510	463,910,257	456,287,534			
– 3 years after year of occurrence		484,758,847	479,637,277	455,085,444	496,641,454	439,583,068	458,436,319	460,400,102				
– 4 years after year of occurrence		484,136,193	467,602,633	458,416,153	487,381,079	433,339,855	453,418,013					
– 5 years after year of occurrence		479,931,802	467,642,819	450,071,089	481,306,074	431,734,293						
– 6 years after year of occurrence		477,637,233	459,856,973	448,004,684	476,606,548							
– 7 years after year of occurrence		471,160,939	457,000,191	445,950,087								
– 8 years after year of occurrence		468,531,214	455,357,549									
– 9 years after year of occurrence		466,477,224										
– 10 years after year of occurrence	82,360,768											
Cumulative loss assessment		466,477,224	455,357,549	445,950,087	476,606,548	431,734,293	453,418,013	460,400,102	456,287,534	513,384,536	559,765,704	
Cumulative payments until balance sheet date	5,871,296	456,974,441	442,481,004	427,118,689	449,224,429	409,204,748	428,719,399	425,912,722	407,973,970	433,441,486	348,373,790	
Claims provisions balance at the beginning of the period	84,705,507	12,376,119	16,457,670	22,858,222	34,670,418	26,905,387	36,614,276	47,565,736	80,416,662	210,996,005		573,566,002
Settled during the period	5,873,475	819,651	1,939,204	1,972,959	2,589,734	2,771,308	6,899,917	9,571,754	25,200,467	121,403,603	348,503,112	527,545,185
Claim provisions balance	76,489,472	9,502,783	12,876,545	18,831,398	27,382,119	22,529,545	24,757,609	34,569,756	48,428,966	80,134,002	211,896,845	567,399,041

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

in EUR

	Before 2009	2009	2010	2011	2012	Year of occurrence						TOTAL
						2013	2014	2015	2016	2017	2018	
Cumulative loss assessment												
– at the end of year of occurrence		428,334,819	397,894,156	344,766,188	357,523,991	317,835,549	320,473,605	288,017,455	287,798,336	303,002,462	300,438,023	
– 1 year after year of occurrence		379,229,569	349,567,530	303,201,976	304,864,538	266,546,400	276,286,823	244,620,306	248,557,097	279,993,010		
– 2 years after year of occurrence		365,975,020	333,049,538	288,324,957	296,542,971	256,384,328	265,047,929	236,877,342	244,240,955			
– 3 years after year of occurrence		356,293,810	326,228,216	282,155,740	289,326,478	249,972,030	260,339,640	233,832,537				
– 4 years after year of occurrence		352,427,627	320,837,129	281,692,146	283,750,168	245,898,744	255,549,812					
– 5 years after year of occurrence		347,853,432	317,082,345	278,889,676	279,036,814	243,246,940						
– 6 years after year of occurrence		344,803,291	313,090,207	277,885,732	273,848,769							
– 7 years after year of occurrence		341,842,194	311,355,522	276,372,349								
– 8 years after year of occurrence		340,231,520	309,920,962									
– 9 years after year of occurrence		338,086,207										
– 10 years after year of occurrence	72,500,536											
Cumulative loss assessment		338,086,207	309,920,962	276,372,349	273,848,769	243,246,940	255,549,812	233,832,537	244,240,955	279,993,010	300,438,023	
Cumulative payments until balance sheet date		329,884,739	299,769,193	260,276,139	250,616,288	226,173,273	236,723,934	210,000,132	211,727,752	228,401,268	169,740,249	
Claims provisions balance at the beginning of the period	76,285,634	10,752,149	12,985,166	19,096,284	30,256,104	21,490,896	27,999,658	31,962,075	48,410,195	140,608,680		419,846,841
Settled during the period	3,560,178	405,369	1,398,838	1,486,690	1,835,577	1,765,426	4,383,952	5,084,864	11,580,850	66,007,485	169,740,249	267,249,479
Claim provisions balance	68,940,358	8,201,468	10,151,769	16,096,210	23,232,480	17,073,667	18,825,878	23,832,405	32,513,203	51,591,743	130,697,774	401,156,955

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3.15 Provisions for employee benefits

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Provisions for unused leave	4,280,949	4,393,109	3,500,312	3,782,886
Provisions for retirement benefits	8,602,839	7,886,897	6,287,047	5,744,460
Provisions for jubilee payments	1,920,785	1,699,836	1,379,797	1,173,117
TOTAL	14,804,574	13,979,843	11,167,156	10,700,463

The calculation of provisions for pensions and severance pays upon retirement included:

- the expected mortality on the basis of crude mortality tables for the population of Slovenia from 2017 (Statistical Office of the Republic of Slovenia), taking into account a 20% lower mortality than given in those tables; in the subsidiaries outside of Slovenia, mortality tables from individual countries were taken into account;
- the expected annual employee fluctuation depending on age which, on average, stands at 2.9% in Slovenia and 3.2%, on average, in other countries;
- the expected growth of average salaries in Slovenia is 2.2% annually, while in other countries it is 3.0% on average;
- the yield curve of the Slovene government debt securities denominated in EUR as at 31 December 2018. The benchmark for a 10-year period is 1.04%. In the subsidiaries outside of Slovenia, the yield curves of government debt securities between 2.5% and 5.0% were taken into account.

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.

	in EUR			TOTAL
	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	
As at 1 January 2017	4,265,313	7,544,294	1,740,657	13,550,264
Use of provisions in the year	-3,963,993	-242,747	-183,873	-4,390,613
Release of provisions in the year	-65,787	-3,145	-8,098	-77,030
Creation of provisions in the year	4,155,404	576,861	148,394	4,880,659
Exchange rate difference	2,174	11,632	2,755	16,561
As at 31 December 2017	4,393,109	7,886,897	1,699,836	13,979,843
Use of provisions in the year	-3,776,470	-139,454	-166,166	-4,082,090
Release of provisions in the year	-3,422	-228,635	-10,755	-242,812
Creation of provisions in the year	3,667,331	1,081,777	397,902	5,147,010
Exchange rate difference	404	2,258	-32	2,630
As at 31 December 2018	4,280,949	8,602,839	1,920,785	14,804,574

	in EUR			TOTAL
	Provisions for unused leave	Provisions for retirement benefits	Provisions for jubilee payments	
As at 1 January 2017	3,553,625	5,753,856	1,240,033	10,547,514
Use of provisions in the year	-3,553,625	-152,800	-156,403	-3,862,828
Creation of provisions in the year	3,782,886	143,404	89,487	4,015,777
As at 31 December 2017	3,782,886	5,744,460	1,173,117	10,700,463
Use of provisions in the year	-3,782,886	-98,149	-139,950	-4,020,985
Creation of provisions in the year	3,500,312	640,736	346,630	4,487,678
As at 31 December 2018	3,500,312	6,287,047	1,379,797	11,167,156

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Development of provisions for retirement benefits and jubilee payments in Triglav Group			in EUR
	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
As at 1 January 2017	7,544,294	1,740,657	9,284,950
Current service cost	870,378	157,156	1,027,534
Interest cost	36,874	2,917	39,791
Actuarial gains/losses due to:			
- changes in demographic assumptions	-563,091	-91,181	-654,272
- changes in financial assumptions	-135,686	-11,738	-147,424
- experience adjustments	306,913	35,891	342,804
Past service cost	-3,959	763	-3,196
Benefits paid during the year	-196,462	-179,075	-375,537
Gains/losses upon payment	16,002	41,690	57,692
Exchange rate difference	11,632	2,755	14,387
As at 31 December 2017	7,886,897	1,699,836	9,586,733
Current service cost	716,419	122,747	839,166
Interest cost	56,817	3,519	60,336
Actuarial gains/losses due to:			
- changes in demographic assumptions	124,664	20,219	144,883
- changes in financial assumptions	-71,359	-37,396	-108,755
- experience adjustments	250,264	269,271	519,535
Past service cost	-220,077	-6,635	-226,712
Benefits paid during the year	-110,779	-162,421	-273,200
Gains/losses upon payment	-32,261	11,677	-20,584
Exchange rate difference	2,258	-32	2,226
As at 31 December 2018	8,602,839	1,920,785	10,523,624

Sensitivity analysis of parameter changes for Triglav Group			in EUR
Parameter	Parameter change	2018	2017
Interest rate	shift in the discount curve by +0.25%	-209,526	-216,759
	shift in the discount curve by -0.25%	218,244	225,834
Wage growth	change in annual wage growth by +0.5%	419,885	388,668
	change in annual wage growth by -0.5%	-365,008	-347,888
Mortality rate	constant increase in mortality by +20%	-100,306	-140,409
	constant increase in mortality by -20%	102,302	146,118
Early employment termination	shift in the expense curve by +20%	-233,519	-292,364
	shift in the expense curve by -20%	250,590	308,076

Development of provisions for retirement benefits and jubilee payments in Zavarovalnica Triglav			in EUR
	Provisions for retirement benefits	Provisions for jubilee payments	TOTAL
As at 1 January 2017	5,753,856	1,240,033	6,993,889
Current service cost	472,863	134,082	606,945
Interest expenses	21,258	2,410	23,668
Actuarial gains/loss due to:			
- change in demographic assumptions	-569,745	-91,181	-660,926
- change in financial assumptions	-80,375	-27,368	-107,743
- experience adjustments	299,403	38,746	338,149
Profit/loss upon payment	0	32,799	32,799
Termination payments during the year	-152,800	-156,403	-309,203
As at 31 December 2017	5,744,460	1,173,117	6,917,578
Current service cost	335,242	96,665	431,907
Interest expenses	39,341	3,016	42,357
Actuarial gains/loss due to:			
- change in demographic assumptions	132,185	20,396	152,581
- change in financial assumptions	-105,958	-71,936	-177,894
- experience adjustments	239,926	267,668	507,594
Profit/loss upon payment	0	30,821	30,821
Termination payments during the year	-98,149	-139,950	-238,099
As at 31 December 2018	6,287,047	1,379,797	7,666,844

Sensitivity analysis of parameter changes for Zavarovalnica Triglav			in EUR
Parameter	Parameter change	2018	2017
Interest rate	shift in the discount curve by +0.25%	-154,287	-148,801
	shift in the discount curve by -0.25%	160,474	154,844
Wage growth	change in annual wage growth by +0.5%	304,322	276,279
	change in annual wage growth by -0.5%	-270,534	-244,965
Mortality rate	constant increase in mortality by +20%	-67,316	-84,594
	constant increase in mortality by -20%	68,292	86,318
Early employment termination	shift in the expense curve by +20%	-164,873	-160,776
	shift in the expense curve by -20%	172,926	168,839

3.16 Other provisions

	in EUR	
	Triglav Group	Zavarovalnica Triglav
As at 1 January 2017	3,971,217	689,669
Increase	1,076,646	35,292
Decrease	-758,877	0
Release	-509,734	0
Exchange rate difference	15,395	0
As at 31 December 2017	3,794,647	724,961
Increase	28,040	247,442
Decrease	-260,821	-213,968
Release	-1,643,699	0
Exchange rate difference	1,385	0
As at 31 December 2018	1,919,555	758,435

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
DEFERRED TAX ASSETS		
As at 1 January 2017	15,793,114	14,739,215
– increase	46,303	3,034,123
– decrease	-2,070,302	-4,809,964
– increase due to change in tax rate	0	0
As at 31 December 2017	13,769,115	12,963,374
– increase	2,595,553	2,485,412
– decrease	-3,470,936	-3,271,195
– increase due to change in tax rate	0	0
As at 31 December 2018	12,893,732	12,177,591
DEFERRED TAX LIABILITIES		
As at 1 January 2017	25,400,544	21,804,624
– increase	1,249,870	459,803
– decrease	-253,835	0
– increase due to change in tax rate	0	0
As at 31 December 2017	26,396,579	22,264,427
– increase	81,536	0
– decrease	-9,274,539	-7,273,099
– increase due to change in tax rate	0	0
As at 31 December 2018	17,203,576	14,991,327
NET DEFERRED TAX ASSETS		
As at 31 December 2017	-12,627,464	-9,301,053
As at 31 December 2018	-4,309,844	-2,813,736

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.

The change in deferred tax assets is recognised in the income statement, increasing and/or decreasing income tax expense. 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 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Long-term liabilities for a finance lease	284,056	513,126	0	0
Loans from banks	517,260	455,120	0	0
Financial liabilities for acquired securities	917,137	1,161,877	917,137	1,161,877
Liabilities for dividends	657,846	678,873	657,846	678,873
Other financial liabilities	3,244,605	2,780,384	12,460	4,434
TOTAL	5,620,904	5,589,381	1,587,443	1,845,184

The long-term financial liabilities of the Triglav Group and Zavarovalnica Triglav amount to EUR 329,518 and EUR 7,765 respectively.

3.19 Operating liabilities

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
DIRECT INSURANCE LIABILITIES	19,717,929	18,875,323	11,306,835	11,354,265
Liabilities to policyholders	11,408,191	11,854,935	8,345,773	8,351,426
Liabilities to insurance brokers	1,540,170	1,067,486	1,170,587	828,106
Other liabilities from direct insurance operations	6,769,568	5,952,902	1,428,595	1,819,604
Liabilities from direct insurance operations to Group companies	0	0	361,880	355,129
LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	30,465,655	28,758,158	13,819,946	15,249,797
Liabilities for re/co-insurance premiums	18,293,707	17,031,209	12,655,925	13,015,790
Liabilities for co-insurers' share of claims	4,363,764	4,425,693	1,164,021	2,234,007
Other re/co-insurance liabilities	7,808,184	7,301,256	0	0
CURRENT TAX LIABILITIES	4,608,471	1,748,121	3,396,791	1,135,988
TOTAL LIABILITIES FROM INSURANCE OPERATIONS	54,792,055	49,381,602	28,523,572	27,740,050

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 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Short-term liabilities to employees	22,256,505	19,115,336	18,470,071	15,391,703
Trade payables	8,218,320	13,274,496	8,218,320	13,274,496
Other short-term liabilities from insurance operations	13,919,849	13,830,528	5,243,624	5,147,981
Other short-term liabilities	11,882,026	9,792,369	2,389,528	2,055,530
Other long-term liabilities	4,292,179	2,993,063	4,076,309	2,246,976
Accrued interest on issued bonds	958,354	958,354	958,354	958,354
Short-term deferred income from charged interest on arrears	2,154,573	1,010,281	2,154,573	1,010,281
Other accruals	11,828,405	10,209,308	1,711,168	711,989
TOTAL OTHER LIABILITIES	75,510,207	71,183,735	43,221,946	40,797,310

Of the disclosed other liabilities, the long-term liabilities of the Triglav Group and Zavarovalnica Triglav account for EUR 7,937,231 and EUR 4,076,309 respectively.

4. Notes to the Income Statement

4.1 Premium income

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
NON-LIFE INSURANCE				
Gross written premium	628,813,312	588,139,280	458,879,616	431,190,372
Assumed re-insurance written premium	71,681,191	62,175,221	26,143,238	16,237,471
Assumed co-insurance written premium	1,722,693	2,035,926	1,073,607	1,067,798
Ceded co-insurance written premium	-2,659,181	-1,870,838	-1,583,712	-1,339,637
Reinsurance written premium	-103,870,707	-95,625,499	-99,275,679	-91,591,642
Changes in gross provisions for unearned premiums	-15,998,370	-11,291,823	-12,921,249	-6,899,198
Changes in reinsurers' share of unearned premiums	6,282,125	284,406	5,942,775	493,754
Net premium income on non-life insurance	585,971,063	543,846,673	378,258,596	349,158,918
LIFE INSURANCE				
Gross written premium	222,162,500	218,279,696	174,113,971	173,475,695
Assumed co-insurance written premium	0	3,008	0	0
Ceded co-insurance written premiums	0	0	-9,820	0
Reinsurance written premium	-95,020	-54,396	-427,898	-591,302
Changes in gross provisions for unearned premiums	12,058	23,933	5,717	14,041
Changes in reinsurers' share of unearned premiums	5,100	-113	302	0
Net premium income on life insurance	222,084,638	218,252,128	173,682,272	172,898,434
HEALTH INSURANCE				
Gross written premium	144,014,711	129,283,495	0	0
Changes in gross provisions for unearned premiums	-307,551	-184,927	0	0
Net premium income on health insurance	143,707,160	129,098,568	0	0
TOTAL NET PREMIUM INCOME	951,762,862	891,197,369	551,940,868	522,057,353

Overview of premium income by insurance class for Triglav Group ¹¹⁵						in EUR
2018	Gross written premium ¹¹⁶	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share	
NON-LIFE INSURANCE						
Accident insurance	40,848,248	70,274	-48,460	-683,132	40,186,930	
Health insurance	148,697,953	183,987	-25,055	-363,493	148,493,392	
Land motor vehicle insurance	142,002,450	27	-9,198	-9,411,913	132,581,366	
Railway insurance	3,181,714	0	0	-1,123,078	2,058,636	
Aircraft insurance	1,807,213	0	0	-799,871	1,007,342	
Marine Insurance	5,300,424	4	0	-453,152	4,847,276	
Cargo insurance	7,774,190	0	-647,213	-1,637,678	5,489,299	
Fire and natural forces insurance	96,115,705	1,140,434	-946,360	-32,658,558	63,651,221	Business Report
Other damage to property insurance	133,418,045	256,108	-365,190	-31,722,516	101,586,447	
Motor TPL insurance	165,750,020	13,127	0	-5,915,860	159,847,287	
Aircraft liability insurance	1,489,205	0	0	-840,624	648,581	
Marine liability insurance	1,231,416	0	-63,478	-184,711	983,227	
General liability insurance	46,130,908	58,732	-448,040	-8,839,709	36,901,891	Risk Management
Credit insurance	26,825,201	0	0	-5,021,329	21,803,872	
Suretyship insurance	2,749,305	0	0	-577,142	2,172,163	
Miscellaneous financial loss insurance	6,171,395	0	-106,187	-3,377,937	2,687,271	
Legal expenses insurance	482,824	0	0	-11,554	471,270	
Travel assistance insurance	14,532,996	0	0	-248,450	14,284,546	
Total non-life insurance	844,509,212	1,722,693	-2,659,181	-103,870,707	739,702,017	Accounting Report
LIFE INSURANCE						
Life insurance	93,522,973	0	0	-93,203	93,429,770	
Wedding insurance or birth insurance	0	0	0	0	0	
Unit-linked life insurance	111,706,354	0	0	0	111,706,354	
Tontines	0	0	0	0	0	
Capital redemption insurance	16,748,583	0	0	0	16,748,583	Table of Contents
Loss of income due to illness	184,592	0	0	-1,817	182,775	
Total life insurance	222,162,502	0	0	-95,020	222,067,482	
TOTAL	1,066,671,714	1,722,693	-2,659,181	-103,965,727	961,769,499	

¹¹⁵Non-life insurance also includes health insurance.¹¹⁶Gross written premium also includes written reinsurance premiums accepted.

	in EUR				
2017	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE					
Accident insurance	41,521,924	40,990	-192,590	-618,677	40,751,647
Health insurance	132,135,186	102,821	0	-265,861	131,972,146
Land motor vehicle insurance	127,257,100	564	-8,196	-8,193,807	119,055,661
Railway insurance	3,293,165	0	0	-853,666	2,439,499
Aircraft insurance	2,026,693	0	0	-1,578,658	448,035
Marine Insurance	4,697,325	0	0	-415,184	4,282,141
Cargo insurance	8,030,434	6,489	-526,388	-1,404,198	6,106,337
Fire and natural forces insurance	93,035,217	1,104,580	-535,013	-33,796,144	59,808,640
Other damage to property insurance	114,543,643	805,658	-369,027	-25,621,392	89,358,882
Motor TPL insurance	158,620,966	0	0	-5,680,208	152,940,758
Aircraft liability insurance	1,468,319	0	0	-826,368	641,951
Marine liability insurance	974,752	0	0	-96,880	877,872
General liability insurance	43,760,894	-25,176	-234,741	-8,629,839	34,871,138
Credit insurance	26,593,398	0	0	-3,836,796	22,756,602
Suretyship insurance	2,323,580	0	0	-441,312	1,882,268
Miscellaneous financial loss insurance	5,654,309	0	-4,883	-3,117,328	2,532,098
Legal expenses insurance	418,048	0	0	-12,737	405,311
Travel assistance insurance	13,243,043	0	0	-236,443	13,006,600
Total non-life insurance	779,597,996	2,035,926	-1,870,838	-95,625,498	684,137,586
LIFE INSURANCE					
Life insurance	94,109,927	3,008	0	-53,561	94,059,374
Wedding insurance or birth insurance	0	0	0	0	
Unit-linked life insurance	105,851,192	0	0	0	105,851,192
Tontines	0	0	0	0	
Capital redemption insurance	18,070,394	0	0	0	18,070,394
Loss of income due to illness	248,183	0	0	-836	247,347
Total life insurance	218,279,696	3,008	0	-54,397	218,228,307
TOTAL	997,877,692	2,038,934	-1,870,838	-95,679,895	902,365,893

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Overview of premium income by insurance class for Zavarovalnica Triglav						in EUR
2018	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share	
NON-LIFE INSURANCE						
Accident insurance	26,173,583	0	-137	-859,071	25,314,375	
Health insurance	692,746	0	-263,937	-809	428,000	
Land motor vehicle insurance	118,662,443	0	0	-9,423,547	109,238,896	
Railway insurance	3,041,772	0	0	-697,135	2,344,637	
Aircraft insurance	611,302	0	0	-420,762	190,540	
Marine Insurance	333,966	4	0	-67,123	266,847	
Cargo insurance	4,952,630	0	-647,200	-1,745,678	2,559,752	
Fire and natural forces insurance	54,464,093	995,356	-179,158	-20,869,711	34,410,580	Business Report
Other damage to property insurance	102,508,202	0	-12,711	-40,355,181	62,140,310	
Motor TPL insurance	92,415,938	1,058	0	-6,546,249	85,870,747	
Aircraft liability insurance	988,282	0	0	-894,148	94,134	
Marine liability insurance	453,104	0	-63,478	-40,410	349,216	
General liability insurance	37,594,425	77,189	-417,091	-10,836,827	26,417,696	Risk Management
Credit insurance	25,456,965	0	0	-3,892,223	21,564,742	
Suretyship insurance	1,842,317	0	0	-446,035	1,396,282	
Miscellaneous financial loss insurance	2,816,203	0	0	-1,580,068	1,236,135	
Legal expenses insurance	443,097	0	0	-29,009	414,088	
Travel assistance insurance	11,571,786	0	0	-571,693	11,000,093	
Total non-life insurance	485,022,854	1,073,607	-1,583,712	-99,275,679	385,237,070	Accounting Report
LIFE INSURANCE						
Life insurance	81,164,340	0	-9,820	-427,898	80,726,622	
Wedding insurance or birth insurance	0	0	0	0	0	
Unit-linked life insurance	76,201,048	0	0	0	76,201,048	
Tontines	0	0	0	0	0	
Capital redemption insurance	16,748,583	0	0	0	16,748,583	Table of Contents
Loss of income due to illness	0	0	0	0	0	
Total life insurance	174,113,971	0	-9,820	-427,898	173,676,253	
TOTAL	659,136,825	1,073,607	-1,593,532	-99,703,577	558,913,323	

	in EUR				
2017	Gross written premium	Co-insurers' share in gross written premium	Ceded co-insurance written premium	Reinsurance written premium	Own share
NON-LIFE INSURANCE					
Accident insurance	27,032,366	0	0	-1,113,944	25,918,422
Health insurance	486,414	0	-282,754	0	203,661
Land motor vehicle insurance	106,632,936	0	0	-8,947,981	97,684,954
Railway insurance	3,142,650	0	0	-653,914	2,488,736
Aircraft insurance	970,750	0	0	-842,888	127,862
Marine Insurance	345,918	0	0	-57,235	288,683
Cargo insurance	5,324,046	0	-526,375	-2,085,500	2,712,170
Fire and natural forces insurance	53,754,842	1,006,231	-174,701	-21,927,034	32,659,338
Other damage to property insurance	84,122,714	0	-248,030	-31,225,699	52,648,985
Motor TPL insurance	87,528,335	0	0	-6,509,296	81,019,038
Aircraft liability insurance	994,150	0	0	-980,308	13,842
Marine liability insurance	335,514	0	0	-38,793	296,721
General liability insurance	35,112,942	61,567	-107,321	-10,829,655	24,237,533
Credit insurance	26,094,676	0	0	-3,615,555	22,479,121
Suretyship insurance	1,601,544	0	0	-382,619	1,218,926
Miscellaneous financial loss insurance	2,821,601	0	-456	-1,764,644	1,056,502
Legal expenses insurance	393,897	0	0	-33,473	360,423
Travel assistance insurance	10,732,548	0	0	-583,105	10,149,444
Total non-life insurance	447,427,843	1,067,798	-1,339,637	-91,591,642	355,564,362
LIFE INSURANCE					
Life insurance	82,276,487	0	0	-591,302	81,685,185
Wedding insurance or birth insurance	0	0	0	0	0
Unit-linked life insurance	73,128,814	0	0	0	73,128,814
Tontines	0	0	0	0	0
Capital redemption insurance	18,070,394	0	0	0	18,070,394
Loss of income due to illness	0	0	0	0	0
Total life insurance	173,475,695	0	0	-591,302	172,884,393
TOTAL	620,903,538	1,067,798	-1,339,637	-92,182,944	528,448,755

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4.2 Total income from financial assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
INTEREST INCOME FROM FINANCIAL ASSETS				
– available for sale	31,745,848	34,336,923	22,352,655	23,885,897
– loans and deposits	3,673,878	2,810,704	3,223,478	2,865,277
– held to maturity	9,815,935	10,618,005	7,657,191	7,836,163
– at fair value through profit and loss	10,337,581	10,430,950	4,444,301	5,120,346
Interest income	55,573,242	58,196,582	37,677,625	39,707,684
DIVIDENDS FROM				
– available-for-sale financial assets	3,577,567	5,011,305	2,868,187	2,695,236
– financial assets at fair value through profit and loss	466,275	335,146	209,516	92,338
– subsidiaries and associates	0	0	4,506,342	6,172,954
TOTAL DIVIDENDS	4,043,842	5,346,451	7,584,045	8,960,528
Fair value gains	1,492,063	36,619,731	1,108,893	30,527,723
Realised gains on disposals	23,777,837	29,790,480	18,521,649	25,453,585
Other financial income	4,002,093	2,991,194	2,168,468	1,701,209
Profit on investments accounted for using the equity method	1,021,159	224,605	0	0
TOTAL INVESTMENT INCOME	89,910,236	133,169,043	67,060,680	106,350,731

Fair value gains are described in detail [→ in Section 4.4], and realised gains on disposals [→ in Section 4.5]. Data in the table also include income from financial assets for shareholder-related companies.

4.3 Total expenses from financial assets

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Fair value losses	45,840,584	4,528,102	33,533,878	1,757,407
Realised loss on disposals	13,128,928	11,083,596	12,566,364	10,588,356
Loss on disposals of subsidiaries	0	1,145,000	0	0
Loss on impairment of financial assets	1,497,483	335,255	1,248,877	200,000
Other finance costs	6,651,494	11,704,106	3,585,367	7,897,651
- Net exchange losses	2,497,447	7,942,171	660,647	4,982,901
- Other expenses from financial assets and liabilities	1,768,614	1,447,262	1,126,190	1,075,438
- Asset management costs	2,385,433	2,314,673	1,798,530	1,839,313
Loss on equity investments in associates accounted for using the equity method	137,092	1,981,853	0	0
TOTAL EXPENSES FROM FINANCIAL ASSETS	67,255,581	30,777,912	50,934,486	20,443,413

Fair value losses are described in detail [→ in Section 4.4], and realised loss on disposals of financial assets [→ in Section 4.5]. Data in the table also include expenses from financial assets for shareholder-related companies.

4.4 Fair value gains and losses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Financial assets recognised at fair value through profit/loss	-43,705,592	31,402,827	-31,770,799	28,081,514
– gains	1,429,476	35,930,929	1,057,563	29,838,921
– losses	-45,135,068	-4,528,102	-32,828,362	-1,757,407
Derivative financial instruments	-642,929	688,802	-654,187	688,802
– gains	62,587	688,802	51,330	688,802
– losses	-705,516	0	-705,516	0
NET GAINS FROM CHANGES IN FAIR VALUE	-44,348,521	32,091,629	-32,424,985	28,770,316

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	
	2018	2017	2018	2017
Financial assets recognised at fair value through profit/loss	-3,325,788	2,155,198	-3,279,198	2,109,274
– realised gains on disposals	696,651	3,493,012	678,530	3,375,768
– realised losses on disposals	-4,022,439	-1,337,814	-3,957,728	-1,266,495
Available-for-sale financial assets	17,014,673	18,028,216	11,925,982	14,232,486
– realised gains on disposals	18,164,581	20,278,752	12,939,619	16,059,101
– realised losses on disposals	-1,149,908	-2,250,536	-1,013,637	-1,826,615
Loans and deposits	-294,753	0	0	0
– realised gains on disposals	13,105	0	0	0
– realised losses on disposals	-307,858	0	0	0
Derivative financial instruments	-2,745,223	-1,409,793	-2,691,500	-1,409,796
– realised gains on disposals	4,903,500	6,018,716	4,903,500	6,018,716
– realised losses on disposals	-7,648,723	-7,428,509	-7,595,000	-7,428,510
Held-to-maturity financial assets	0	0	0	0
– realised gains on disposals	0	0	0	0
– realised losses on disposals	0	0	0	0
Financial liabilities	0	-66,736	0	-66,736
– realised gains on disposals	0	0	0	0
– realised losses on disposals	0	-66,736	0	-66,736
TOTAL REALISED GAINS AND LOSSES	10,648,909	18,706,885	5,955,284	14,865,230

4.6 Other insurance income

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Fees and commission income	15,806,181	16,487,470	17,004,132	18,011,729
– reinsurance commission income	15,750,966	16,399,287	16,948,917	17,923,546
– investment management services	55,215	88,183	55,215	88,183
Other income from insurance operations	14,031,800	12,749,762	10,444,252	9,720,855
– income from sale of green cards for motor vehicles	2,388,333	2,365,643	999,019	970,788
– income from claims settled for other insurance companies	712,579	763,106	455,901	448,300
– income from assistance services	50,398	28,214	37,576	11,817
– other income from insurance operations	4,521,771	3,798,819	2,851,248	2,495,970
– interest from receivables	6,358,721	5,793,980	6,100,508	5,793,980
OTHER INSURANCE INCOME	29,837,981	29,237,232	27,448,384	27,732,584

4.7 Other income

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Income from investment property	6,860,194	6,637,396	5,569,135	5,205,856
Income from disposal of investment property	1,473,740	325,860	1,171,222	77,514
Income from disposal of intangible assets	8,665	39,798	0	0
Income from disposal of property, plant and equipment	170,318	103,381	32,572	431
Income from other services	1,986,091	1,821,079	5,514,416	5,499,648
Income from non-insurance companies in the Group	25,330,425	24,506,898	0	0
Fair value gains	241,939	409,651	165,465	134,548
Claims refund	78,161	189,053	39,169	33,426
TOTAL OTHER INCOME	36,149,533	34,033,116	12,491,979	10,951,423

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4.8 Claims

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
NON-LIFE INSURANCE				
Gross claims settled	374,502,594	332,902,222	273,030,985	250,056,103
Gross claims paid from inward reinsurance	33,701,523	29,745,087	12,719,613	2,751,897
Income from gross subrogated receivables	-16,967,528	-15,335,223	-13,502,708	-12,387,832
Reinsurers' share of gross claims settled	-40,184,452	-24,825,626	-37,927,113	-24,830,340
Co-insurers' share of gross claims settled	195,761	252,466	262,030	465,802
Change in gross claims provisions	-31,600,189	1,497,691	-27,372,969	-2,587,374
Change in gross claims provisions for re/co-insurer's share	11,311,263	-6,801,652	3,354,795	-8,385,490
Net claims incurred on non-life insurance	330,958,972	317,434,965	210,564,633	205,082,765
LIFE INSURANCE				
Gross claims settled	169,247,828	189,454,483	148,754,692	170,885,356
Reinsurers' share in gross claims	-275	-450	-102,530	-259,497
Change in gross claims provisions	1,077,159	553,739	702,258	577,500
Change in reinsurers' share in gross claims provisions	22,621	6,706	22,621	6,706
Net claims incurred on life insurance	170,347,333	190,014,478	149,377,041	171,210,065
HEALTH INSURANCE				
Gross claims settled	119,145,307	105,440,900	0	0
Income from gross exercised subrogation receivables	-29,506	-44,900	0	0
Change in gross claims provisions	-70,820	797,446	0	0
Change in claims provisions for reinsurers' share	11,414	30,106	0	0
Equalisation scheme expenses	6,197,698	6,285,786	0	0
TOTAL net claims incurred on health insurance	125,254,093	112,509,338	0	0
NET CLAIMS INCURRED TOTAL	626,560,398	619,958,781	359,941,674	376,292,830

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Overview of net claims incurred by insurance class				in EUR
Triglav Group 2018	Gross claims ¹¹⁷	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE				
Accident insurance	24,227,816	-10,801	-230,009	23,987,006
Health insurance	121,362,005	-29,523	-122,892	121,209,590
Land motor vehicle insurance	97,815,885	-3,513,921	-3,733,347	90,568,617
Railway insurance	2,583,036	-30	-244,676	2,338,330
Aircraft insurance	659,117	0	-166,071	493,046
Marine Insurance	3,437,920	-8,716	-367,337	3,061,867
Cargo insurance	2,519,395	-199,348	-114,151	2,205,896
Fire and natural forces insurance	52,496,392	-152,359	-13,895,816	38,448,217
Other damage to property insurance	74,508,007	-564,165	-12,359,892	61,583,950
Motor TPL insurance	98,955,254	-3,700,133	-1,686,194	93,568,927
Aircraft liability insurance	285,242	0	-24,169	261,073
Marine liability insurance	270,764	0	-2,501	268,263
General liability insurance	18,947,236	-221,192	-3,056,247	15,669,797
Credit insurance	11,945,067	-8,063,118	-1,396,156	2,485,793
Suretyship insurance	687,953	-506,428	42,206	223,731
Miscellaneous financial loss insurance	4,812,263	0	-2,639,070	2,173,193
Legal expenses insurance	67,104	0	-331	66,773
Travel assistance insurance	11,768,968	-27,300	-187,799	11,553,869
Total non-life insurance	527,349,424	-16,997,034	-40,184,452	470,167,938
LIFE INSURANCE				
Life insurance	92,419,363	0	-275	92,419,088
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	70,889,784	0	0	70,889,784
Tontines	0	0	0	0
Capital redemption insurance	5,885,491	0	0	5,885,491
Loss of income due to illness	53,190	0	0	53,190
Total life insurance	169,247,828	0	-275	169,247,553
TOTAL	696,597,252	-16,997,034	-40,184,727	639,415,491

Overview of net claims incurred by insurance class				in EUR
Triglav Group 2017	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE				
Accident insurance	23,728,233	-29,754	-221,688	23,476,791
Health insurance	106,578,530	-44,900	-106,415	106,427,215
Land motor vehicle insurance	91,410,178	-3,195,556	-2,347,464	85,867,158
Railway insurance	1,502,312	0		1,502,312
Aircraft insurance	343,520	0	-73,018	270,502
Marine Insurance	5,074,829	-67,228	-2,340,979	2,666,622
Cargo insurance	2,279,920	-125,676	-174,013	1,980,231
Fire and natural forces insurance	39,713,867	-393,224	-3,720,669	35,599,974
Other damage to property insurance	65,293,836	-351,141	-11,287,461	53,655,234
Motor TPL insurance	93,228,583	-3,049,463	-2,550,038	87,629,082
Aircraft liability insurance	320,341	-1,005	-56,195	263,141
Marine liability insurance	346,883	0	-6,113	340,770
General liability insurance	15,508,421	-450,292	-726,044	14,332,085
Credit insurance	10,305,007	-7,436,476	-568,355	2,300,176
Suretyship insurance	741,141	-195,003	-59,595	486,543
Miscellaneous financial loss insurance	1,645,767	-30	-497,277	1,148,460
Legal expenses insurance	56,928	0	0	56,928
Travel assistance insurance	10,009,913	-40,375	-90,302	9,879,236
Total non-life insurance	468,088,209	-15,380,123	-24,825,626	427,882,460
LIFE INSURANCE				
Life insurance	91,029,628	0	-450	91,029,178
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	92,969,964	0	0	92,969,964
Tontines	0	0	0	0
Capital redemption insurance	5,365,889	0	0	5,365,889
Loss of income due to illness	89,002	0	0	89,002
Total life insurance	189,454,483	0	-450	189,454,033
TOTAL	657,542,692	-15,380,123	-24,826,076	617,336,493

¹¹⁷Gross claims paid also include gross claims paid from inward reinsurance.

Overview of net claims incurred by insurance class				in EUR
Zavarovalnica Triglav 2018	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE				
Accident insurance	13,903,658	-10,138	-372,369	13,521,151
Health insurance	141,361	0	-5,201	136,160
Land motor vehicle insurance	80,419,568	-2,298,303	-4,747,607	73,373,658
Railway insurance	2,583,036	-30	-182,692	2,400,314
Aircraft insurance	41,849	0	-8,938	32,911
Marine Insurance	402,518	0	-3,805	398,713
Cargo insurance	1,235,612	-147,185	-309,110	779,317
Fire and natural forces insurance	27,662,364	-132,283	-7,172,427	20,357,654
Other damage to property insurance	52,112,313	-547,804	-14,354,973	37,209,536
Motor TPL insurance	63,388,400	-2,123,082	-3,373,416	57,891,902
Aircraft liability insurance	52,187	0	-15,761	36,426
Marine liability insurance	61,938	0	-1,481	60,457
General liability insurance	17,127,665	-212,469	-2,907,026	14,008,169
Credit insurance	11,444,728	-7,742,878	-932,892	2,768,958
Suretyship insurance	244,752	-261,783	58,821	41,790
Miscellaneous financial loss insurance	4,289,396	0	-3,134,366	1,155,030
Legal expenses insurance	63,809	0	-637	63,172
Travel assistance insurance	10,575,444	-26,753	-463,232	10,085,459
Total non-life insurance	285,750,598	-13,502,708	-37,927,113	234,320,777
LIFE INSURANCE				
Life insurance	81,883,672	0	-102,530	81,781,142
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	60,985,529	0	0	60,985,529
Tontines	0	0	0	0
Capital redemption insurance	5,885,491	0	0	5,885,491
Loss of income due to illness	0	0	0	0
Total life insurance	148,754,692	0	-102,530	148,652,162
TOTAL	434,505,290	-13,502,708	-38,029,643	382,972,939

Overview of net claims incurred by insurance class				in EUR
Zavarovalnica Triglav 2017	Gross claims	Income from subrogated receivables	Reinsurers' share	Net claims incurred
NON-LIFE INSURANCE				
Accident insurance	13,065,186	-29,470	-343,233	12,692,483
Health insurance	20,465	0	-2,952	17,513
Land motor vehicle insurance	75,282,043	-2,113,481	-3,584,895	69,583,667
Railway insurance	1,502,245	0	0	1,502,245
Aircraft insurance	115,129	0	-65,530	49,599
Marine Insurance	241,063	-66,074	-6,452	168,537
Cargo insurance	1,341,420	-97,872	-351,243	892,305
Fire and natural forces insurance	22,973,913	-378,671	-2,992,205	19,603,037
Other damage to property insurance	45,645,793	-332,758	-10,453,568	34,859,468
Motor TPL insurance	58,673,179	-1,669,518	-4,647,902	52,355,759
Aircraft liability insurance	58,780	-1,005	-22,718	35,057
Marine liability insurance	78,018	0	-2,323	75,695
General liability insurance	13,592,447	-397,618	-1,158,944	12,035,885
Credit insurance	9,780,693	-7,119,944	-341,993	2,318,755
Suretyship insurance	111,947	-141,097	-1,810	-30,960
Miscellaneous financial loss insurance	950,583	-30	-440,713	509,841
Legal expenses insurance	55,256	0	12	55,268
Travel assistance insurance	9,319,837	-40,293	-413,871	8,865,673
Total non-life insurance	252,808,000	-12,387,832	-24,830,340	215,589,827
LIFE INSURANCE				
Life insurance	82,932,298	0	-259,497	82,672,802
Wedding insurance or birth insurance	0	0	0	0
Unit-linked life insurance	82,587,169	0	0	82,587,169
Tontines	0	0	0	0
Capital redemption insurance	5,365,889	0	0	5,365,889
Loss of income due to illness	0	0	0	0
Total life insurance	170,885,356	0	-259,497	170,625,860
TOTAL	423,693,356	-12,387,832	-25,089,837	386,215,687

4.9 Reinsurance result

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Reinsurance premiums	-103,965,727	-95,679,895	-101,297,110	-93,522,581
Changes in reinsurers' share of unearned premiums	6,287,215	284,293	5,943,077	493,754
Reinsurers' share of claims	40,184,727	24,826,076	38,029,643	25,089,837
Changes in claims provisions for reinsurers' shares	-11,345,298	6,764,840	-3,377,416	8,378,784
Net result from reinsurance operations	-68,839,083	-63,804,686	-60,701,806	-59,560,206
Reinsurance commission	15,750,967	16,382,965	16,948,916	17,923,547
GROSS REINSURANCE RESULT	-53,088,116	-47,421,721	-43,752,889	-41,636,659

4.10 Change in other insurance-technical provisions

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Change in other insurance technical provisions	39,860,373	60,281,190	29,499,390	35,366,975
– changes in gross provisions for cancellations	69,299	53,070	1,593	67,747
– changes in gross provisions for unexpired risks	55,176	875,957	-825,756	-818,663
– changes in gross provisions for other catastrophic risks	-183,598	0	0	0
– changes in gross provisions for life insurance	39,657,720	57,909,518	30,061,777	34,675,246
– changes in gross provisions for bonuses from with-profits life insurance	261,776	1,442,645	261,776	1,442,645
Change in gross provisions for unit-linked insurance contracts	-46,889,547	-8,250,712	-50,884,979	-14,678,837
TOTAL CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-7,029,174	52,030,478	-21,385,589	20,688,138

4.11 Expenses for bonuses and discounts

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Settled bonuses and discounts	10,319,128	9,190,486	9,374,088	8,218,663
Changes in gross provisions for bonuses and discounts	1,098,555	152,405	1,197,198	-145,575
TOTAL EXPENSES FOR BONUSES AND DISCOUNTS	11,417,685	9,342,891	10,571,287	8,073,088

4.12 Acquisition costs and other operating expenses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Acquisition costs	159,245,093	147,942,412	110,230,111	105,301,136
Other operating costs	74,392,332	72,820,221	42,778,807	40,621,773
Claim handling costs*	25,629,551	25,322,704	19,615,402	19,982,533
Costs of asset management**	2,385,433	2,314,673	1,798,530	1,839,313
Operating expenses from non-insurance operations***	27,173,807	25,645,287	0	0
TOTAL	288,826,216	274,045,297	174,422,850	167,744,757

* 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

Triglav Group 2018	in EUR					
	Non-life insurance	Life insurance	Health insurance	Total costs of insurance operations	Costs of non-insurance operations	TOTAL
Acquisition costs	32,970,748	9,231,634	3,778,927	45,981,309	0	45,981,309
Cost of goods sold	0	0	0	0	52,904	52,904
Depreciation of operating assets	10,746,299	1,784,980	484,229	13,015,508	1,249,119	14,264,627
Labour costs	107,616,995	19,223,168	4,829,461	131,669,624	14,204,726	145,874,350
Wages and salaries	74,835,746	13,344,670	3,677,805	91,858,221	9,710,045	101,568,266
Social security and pension insurance costs	17,296,601	2,822,743	623,487	20,742,831	2,746,253	23,489,084
Other labour costs	15,484,648	3,055,755	528,169	19,068,572	1,748,428	20,817,000
Costs of services provided by natural persons other than SPs, including related taxes	2,500,098	84,678	172,218	2,756,994	0	2,756,994
Other operating costs	55,323,363	7,386,378	5,519,233	68,228,974	11,667,058	79,896,032
Costs of entertainment, advertising, trade shows	17,507,734	-1,779,107	753,783	16,482,410	691,744	17,174,154
Costs of material and energy	5,174,363	1,020,058	331,282	6,525,703	1,611,346	8,137,049
Maintenance costs	7,264,034	2,253,591	2,164,324	11,681,949	993,988	12,675,937
Reimbursement of labour-related costs	4,084,109	514,639	192,421	4,791,169	690,379	5,481,548
Costs of intellectual and personal services	3,083,908	1,027,325	126,990	4,238,223	824,578	5,062,801
Membership fees and charges	2,032,523	439,940	89,299	2,561,762	922,998	3,484,760
Costs of services - transport and communications	3,419,187	1,066,007	848,368	5,333,562	154,015	5,487,577
Costs for insurance premiums	1,324,876	175,924	2,867	1,503,667	53,797	1,557,464
Payment transaction costs and banking services	1,383,173	654,676	348,692	2,386,541	1,093,494	3,480,035
Rents	4,816,298	669,725	9,087	5,495,110	1,007,809	6,502,919
Costs of professional training services	701,299	157,075	90,875	949,249	184,220	1,133,469
Other costs of services	4,531,859	1,186,525	561,245	6,279,629	3,438,690	9,718,319
TOTAL OPERATING EXPENSES	209,157,503	37,710,838	14,784,068	261,652,409	27,173,807	288,826,216

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Triglav Group 2017						in EUR
	Non-life insurance	Life insurance	Health insurance	Total costs of insurance operations	Costs of non-insurance operations	TOTAL
Acquisition costs	29,143,920	4,776,143	1,934,970	35,855,033	0	35,855,033
Cost of goods sold	0	0	0	0	230,774	230,774
Depreciation of operating assets	9,471,082	1,958,532	523,766	11,953,380	1,268,876	13,222,256
Labour costs	105,154,889	18,419,295	4,446,763	128,020,947	13,772,241	141,793,188
Wages and salaries	73,250,152	12,846,200	3,377,661	89,474,013	9,406,974	98,880,987
Social security and pension insurance costs	16,894,384	2,674,702	572,606	20,141,692	2,519,614	22,661,306
Other labour costs	15,010,353	2,898,393	496,496	18,405,242	1,845,653	20,250,895
Costs of services provided by natural persons other than SPs, including related taxes	800,448	73,156	146,211	1,019,815	0	1,019,815
Other operating costs	55,060,559	10,946,451	5,543,825	71,550,835	10,373,396	81,924,231
Costs of entertainment, advertising, trade shows	16,991,352	2,502,394	663,419	20,157,165	693,732	20,850,897
Costs of material and energy	4,767,179	951,018	261,796	5,979,993	1,552,051	7,532,044
Maintenance costs	8,357,123	2,116,448	2,045,539	12,519,110	778,405	13,297,515
Reimbursement of labour-related costs	4,068,779	516,836	162,845	4,748,460	645,034	5,393,494
Costs of intellectual and personal services	3,484,199	708,542	473,628	4,666,369	669,591	5,335,960
Membership fees and charges	1,936,144	389,527	85,976	2,411,647	710,368	3,122,015
Costs of services - transport and communications	3,231,418	916,719	853,080	5,001,217	172,918	5,174,135
Costs for insurance premiums	1,152,043	155,051	16,865	1,323,959	56,554	1,380,513
Payment transaction costs and banking services	1,334,870	639,757	313,842	2,288,469	1,029,697	3,318,166
Rents	4,253,550	716,164	11,621	4,981,335	905,088	5,886,423
Costs of professional training services	543,106	115,189	71,124	729,419	149,366	878,785
Other costs of services	4,940,796	1,218,806	584,090	6,743,692	3,010,592	9,754,284
TOTAL OPERATING EXPENSES	199,630,898	36,173,577	12,595,535	248,400,010	25,645,287	274,045,297

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Zavarovalnica Triglav	2018			2017			in EUR
	Non-life insurance	Life insurance	TOTAL	Non-life insurance	Life insurance	TOTAL	
Acquisition costs	18,729,044	8,445,942	27,174,986	16,013,168	8,309,539	24,322,707	
Depreciation of operating assets	8,136,900	1,466,135	9,603,035	7,089,004	1,670,764	8,759,768	
Labour costs	81,286,516	15,120,570	96,407,086	79,699,395	14,874,389	94,573,784	
Wages and salaries	57,631,614	10,579,475	68,211,089	56,833,223	10,513,000	67,346,222	
Social security and pension insurance costs	9,889,336	1,841,107	11,730,443	9,669,567	1,807,379	11,476,946	
Other labour costs	13,765,566	2,699,988	16,465,554	13,196,605	2,554,010	15,750,615	
Costs of services provided by natural persons other than SPs, including related taxes	274,040	65,097	339,137	227,587	50,068	277,655	
Other operating costs	31,621,398	9,277,208	40,898,606	31,577,741	8,233,101	39,810,842	
Costs of entertainment, advertising, trade shows	6,940,513	1,771,891	8,712,404	7,171,165	1,645,523	8,816,687	
Costs of material and energy	2,789,901	816,848	3,606,749	2,497,926	739,288	3,237,214	
Maintenance costs	6,708,088	2,161,400	8,869,488	7,330,919	2,027,333	9,358,251	
Reimbursement of labour-related costs	2,903,368	402,927	3,306,295	2,918,310	433,124	3,351,434	
Costs of intellectual and personal services	1,447,154	799,008	2,246,162	1,815,967	464,000	2,279,967	
Membership fees and charges	1,168,667	355,252	1,523,919	1,183,708	326,478	1,510,185	
Costs of services - transport and communications	2,232,851	977,717	3,210,568	2,093,070	802,099	2,895,170	
Costs for insurance premiums	937,893	155,291	1,093,184	752,862	134,007	886,868	
Payment transaction costs and banking services	1,047,188	555,182	1,602,370	1,000,570	540,022	1,540,592	
Rents	2,746,549	557,195	3,303,744	2,298,994	500,538	2,799,533	
Costs of professional training services	489,471	143,016	632,487	351,086	96,655	447,741	
Other costs of services	2,209,755	581,481	2,791,236	2,163,163	524,037	2,687,200	
TOTAL OPERATING EXPENSES	140,047,898	34,374,952	174,422,850	134,606,895	33,137,861	167,744,757	

In addition to the above-stated amount of EUR 68,211,089 (vs. EUR 67,346,222 in 2017), total wages and salaries include employee bonuses based on performance results in 2018 in the total amount of EUR 8,496,124 (vs. EUR 6,828,596 in 2017). Total costs for wages and salaries in 2017 thus amount to EUR 76,707,213 (vs. EUR 74,174,818 in 2017).

Total costs of Zavarovalnica Triglav for the above-mentioned item, including taxes and other contributions chargeable to the employer, amount to EUR 7,864,000 and are disclosed as other expenses.

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4.12.2 Gross operating expenses by nature and function

Triglav Group 2018						in EUR
	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	Costs of non-insurance operations	TOTAL
Acquisition costs	45,981,309	0	0	0	0	45,981,309
Cost of goods sold	0	0	0	0	52,904	52,904
Depreciation of operating assets	6,464,125	1,724,817	123,906	4,702,660	1,249,119	14,264,627
Labour costs	68,966,811	18,355,084	1,404,281	42,943,448	14,204,726	145,874,350
Wages and salaries	49,098,833	12,351,548	1,026,916	29,380,924	9,710,045	101,568,266
Social security and pension insurance costs	10,509,211	2,860,813	213,231	7,159,576	2,746,253	23,489,084
Other labour costs	9,358,767	3,142,723	164,134	6,402,948	1,748,428	20,817,000
Costs of services provided by natural persons other than SPs, including related taxes	1,943,097	458,251	2,301	353,345	0	2,756,994
Other operating costs	35,889,751	5,091,399	854,945	26,392,879	11,667,058	79,896,032
Costs of entertainment, advertising, trade shows	13,962,904	50,660	12,726	2,456,120	691,744	17,174,154
Costs of material and energy	3,526,442	858,291	38,430	2,102,540	1,611,346	8,137,049
Maintenance costs	4,221,553	1,176,547	236,140	6,047,709	993,988	12,675,937
Reimbursement of labour-related costs	3,758,919	115,886	31,835	884,529	690,379	5,481,548
Costs of intellectual and personal services	819,409	493,175	264,442	2,661,197	824,578	5,062,801
Membership fees and charges	933,423	148,540	23,564	1,456,235	922,998	3,484,760
Costs of services - transport and communications	2,643,442	505,079	17,950	2,167,091	154,015	5,487,577
Costs for insurance premiums	759,510	200,048	11,029	533,080	53,797	1,557,464
Payment transaction costs and banking services	802,267	7,941	65,163	1,511,170	1,093,494	3,480,035
Rents	2,398,047	521,247	36,678	2,539,138	1,007,809	6,502,919
Costs of professional training services	282,710	79,847	9,247	577,445	184,220	1,133,469
Other costs of services	1,781,125	934,138	107,741	3,456,625	3,438,690	9,718,319
TOTAL OPERATING EXPENSES	159,245,093	25,629,551	2,385,433	74,392,332	27,173,807	288,826,216

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						in EUR
Triglav Group 2017	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	Costs of non-insurance operations	TOTAL
Acquisition costs	35,855,033	0	0	0	0	35,855,033
Cost of goods sold	0	0	0	0	230,774	230,774
Depreciation of operating assets	5,793,389	1,614,801	116,427	4,428,763	1,268,876	13,222,256
Labour costs	66,487,559	18,097,039	1,373,183	42,063,166	13,772,241	141,793,188
Wages and salaries	47,437,322	12,230,065	1,012,937	28,793,689	9,406,974	98,880,987
Social security and pension insurance costs	10,188,254	2,804,962	202,837	6,945,639	2,519,614	22,661,306
Other labour costs	8,861,983	3,062,012	157,409	6,323,838	1,845,653	20,250,895
Costs of services provided by natural persons other than SPs, including related taxes	300,074	396,993	2,078	320,670	0	1,019,815
Other operating costs	39,506,357	5,213,871	822,985	26,007,622	10,373,396	81,924,231
Costs of entertainment, advertising, trade shows	17,872,787	54,433	8,127	2,221,818	693,732	20,850,897
Costs of material and energy	3,046,893	830,052	41,089	2,061,959	1,552,051	7,532,044
Maintenance costs	4,689,729	1,401,831	213,386	6,214,164	778,405	13,297,515
Reimbursement of labour-related costs	3,734,075	147,210	19,582	847,593	645,034	5,393,494
Costs of intellectual and personal services	895,448	420,456	245,270	3,105,195	669,591	5,335,960
Membership fees and charges	1,023,827	251,496	20,771	1,115,553	710,368	3,122,015
Costs of services - transport and communications	2,513,101	489,169	18,971	1,979,976	172,918	5,174,135
Costs for insurance premiums	658,769	170,899	8,130	486,161	56,554	1,380,513
Payment transaction costs and banking services	789,283	9,319	56,017	1,433,850	1,029,697	3,318,166
Rents	2,153,194	534,123	31,647	2,262,371	905,088	5,886,423
Costs of professional training services	237,040	83,598	7,207	401,574	149,366	878,785
Other costs of services	1,892,211	821,285	152,788	3,877,408	3,010,592	9,754,284
TOTAL OPERATING EXPENSES	147,942,412	25,322,704	2,314,673	72,820,221	25,645,287	274,045,297

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Zavarovalnica Triglav 2018					in EUR
	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	TOTAL
Acquisition costs	27,174,986	0	0	0	27,174,986
Depreciation of operating assets	5,438,220	1,486,233	104,925	2,573,657	9,603,035
Labour costs	54,369,024	14,546,113	1,023,137	26,468,812	96,407,086
Wages and salaries	39,291,695	10,002,413	760,734	18,156,247	68,211,089
Social security and pension insurance costs	6,678,803	1,722,700	128,377	3,200,563	11,730,443
Other labour costs	8,398,526	2,821,000	134,026	5,112,002	16,465,554
Costs of services provided by natural persons other than SPs, including related taxes	29,704	273,507	951	34,975	339,137
Other operating costs	23,218,177	3,309,549	669,517	13,701,363	40,898,606
Costs of entertainment, advertising, trade shows	8,369,713	34,175	4,622	303,894	8,712,404
Costs of material and energy	1,858,397	630,913	26,360	1,091,079	3,606,749
Maintenance costs	3,372,299	1,020,337	226,148	4,250,704	8,869,488
Reimbursement of labour-related costs	2,860,342	55,413	17,824	372,716	3,306,295
Costs of intellectual and personal services	547,897	59,728	244,509	1,394,028	2,246,162
Membership fees and charges	745,358	132,577	19,519	626,465	1,523,919
Costs of services - transport and communications	1,874,885	387,405	12,624	935,654	3,210,568
Costs for insurance premiums	535,498	162,096	6,244	389,346	1,093,184
Payment transaction costs and banking services	686,384	767	54,358	860,861	1,602,370
Rents	1,244,227	321,541	20,727	1,717,249	3,303,744
Costs of professional training services	201,627	70,028	8,230	352,602	632,487
Other costs of services	921,550	434,569	28,352	1,406,765	2,791,236
TOTAL OPERATING EXPENSES	110,230,111	19,615,402	1,798,530	42,778,807	174,422,850

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Zavarovalnica Triglav 2017						in EUR
	Cost of contract acquisition	Claim handling costs	Costs of asset management	Other operating expenses	TOTAL	
Acquisition costs	24,322,707	0	0	0	24,322,707	
Depreciation of operating assets	4,834,281	1,433,949	103,499	2,388,038	8,759,768	
Labour costs	52,988,762	14,679,708	1,072,860	25,832,454	94,573,784	
Wages and salaries	38,472,290	10,129,717	803,345	17,940,870	67,346,222	
Social security and pension insurance costs	6,528,896	1,742,737	135,446	3,069,869	11,476,946	
Other labour costs	7,987,576	2,807,254	134,069	4,821,716	15,750,615	
Costs of services provided by natural persons other than SPs, including related taxes	23,995	234,576	1,527	17,557	277,655	
Other operating costs	23,131,391	3,634,301	661,427	12,383,724	39,810,842	
Costs of entertainment, advertising, trade shows	8,533,127	38,892	4,304	240,365	8,816,687	
Costs of material and energy	1,604,998	590,670	24,605	1,016,940	3,237,214	
Maintenance costs	3,948,459	1,273,710	203,745	3,932,337	9,358,251	
Reimbursement of labour-related costs	2,880,088	73,546	12,499	385,301	3,351,434	
Costs of intellectual and personal services	544,400	53,369	227,940	1,454,258	2,279,967	
Membership fees and charges	891,620	241,321	17,568	359,677	1,510,185	
Costs of services - transport and communications	1,675,184	388,710	14,816	816,460	2,895,170	
Costs for insurance premiums	417,795	131,996	5,054	332,024	886,868	
Payment transaction costs and banking services	644,841	830	43,266	851,655	1,540,592	
Rents	1,095,476	339,543	19,006	1,345,508	2,799,533	
Costs of professional training services	162,444	66,529	5,494	213,274	447,741	
Other costs of services	732,960	435,187	83,128	1,435,925	2,687,200	
TOTAL OPERATING EXPENSES	105,301,136	19,982,533	1,839,313	40,621,774	167,744,757	

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4.13 Other expenses from insurance operations

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Fee and commission expenses	16,747,703	15,698,735	3,598,300	2,211,487
Expenses from impairment of insurance receivables and write-offs	4,040,324	-439,219	1,511,505	-1,114,709
Fire tax	4,543,801	4,298,380	4,100,129	3,909,295
Expenses of preventive activity	2,197,547	1,934,354	1,498,562	1,218,704
Contributions for claims from uninsured or unidentified vehicles	1,427,306	1,544,342	-90,685	-276,721
Supervisory authority fees	1,534,377	1,605,036	815,368	780,468
Other net insurance expenses	3,253,078	3,416,434	386,460	252,228
OTHER EXPENSES FROM INSURANCE OPERATIONS	33,744,134	28,058,062	11,819,639	6,980,751

4.14 Other expenses

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Financial expenses	1,384,359	1,631,023	1,507,022	1,549,066
Other expenses	43,234,402	40,629,898	14,087,222	13,319,580
Depreciation of investment property	1,415,406	1,413,250	938,600	950,469
Expenses from impairment of investment property	474,484	181,170	0	0
Loss from investment property disposal	27,840	60,266	5,813	60,147
Other investment property expenses	2,649,014	2,158,172	3,070,405	3,077,799
Expenses from disposal of property, plant and equipment	18,189	56,842	14,159	12,484
Expenses from disposal of intangible assets	3,616	518,063	3,093	517,839
Expenses from reversal of impairment of other receivables	522,638	544,930	-210,129	256,312
Operating expenses of non-insurance companies	26,450,272	25,294,103	0	0
Other expenses	11,672,943	10,403,102	10,265,281	8,444,529
TOTAL OTHER EXPENSES	44,618,763	42,260,921	15,594,244	14,868,646

Other expenses relate to bonuses for employees based on business results for 2018 in total amount of EUR 10.9 million (in Zavarovalnica Triglav EUR 9.9 million).

4.15 Income tax expense

4.15.1 Tax expense in the income statement

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Current tax expense	15,560,650	12,746,346	12,127,605	9,524,525
Deferred tax expense	1,068,907	1,990,784	785,783	1,775,841
TOTAL TAX EXPENSE IN THE INCOME STATEMENT	16,629,557	14,737,130	12,913,388	11,300,366

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4.15.2 Tax expense in other comprehensive income

	in EUR					
	2018			2017		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Triglav Group						
Profit from increase in fair value of available-for-sale financial assets	-52,468,348	11,453,351	-41,014,997	8,279,736	-735,573	7,544,163
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	14,887,351	-2,376,972	12,510,379	-579,756	92,566	-487,190
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	-310,367	58,970	-251,397	603,255	-114,618	488,637
Actuarial gains/losses	-303,550	125	-303,425	391,597	0	391,597
Translation differences	127,483	0	127,483	1,080,805	0	1,080,805
TOTAL OTHER COMPREHENSIVE INCOME	-38,067,431	9,135,474	-28,931,957	9,775,637	-757,625	9,018,012

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	in EUR					
	2018			2017		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Zavarovalnica Triglav						
Profit from increase in fair value of available-for-sale financial assets	-41,891,860	9,650,071	-32,241,789	3,027,949	-552,369	2,475,580
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	14,887,351	-2,376,972	12,510,379	-579,756	92,566	-487,190
Actuarial gains/losses	-266,153	0	-266,153	350,717	0	350,717
TOTAL OTHER COMPREHENSIVE INCOME	-27,270,662	7,273,099	-19,997,563	2,798,909	-459,803	2,339,106

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4.15.3 Reconciliation between tax expense and accounting profit

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Accounting profit	97,455,802	84,445,082	78,457,252	73,822,316
Income tax rate – tax rate average of several countries	19.73%	20.49%	19%	19%
Accounting profit multiplied by tax rate	19,232,615	17,298,592	14,906,878	14,026,240
Tax effect of income deductible for tax purposes	-1,665,125	-1,900,718	-1,447,934	-1,652,798
Tax effect of income added for tax purposes	129,619	116,657	0	0
Tax effect on the reduction in expenses not deductible for tax purposes	1,436,315	1,147,649	1,120,647	895,013
Tax relief	-2,032,557	-1,722,090	-1,563,505	-1,324,685
Previously unrecognized deferred taxes	-545,267	-287,365	-176,654	-727,809
Changes due to a new accounting method	73,957	84,405	73,957	84,405
TOTAL TAX EXPENSE	16,629,557	14,737,130	12,913,388	11,300,366
Effective tax rate ¹¹⁸	17.06%	17.45%	16.46%	15.31%
Final liabilities for corporate income tax	15,560,650	12,746,346	12,127,605	9,524,525

In accordance with the Corporate Income Tax Act (ZDDPO–2), the applicable tax rate in Slovenia was 19% in 2018, the same as in the previous year.

Unused tax losses of the Group amounted to EUR 22.7 million as at 31 December 2018 (EUR 21.8 million as at 31 December 2017).

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](#)].

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¹¹⁸In the data of the Triglav Group, the average of all countries was taken into account in the corporate income tax rate.

5. Other Information

5.1. Fair value of assets and liabilities

5.1.1 Fair value hierarchy

In measuring financial assets at fair value Zavarovalnica Triglav applied the following fair value hierarchy:

- Level 1: value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (stock exchange quotations and listings provided by third parties e.g. Bloomberg). The fair value is determined purely on the basis of directly observable data and without using any indirectly observable data, whereby the share of binding listings must be at least 90% and at least three binding listings not older than one day must be available.
- Level 2: value measurement less than entirely based on quoted prices for the asset or liability. Fair value measurements may be based on indirectly observable inputs, i.e. data derived from prices of comparable financial instruments, but only up to a strictly limited percentage (10%).
- 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 2018	Measurement date	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	31 Dec 2018	134,833,210	0	35,999,032	170,832,242
Debt securities	31 Dec 2018	218,669,118	1,862,378,509	0	2,081,047,627
Derivative financial instruments	31 Dec 2018	0	1,393,263	0	1,393,263
Unit-linked insurance assets	31 Dec 2018	346,651,462	51,640,336	0	398,291,798
Investments in associates	31 Dec 2018	0	0	14,125,973	14,125,973
Assets - fair value disclosed					
Land and buildings for insurance activities	31 Dec 2018	0	0	95,864,073	95,864,073
Land and buildings for investment activities	31 Dec 2018	0	0	99,121,781	99,121,781
Debt securities (HTM)	31 Dec 2018	0	89,997,524	0	89,997,524
Deposits with banks	31 Dec 2018	0	47,193,884	0	47,193,884
Loans given	31 Dec 2018	0	6,054,643	0	6,054,643
Debt securities (L&R)	31 Dec 2018	0	89,997,524	0	89,997,524
Liabilities - fair value disclosed					
Subordinated bonds	31 Dec 2018	0	16,369,802	0	16,369,802

Triglav Group					in EUR
As at 31 December 2017	Measurement date	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	31 Dec 2017	197,120,385	0	37,121,010	234,241,394
Debt securities	31 Dec 2017	250,059,051	1,755,009,165	0	2,005,068,216
Derivative financial instruments	31 Dec 2017	0	1,870,633	0	1,870,633
Unit-linked insurance assets	31 Dec 2017	387,546,784	58,353,132	0	445,899,916
Investments in associates	31 Dec 2017	0	0	6,449,324	6,449,324
Assets - fair value disclosed					
Land and buildings for insurance activities	31 Dec 2017	0	0	98,018,275	98,018,275
Land and buildings for investment activities	31 Dec 2017	0	0	96,935,268	96,935,268
Debt securities (HTM)	31 Dec 2017	14,525,495	255,144,404	0	269,669,899
Deposits with banks	31 Dec 2017	0	79,557,101	0	79,557,101
Loans given	31 Dec 2017	0	31,640,230	0	31,640,230
Debt securities (L&R)	31 Dec 2017	0	12,536,687	0	12,536,687
Liabilities - fair value disclosed					
Subordinated bonds	31 Dec 2017	0	17,010,568	0	17,010,568

Zavarovalnica Triglav					in EUR
As at 31 December 2018	Measurement date	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	31 Dec 2018	55,390,776	0	30,059,866	85,450,642
Debt securities	31 Dec 2018	187,526,798	1,313,531,987	0	1,501,058,785
Derivative financial instruments	31 Dec 2018	0	1,393,263	0	1,393,263
Unit-linked insurance assets	31 Dec 2018	316,843,905	45,790,181	0	362,634,086
Investments in associates	31 Dec 2018	0	0	16,959,355	16,959,355
Assets - fair value disclosed					
Land and buildings for insurance activities	31 Dec 2018	0	0	59,002,099	59,002,099
Land and buildings for investment activities	31 Dec 2018	0	0	52,936,499	52,936,499
Debt securities (HTM)	31 Dec 2018	2,255,610	193,327,619	0	195,583,229
Deposits with banks	31 Dec 2018	0	42,488,135	0	42,488,135
Loans given	31 Dec 2018	0	46,964,255	0	46,964,255
Debt securities (L&R)	31 Dec 2018	0	6,054,643	0	6,054,643
Liabilities - fair value disclosed					
Subordinated bonds	31 Dec 2018	0	21,822,171	0	21,822,171

Zavarovalnica Triglav					in EUR
As at 31 December 2017	Measurement date	Level 1	Level 2	Level 3	Total
Assets - measured at fair value					
Equity securities	31 Dec 2017	102,967,036	0	32,816,954	135,783,990
Debt securities	31 Dec 2017	203,481,330	1,261,439,801	0	1,464,921,131
Derivative financial instruments	31 Dec 2017	0	1,870,633	0	1,870,633
Unit-linked insurance assets	31 Dec 2017	358,877,558	54,581,098	0	413,458,656
Investments in associates	31 Dec 2017	0	0	10,002,046	10,002,046
Assets - fair value disclosed					
Land and buildings for insurance activities	31 Dec 2017	0	0	61,295,538	61,295,538
Land and buildings for investment activities	31 Dec 2017	0	0	56,108,712	56,108,712
Debt securities (HTM)	31 Dec 2017	14,525,495	195,238,066	0	209,763,561
Deposits with banks	31 Dec 2017	0	39,763,387	0	39,763,387
Loans given	31 Dec 2017	0	47,398,346	0	47,398,346
Debt securities (L&R)	31 Dec 2017	0	6,972,376	0	6,972,376
Liabilities - fair value disclosed					
Subordinated bonds	31 Dec 2017	0	22,676,360	0	22,676,360

5.1.2 Fair value assessment techniques

Value assessment techniques and inputs used to the development of these techniques are presented below.

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value
EXTERNAL APPRAISERS (market operator)				
Debt securities – composite	Stochastic model, HW1f and HW2f network models	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, correlation matrix, volatility indices		Level 2
Equity securities – compound with exposure to stock markets	Stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, volatility indices		Level 2
Derivatives	Black-Scholes model	Index volatility		Level 2
BLOOMBERG BVAL				
Debt securities – companies, financial institutions and government	Cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		Level 2
INTERNAL APPRAISERS				
Debt securities – government	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	1y: -0.6579 % 2y: -0.4215 % 3y: -0.2801 % 4y: -0.1176 % 5Y: 0.1926 % 6y: 0.3927 % 7Y: 0.5542 % 8Y: 0.8246 % 9y: 0.9965 % 10y: 1.1429 %; credit spreads between 0% and 1.1%	Level 2
Debt securities – companies and financial institutions ¹¹⁹	Cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	1y: -0.6579 % 2y: -0.4215 % 3y: -0.2801 % 4y: -0.1176 % 5Y: 0.1926 % 6y: 0.3927 % 7Y: 0.5542 % 8Y: 0.8246 % 9y: 0.9965 % 10y: 1.1429 %; credit spreads between 0% and 1.1%	Level 2
Equity securities	Cash flow discounting	g (growth rate during constant growth period) EBIT margin (constant growth period) Discount rate Lack of marketability discount	2% 36.00% 12.60% 10%-23%	Level 3
Equity investment in associates	NAV method Cash flow discounting	Real property price changes g (growth rate during constant growth period) Net margin (constant growth period) Discount rate Lack of marketability discount	2% 3.20%-3.46% 8.8%-11.80% 3.5%-30.00%	Level 3
Real property for own use Investment property	Income approach, market approach, analysis of the most economical use of development land	Capitalisation rate, market prices of comparable real property	7.5-9.8% depending on risk/location Market values based on information available	Level 3

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¹¹⁸Also applied to valuation of subordinated ZT02 bonds.

5.1.3 Financial assets classified into Level 3

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Value as at 1 January	37,121,010	26,569,975	42,819,002	18,726,749
Purchases	14,552,716	9,659,494	18,383,186	23,755,445
Disposals	-16,195,789	-312,926	-15,426,370	-288,197
Revaluation through profit or loss	-235,267	-210,612	-22,003	-200,000
Revaluation in other comprehensive income	773,189	896,458	1,265,406	825,005
Transfers from/to other levels	-18,472	511,320	0	0
Foreign exchange differentials	1,645	7,300	0	0
Value as at 31 December	35,999,032	37,121,010	47,019,220	42,819,002

In 2018, the sale of financial assets classified to valuation level 3 generated:

- an increase due to capital calls into alternative investment funds. In Triglav Group the total increase in the value of these investments is EUR 13 million;
- a decrease due to the sale of stakes in Geoplin d.o.o., and Plinhold, d.o.o., in the amount of EUR 14.5 million;
- capital increase in the companies Triglav, d.o.o., by EUR 7 million, ABCITI, d.o.o. by EUR 0.4 million and ZTSR, d.o.o., by EUR 0.1 million;
- an increase due to the revaluation of investments in the companies Gorenjska banka, d.d., Elektro Primorska, d.d., Erste d.o.o., the company managing compulsory and voluntary pension funds and the company Prof-in, d.o.o.;
- a decrease due to the revaluation of investments in the companies Hoteli Bernardin, d.d., Bosna Reosiguranja, d.d. and Hotel grad Podvin, d.d.

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 2018	31 December 2017	31 December 2018	31 December 2017
Non-marketable assets (Level 3)	37,767,724	37,121,010	30,059,866	32,816,954
Estimated value deviation-/+	-4,614,313/4,834,273	-1,716,787/+2,732,808	-3,649,235/+3,829,181	-1,470,158/+2,444,736
Equity investment in associates	14,125,975	6,449,324	16,959,355	10,002,047
Estimated value deviation-/+	-1,412,598/5,982,426	-986,755/+241,515	-1,292,529/+749,481	-798,989/53,749

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, +/-15% of the change in investment value of alternative investment funds.

5.1.5 Reclassification of financial assets between levels

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Reclassification from level 1 to level 2	176,158,469	149,304,417	135,990,522	128,173,380
Reclassification from level 2 to level 1	105,798,635	104,823,713	90,557,353	92,900,869

In 2018, the method of measuring fair value did not change. Reclassifications between levels were a result of market factors. At the end of 2018, some financial assets showed greater liquidity and depth of the market than at the end of 2017, 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 2018, a reclassification of financial assets was carried out from the category »Loans and Receivables« into the category »Available-for-sale Financial Assets«.

Reclassifications from L&R to AFS	Triglav Group	Zavarovalnica Triglav
Date of reclassification	31 December 2018	-
Amount of reclassified financial assets (in EUR)	9,947,732	-
Effective interest rate at the date of reclassification	3.0%	-
Carrying amount of reclassified assets as at 31 December	10,512,146	-
Fair value of reclassified assets as at 31 December	10,512,146	-
Impact on comprehensive income if not reclassified	-328,413	-

The table below shows the effects of reclassifications made in previous years.

Reclassifications from AFS to HTM	Triglav Group	Zavarovalnica Triglav
Date of reclassification	1 July 2008	1 July 2008
Amount of reclassified financial assets (in EUR)	73,746,981	73,746,981
Effective interest rate at the date of reclassification	5.8%	5.8%

Reclassifications from AFS to HTM	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Carrying amount of reclassified assets as at 31 December	16,367,201	40,197,738	-	-
Fair value of reclassified assets as at 31 December	17,678,643	46,674,250	-	-
Impact on comprehensive income if not reclassified	0	4,355,278	-	-
Estimated cash flows	2,401,198	29,162,297	-	-

5.2 Additional notes to the cash flow statement

Cash flows from operating activities are prepared on the basis of the indirect method. Income and expenses in profit or loss are adjusted for the effects of transactions of a non-cash nature (impairments, changes in insurance technical provisions, deferred income and expenses) and for items of income and expenses related to cash flows from investing and financing activities. In the calculation of net cash flows from operating activities, changes in assets and liabilities during the period are taken into account.

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 2018 was performed by the auditing company Ernst&Young, Revizija, poslovno svetovanje d.o.o., Ljubljana. The audit of financial statements of individual Group members was also performed by Ernst & Young, except for Triglav Osiguranje, a.d.o., Belgrade (KPMG). The amounts, paid for auditing services were as follows:

	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
Auditing of the Annual Report	415,054	398,864	73,139	114,680
Other auditing services	22,838	37,020	0	0
Other assurance services	2,745	610	2,745	610
Other non-auditing services	137,095	61,648	137,095	61,648
TOTAL	577.732	498,142	212,979	176,938

Transactions with associates	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
ASSETS				
Stakes and shares	14,125,973	6,449,324	16,959,355	10,002,047
Insurance premium receivables from policyholders	618	1,485	182	994
LIABILITIES				
Liabilities to policy holders	27	0	0	0
Liabilities to agents and brokers	11,752	18,443	11,236	18,068
Other liabilities form insurance operations	0	270,103	0	0
Liabilities for re-insurance premiums	0	42,320	0	0
Other short-term liabilities	484	785	0	0
Accrued costs and expenses	702	331	0	0

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
INCOME AND EXPENSES				
Gross written premium	38,854	36,405	35,801	31,172
Income from dividends and stakes	0	0	63,345	171,405
Income from land and buildings	559	0	559	0
TOTAL INCOME	39,413	36,405	99,705	202,577
Gross claims settled	5,030	3,811	5,030	3,811
Acquisition costs	8,245	8,227	0	0
Other operating expenses	0	35	0	0
TOTAL EXPENSES	13,275	12,073	5,030	3,811

Transactions with shareholders and shareholder-related companies	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
ASSETS				
Stakes and shares	9,017,103	16,208,433	16,269,741	17,873,045
Debt securities	80,752,961	82,710,654	65,876,560	59,960,327
Operating receivables	5,747	10,137	10,383	10,137
Re-insurance receivables	0	0	39,386	0
Other assets	4,983,653	3,917,302	0	0
LIABILITIES				
Operating liabilities	2,056,005	1,864,579	1,861,031	1,553,988
Re-insurance liabilities	0	0	33,852	0

	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	2018	2017	2018	2017
INCOME				
Gross written premium	21,443,107	22,382,462	22,001,648	23,025,954
Financial income	4,368,126	3,848,427	4,149,869	3,151,014
Other income	67,616	183,401	159,864	86,331
EXPENSES				
Gross claims settled	8,517,985	5,940,492	8,732,795	5,970,809
Financial expenses	317,663	354,988	205,043	178,102
Other expenses	10,855,849	9,304,115	10,294,621	8,023,156

5.5 Members of the Management Board and Supervisory Board

In 2018, 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	171,715	2,054	42,887	78,343	55,564	1,404	2,000
Ivanc Uroš	163,129	1,972	40,743	72,065	38,926	2,046	1,420
Čoroli Tadej	163,129	1,972	40,743	67,505	38,898	10,696	901
Smolnikar Barbara	163,450	1,972	3,857	57,320	30,348	10,855	1,169
Makoter Marica	162,808	1,972	40,743	69,041	38,866	6,846	685
Jošar Benjamin****	0	0	69,776	33,938	0	0	0
TOTAL	824,231	9,942	238,749	378,212	202,602	31,847	6,175

* Other additional payments include holiday allowances and other reimbursements.

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

*** Other benefits include company cars.

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

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

	in EUR				
Supervisory board	Compensation	Attendance fee	Reimbursements	Total gross pay	Total net pay
Stebernak Igor	28,125	3,025	360	31,510	22,917
Andoljšek Andrej	20,250	2,310	486	23,046	16,761
Tomažević Milan	20,625	2,585	503	23,713	17,246
Škerjanec Žiga	22,500	3,685	320	26,505	19,277
Damjanovič Nataša	22,500	4,961	320	27,781	20,205
Gobbo Mario	20,625	3,861	32,811	57,297	37,744
Celar Peter	18,750	2,585	178	21,513	15,647
Molan Boštjan	18,750	3,025	181	21,956	15,969
Sotošek Ivan	18,750	3,861	2,050	24,661	17,936
Kolenc Simon*	7,500	2,420	57	9,977	7,256
TOTAL	198,375	32,318	37,266	267,959	190,958

* External committee members.

All listed remuneration payments made to the members of the Management Board and the Supervisory Board represent remuneration received in Zavarovalnica Triglav. They did not receive any remuneration in the other Group members.

As at 31 December 2018, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

	in EUR	
Management board	Receivables as at 31 December 2018	Liabilities as at 31 December 2018
Slapar Andrej	13	66,584
Ivanc Uroš	19	63,087
Čoroli Tadej	43	63,117
Smolnikar Barbara	27	17,604
Makoter Marica	42	63,092
Jošar Benjamin	0	12,622
TOTAL	144	286,106

As at 31 December 2018, Zavarovalnica Triglav the outstanding payables to the above stated members of the Supervisory Board, its committees and commission were as follows:

	in EUR	
Surname and name	Receivables as at 31 December 2018	Liabilities as at 31 December 2018
Gobbo Mario	0	393
Štimac Dubravko	449	0
TOTAL	449	393

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 times 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 2018	31 December 2017	31 December 2018	31 December 2017
Outstanding subrogated receivables	42,672,288	40,350,638	36,281,241	34,130,145
Derivatives - futures	65,416,000	113,176,000	65,416,000	113,176,000
Alternative investments	55,300,980	25,207,345	55,300,980	25,207,345
Bonds, guarantees and other sureties issued	8,198,004	8,182,682	29,000	39,000
Contingent assets	6,779,136	6,382,894	1,896,311	1,896,311
Receivables from option agreements	1,363,886	1,363,886	0	0
Receivables from forward contracts	19,435,695	0	19,435,695	0
Contingent liabilities	2,111,809	0	0	0
Properties under acquisition	139,974	139,456	0	0
Assets under management	50,011,356	45,560,201	0	0
TOTAL OFF-BALANCE SHEET ITEMS	251,429,128	240,363,102	178,359,227	174,448,801

5.7 Employees

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

Bologna level	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
2-5	2,394	2,438	910	944
6/1	544	517	393	373
6/2	694	703	405	404
7	1,340	1,299	491	473
8/1	174	173	82	81
8/2	20	21	9	10
TOTAL	5,166	5,151	2,290	2,285
Average number of employees	5,144	5,101	2,284	2,302

5.8 Major legal and arbitrary disputes

- Matjaž Rakovec as the plaintiff against Zavarovalnica Triglav for determining 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 payment of damages.

On 19 August 2013, Zavarovalnica Triglav received a claim filed by Matjaž Rakovec, in which he requested 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. Apart from that, the plaintiff requested that the defendant reappointed him President of the Management Board and recognises an uninterrupted performance of function of President of the Zavarovalnica Triglav's Management Board with all the rights arising from the employment contract for the entire duration of unlawful dismissal from the office of President of the Management Board until his reappointment. Zavarovalnica Triglav was served a partial judgement rendered by the District Court in Ljubljana with reference to the dismissal of Matjaž Rakovec as President of the Management Board stating the nullity and voidness of the resolution passed by the Supervisory Board on the ground that the reasons for the dismissal were not sufficiently grounded in accordance with the mandatory provisions of the Companies Act. In addition, the Court rejected the claim for nullity and voidness of the resolution on the appointment of an acting President of the Management Board of Zavarovalnica Triglav d.d., passed by the Supervisory Board on 22 May 2013. The claim by Mr Rakovec for the nullity and voidness of the entry into the Companies Register (of the President of the Management Board) made on 29 May 2013 was also rejected. The Court further rejected the claim by Mr Rakovec for payment of damages as *lis pendens*. The Court has yet to decide on the claimed amount of EUR 80,000 for non-material damage. A judgement of the Higher Court in Ljubljana was served, by which the latter confirmed the partial

judgement rendered by the District Court in Ljubljana 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 filed an application for direct revision against the decision of the Higher Court in Ljubljana, which was rejected by the Supreme Court as inadmissible, as the value of the contested part of the final judgement does not exceed the statutory limit value for the settlement, while the Court dismissed the permitted revision based on the filed application of Zavarovalnica Triglav, d.d., with regard to the nullity and voidness of the Supervisory Board's resolution as an appropriate sanction since the resolution of the Supervisory Board was not based on the conditions for the recall in accordance with the Companies Act.

In the labour law dispute brought against the Company by the plaintiff Matjaž Rakovec, the Labour and Social Court in Ljubljana initially ruled that the employment agreement remained in force, therefore Zavarovalnica Triglav owed the plaintiff compensation for salaries plus interest in the amount of around EUR 430,000. Zavarovalnica Triglav lodged an appeal against the judgement of the court of first instance before the Higher Court in Ljubljana which upheld the appeal by partly modifying and partly setting aside the ruling of the first instance court. The first instance ruling was thus modified in the part relating to the unlawful termination of the employment agreement or the employment relationship by rejecting the plaintiff's claim in this part and setting aside the part of the judgement which reads "including all the resulting rights" and in the parts of the case relating to the claim for compensation for salaries, holiday allowance and legal costs and referred the case back to the first instance court for fresh consideration. The plaintiff lodged an appeal on points of law against the part in which the Higher Court modified the ruling of the first instance court. In the new trial, the court of first instance rejected or dismissed the remaining parts of the claim and the plaintiff once again filed appeals against these rulings of the court. Two appeals are still pending before the Higher Court, while one appeal was already rejected. The plaintiff lodged an application for revision of the latter decision, which is still pending before the Supreme Court.

- Zavarovalnica Triglav d.d. as the plaintiff against Skupna pokojninska družba, d.d., Ljubljana, as the defendant, and the countersuit

On 26 February 2013, Zavarovalnica Triglav d.d. started a new legal action against the company Skupna pokojninska družba d.d., Ljubljana, claiming EUR 750,904.00 in dividend payments which fell due in 2012. Skupna pokojninska družba d.d. in support of its failure to make that dividend payments alleges the existence of an outstanding counterclaim of EUR 926,170, arising from an agreement on making supplementary pension payments under a pension scheme set up in 2000. The defendant responded to the plaintiff's claim and at the same time filed a counterclaim against Zavarovalnica Triglav d.d. for payment of EUR 926,170. Zavarovalnica Triglav d.d. responded to that counterclaim and contested the claim of Skupna pokojninska družba d.d. in its entirety.

On 28 January 2014 Zavarovalnica Triglav d.d. started a new legal action against the company Skupna pokojninska družba d.d., Ljubljana, claiming EUR 360,844.00 in dividend payments which fell due in 2013. The defendant responded to the plaintiff's claim and at the same time filed a counterclaim against Zavarovalnica Triglav d.d. for payment of EUR 642,473 arising from an agreement on making supplementary pension payments under a pension scheme set up in 2000. Zavarovalnica Triglav d.d. responded to that counterclaim and contested the claim of Skupna pokojninska družba d.d. in its entirety.

On 8 January 2019, the parties concluded a court settlement before the District Court in Ljubljana, in which they among other things agreed that the defendant was obliged to pay Zavarovalnica Triglav, d.d., the required amounts of dividends plus the interest rate recognised between related parties, while Zavarovalnica Triglav, d.d., is obliged to enable at least one form of accelerated rent payments, whereby the same technical interest rate will be used in the calculation of insurance premium as was used in determining the pension assessment factors as stated in the pension plan, and to bear the potential cost of coverage for the necessary additional payments. With the conclusion of the court settlement the parties finally settled their disputed relationships.

- The plaintiff Wall Street Systems Sweden AB (hereafter: WSS), against the defendant Zavarovalnica Triglav, d.d., in the arbitration procedure in accordance with the arbitration rules of the ICC (International Chamber of Commerce)

On 5 November 2004, Zavarovalnica Triglav, d.d., concluded a contract with WSS (formerly Trema AB, Stockholm) for the purchase and use of software licenses, which served as information support to the investment process, and a contract for the support and maintenance of the said software. According to Zavarovalnica Triglav, d.d., the support and maintenance contract expired on 31 December 2010, and WSS provided support and maintenance of the software on the basis of additional contracts for the renewal of support, which the parties concluded annually for a one-year period. Since WSS has not provided the services of support and maintenance since 2015, and since no contract for the renewal of support was concluded for the said period, Zavarovalnica Triglav, d.d., refused to pay bills under the contract for the support and maintenance. In addition, Zavarovalnica Triglav also terminated that contract in 2015. The payment of bills under contracts for the purchase and use of three additional licenses amounting to EUR 107,000 was not disputed. Zavarovalnica Triglav d.d., tried to settle the dispute amicably. WSS submitted the dispute to the arbitration tribunal with the ICC and made a claim in the amount of EUR 598,000 with all dues. Zavarovalnica Triglav, d.d., received the request for arbitration on 8 January 2018. The stated amount of EUR 598,000 with all dues also included the undisputed part in the amount of EUR 107,000 which was paid by Zavarovalnica Triglav, d.d. Zavarovalnica Triglav, d.d., responded to the arbitration request within the deadline and in the reply also challenged the validity of the arbitration agreement. On 21 November 2018, WSS and Zavarovalnica Triglav signed a settlement on the basis of which Zavarovalnica Triglav d.d. as full and final payment of all claims that were the subject of the dispute, paid EUR 202,305 to WSS.

- Zavarovalnica Triglav, d.d., and Triglav Skladi, d.o.o., as plaintiffs against the Securities Commission of the Federation of Bosnia and Herzegovina as the defendant

The Securities Commission of the Federation of Bosnia and Herzegovina (hereafter: the Commission) issued in the repeated

procedure of 6 June 2018 a decision by which the companies Zavarovalnica Triglav, d.d., and Triglav Skladi, d.o.o., were ordered to publish a takeover bid for the acquisition of the company Energoinvest Dalekovodizgradnja d.d. (hereafter: the »target company«). The Commission issued the Decision on the basis of the alleged coordinated activities of companies ZIF PROF PLUS d.d., DUF PROF IN, d.o.o., Triglav Naložbe, Zavarovalnica Triglav, d.d., Triglav Skladi, d.o.o., NLB, d.d., and Banka Celje, d.d., which the Commission justifies on the basis ownership and management relationships of the named companies in relation to the target company. Among the reasons why Zavarovalnica Triglav, d.d., should be obliged to publish the takeover bid for the acquisition of the target company, the Commission also highlights the fact that Zavarovalnica Triglav, d.d., is the entity that connects all previously mentioned shareholders of the target company with their owner, the Republic of Slovenia. Against the decision of the Commission, Zavarovalnica Triglav and Triglav Skladi, d.o.o., initiated an administrative dispute, which has not yet been decided.

- D.S.U., d.o.o., Ljubljana, as the plaintiff against Triglav, Upravljanje nepremičnin, d.d., as the defendant, for the payment of EUR 450,000 with all dues (enrichment on the account of purchase money for the sale of property in Zrenjanin) and for the payment of EUR 123.900 with all dues (enrichment on the account of received rentals for letting out properties in Zrenjanin)

The universal legal predecessor of Triglav, Upravljanje nepremičnin d.d., this is Slovenijales d.d. has concluded a sales contract for the sale of real property in Zrenjanin. Previously, the stated property was rented out. The plaintiff claims that the property in question was not taken into account in the opening balance sheet of the universal legal predecessor Slovenijales, d.d., that is LGM Lesnina, d.o.o., and therefore, according to Article 6 of the Act Concluding Ownership Transformation and Privatisation of Legal Entities Owned by the Development Corporation of Slovenia (ZZLPP0) belongs to the plaintiff as the legal successor of the Development Corporation of Slovenia. At the first instance, the claim was dismissed in its entirety. The plaintiff has appealed against the first instance decision for an incorrect application of substantive law, but the case is still pending.

- Triglav Osiguranje d.d., Sarajevo, versus SCT BBM d.o.o., Sarajevo

Following the failed mediation, Triglav osiguranje d.d., Sarajevo, continued the litigation procedure against the defendants SCT BBM d.o.o., Sarajevo, and JP Ceste Federacije BiH. The issue at stake is the enforcement of damages in the amount of 6,385,104 convertible marks, of which a share in the amount of 2,065,759 convertible marks refers to the company Triglav Osiguranje d.d., Sarajevo. The legal basis is the payment from the performance bond. The case is still pending.

- Triglav Osiguranje a.d.o., Belgrade as the plaintiff against Dunav Re, a.d.o., as the defendant

On 14 April 2014, the company Triglav Osiguranje, a.d.o., Belgrade, applied for execution on the basis of an authentic document for the payment of EUR 1,934,707. The enforcement debtor raised an objection and the court referred the parties to a litigation. The defendant lodged a counterclaim for the annulment of the reinsurance contract. On the basis of the conducted financial analysis in the procedure, Triglav Osiguranje, a.d.o., determined the its request for payment in the amount of 236,690,436 Serbian dinars and interest from 17 March 2013, and proposed the rejection of the counterclaim for the annulment of the reinsurance contract. On 8 September 2017, the Court passed a non-final judgment upholding the claim of Triglav Osiguranja, a.d.o., Belgrade, and ordered the defendant to pay 236,690,436 Serbian dinars with legal default interest from 17 December 2013 onwards. On 27 October 2017, the defendant lodged an appeal, which is still pending.

- Small shareholders of Triglav Osiguruvanje, a.d., Skopje, as the plaintiff against Zavarovalnica Triglav, d.d., and Triglav Osiguruvanje, a.d., Skopje, as the defendants

In May 2013, small shareholders of Triglav Osiguruvanje, a.d., Skopje initiated a lawsuit for compensation of damages on the grounds of a violation of the provisions of put option and call option contract in the amount of just under 2.5 million euros. In October 2013, the company Triglav Osiguruvanje, a.d., Skopje, filed its statement of defence, while Zavarovalnica Triglav, d.d., was served the lawsuit only in January 2016. The latter responded to

the lawsuit within the prescribed time-limit, in which it fully opposed the claim. The Court upheld the objection of Zavarovalnica Triglav, d.d., concerning the lack of competence of the Macedonian court, and dismissed the plaintiff's complaint, thus making the case final. In the procedure against Triglav Osiguruvanje, a.d., Skopje, it has not yet been decided.

- Stojan Klopčevski as the plaintiff versus Triglav Osiguruvanje a.d., Skopje as the defendant

In April 2012, the former general manager of Triglav Osiguruvanje a.d., Skopje, lodged a claim against the company for damages in the amount of EUR 2.6 million. The claim was based on an unlawful decision on the termination of employment and the resulting loss of the possibility to exercise put option and call option agreements concluded with Zavarovalnica Triglav. The Court upheld the appeal and the case was returned to the court of first instance for reconsideration. The Court adopted a decision rejecting the appeal of the subject matter jurisdiction of the Macedonian court. The plaintiff filed an appeal, but on 4 October 2017, the Higher Court issued a ruling by which the appeal was rejected. On 18 December 2018, the Court issued a judgment rejecting the claim of the plaintiff Stojan Klopčevski.

5.9 Reviews by supervisory bodies

- Insurance Supervision Agency Order relating to two Supervisory Board Members – Employee Representatives

On 11 February 2016, Zavarovalnica Triglav received an Order of the Insurance Supervision Agency (hereinafter: ISA) declaring that Ivan Sotošek and Boštjan Molan as Supervisory Board members – Employee Representatives do not meet the legal requirements to serve on an insurer's Supervisory Board as set out in Article 67(1)(1) of the Insurance Act (ZZavar-1). This provision stipulates 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 appealed against the ISA Order (the operative part of the order was partly unenforceable). Based on the appeal, the ISA issued an Order on the objection against the order and upheld the appeal, modifying the contested part of the Order. In accordance with the Order, the Management Board of Zavarovalnica Triglav proposed that the Works Council convene a session and submitted a proposal for the discharge of Supervisory Board Members Ivan Sotošek and Boštjan Molan. The Works Council discussed the proposal of the Management Board on 18 May 2016 and decided not to adopt the proposed resolution on the discharge of Supervisory Board Members Ivan Sotošek and Boštjan Molan. Zavarovalnica Triglav submitted a report on the implementation of the Order to the ISA in accordance with the Order within the set time limit.

On 12 April 2017, Zavarovalnica Triglav received the judgement in the case of Ivan Sotošek vs. the ISA for information from the Administrative Court. According to the judgement, the Court finds that the contested decision of the ISA is correct in terms of the content (i.e. with regard to the assessment of qualifications and suitability of Ivan Sotošek), but it refers to the wrong legal basis, therefore, the Court partially upheld the action and annulled the contested decision in the part referring to the wrong legal basis and replaced it with the correct legal basis (by taking into account the act in force during the appointment of Ivan Sotošek as a Supervisory Board member, i.e. the ZZavar and not ZZavar-1). On the basis of the judgement, the Management Board addressed a letter to the President of the Works Council, in which it proposed to convene a meeting of the Works Council of Zavarovalnica Triglav and to discharge Ivan Sotošek as a member of the Supervisory Board of Zavarovalnica Triglav – employee representative. The Works Council discussed the proposal but it will form an opinion concerning the Management Board's draft decision to recall Ivan Sotošek once all legal remedies available to Ivan Sotošek and the request for a constitutional review of the Insurance Act will have been ruled upon, since the Works Council considers Ivan Sotošek's appointment on 8 April 2015 legal. The handling in relation to the ruling of the Administrative Court in the case Boštjan Molan vs. ISA, which Zavarovalnica Triglav received on 21 June 2017, was, mutatis mutandis, the same. The action filed by Boštjan Molan against the ISA was rejected. Upon request of the ISA, the Management Board informed the ISA

about the abovementioned measures. Ivan Sotošek and Boštjan Molan appealed against the judgment of the Administrative Court of the Republic of Slovenia, and the Supreme Court rejected both appeals as inadmissible by decision of 7 February 2018 and 7 March 2018 respectively. In connection with the abovementioned decisions, Boštjan Molan and Ivan Sotošek lodged a constitutional complaint on the violation of human rights before the Constitutional Court of the Republic of Slovenia, which has not yet decided on the matter.

- Review of operations of Zavarovalnica Triglav d.d. by the Insurance Supervision Agency:
 - In the procedure of the Insurance Supervision Agency regarding the adequacy of the contents of the insurance declarations (presentation of the amount of commission or other payment to the broker) concluded through banks, Zavarovalnica Triglav, d.d., undertook to correct the established violations within the set deadline. On 21 February 2018, the ISA issued a decision to stop the procedure, since the proposal for the amendment of the Insurance Act (ZZavar-1) no longer contained the mentioned obligation and the measure would be disproportionate.
 - In the procedure regarding the adequacy of reporting, which refers to the presentation and treatment of limited funds in the calculation of solvency capital requirements and the capital adequacy of Zavarovalnice Triglav, d.d., the insurance company corrected its reports and reported the to the ISA accordingly; in the Report on financial position and solvency for 2017 the Company also showed the changes in the calculation of the solvency ratio for 2016 which were due to changes in the methodology.
 - On 12 July 2018, Zavarovalnica Triglav, d.d., received a Decision of the Insurance Supervision Agency in which the Agency found that the Company's authorization to carry out insurance business in the insurance class of marriage or birth insurance has expired. In that part, the authorization was terminated on the basis of Article 122 of the Insurance Act (ZZavar-1), since Zavarovalnica Triglav had not conducted insurance activities in that class for more than six months.
 - Triglav, Zdravstvena zavarovalnica, d.d., was issued a measure by the Insurance Supervision Agency in the area

of sale, which referred to the disclosure of the commission fee according to the provision of Article 552 of the ZZavar-1 (bank as the insurance broker), and then, on 21 February 2018, another decision was issued to terminate the supervision procedure due to the announced amendments to the Insurance Act.

- On 17 July 2018, the ISA informed Pozavarovalnica Triglav, RE, d.d., of the issue of a foreseen control measure. In its response, the Reinsurance Company stated that no calculations of capital requirements for risks from life insurance contracts are prepared due to the almost complete retrocession of life reinsurance contracts, immateriality and the principle of proportionality, which, in accordance with the applicable regulations, allows simplifications in the formula for a specific sub-module or risk module. Since the reinsurance of life insurance in Pozavarovalnica Triglav, RE, d.d. does not include any savings component and, therefore, no mathematical provisions are created, it is technically more similar to the assumed risk of non-life insurance and health insurance than to the traditional life insurance, which is why the Company takes this type of life insurance into account within the scope of the non-life insurance. On 15 October 2018, the ISA issued an Order on the elimination of violations, which ordered the Reinsurance Company to calculate the capital requirements for risks arising from life insurance contracts as at 31 December 2018 and to submit a description of the implementation of the calculation. Pozavarovalnica Triglav, RE, d.d., presented the ISA a description of the implementation of the calculation and also submitted it to the ISA in accordance with the set deadline. On 27 December 2018 the ISA then issued a decision in which it found that the Reinsurance Company had eliminated violations.
- In 2018, Skupna pokojninska družba, d.d., was subject to a regular review of its business by the ISA, and on 18 December 2018 a record of the conducted review of business was sent. The Company made comments on the record and undertook to carry out certain activities within the set deadlines. Some of these activities have already been completed.

- Lovćen Osiguranje, a.d., Podgorica
In 2017, the Insurance Supervision Agency started a targeted control of expenditure in the segment of non-life insurance. The company provided the Agency with the breakdown of its operating expenses for the years 2014, 2015 and 2016 as well as the required internal acts. The procedure has not yet been completed. With regard to the review, the Agency issued a measure to prepare a plan with the aim to maintain the technical premium, including the projections of the overhead allowance and the amount of sales costs for the years 2019, 2020 and 2021, and set the deadline for implementation by 31 March 2019.
- Lovćen – životna osiguranja, a.d., Podgorica
The Insurance Supervision Agency from the Republic of Montenegro performed the supervision of the insurance product for borrowers regarding the appropriateness of provisions for participation in profit and the method of profit attribution and the method of calculating the mathematical reserve in life insurance of credit beneficiaries. The Agency imposed three measures that the Company carried out within the set deadlines.
- Triglav Osiguranje, a.d.o., Beograd
 - In 2017, the National Bank of Serbia issued a decision based on the direct and indirect audit of the company carried out between 29 September 2016 and 21 March 2017. The company was ordered to determine the exact insurance acquisition costs, correct the financial reports per insurance classes for the year 2016 and submit the corrected reports to the Serbian Business Registers Agency so that it will amend and correct the business report for 2016 and submit the corrected version to the National Bank of Serbia. The company was also ordered to provide insured persons of collective travel insurance while travelling abroad with all relevant information upon conclusion of the insurance. The company prepared a time line for the implementation of all the required activities and submitted it to the National Bank of Serbia within the set time limit. On 28 June 2018, the National Bank of Serbia found that the Company acted in line with the decision and stopped the procedure.

- In 2017, the company received a decision issued by the Tax Administration of the Republic of Serbia on the basis of an on-the-spot review of the company's operations in the period between 25 July 2016 and 22 May 2017. The area subject to scrutiny was the charging and payment of corporate income tax, withholding taxes and contributions – global tax payments for the period from 1 January 2011 until 31 December 2015. The tax administration ordered the payment of EUR 557,902 in taxes for the period in question. The company settled its obligation in full. On 14 July 2017, the Company appealed the decision that was rejected, whereby the proceedings were closed.
- Triglav Osiguranje, d.d., Zagreb
On 18 December 2018, the Croatian Financial Services Supervisory Agency began to carry out supervision, which refers to the issue of certificates on the paid premium for insuring crops and fruit and animals. The procedure has not yet been completed.
- Triglav Osiguranje, a.d., Banja Luka
 - The Insurance Agency of the Republic of Srpska conducted a procedure regarding the setting of tariffs or premiums according to the price list for insurance of motor liability and compliance with applicable legislation. In the record, the Agency found certain irregularities in determining the premium class, offers related to the payment of claims and payment of damages within the prescribed deadlines. The Agency adopted certain observations made on the record and in the final opinion ordered the Company to eliminate the identified irregularities.
 - In 2018, the Insurance Agency of the Republic of Srpska started to conduct regular supervision of the company and made some conclusions in the opinion on the basis of a sample of policies relating to irregular calculation or premium rates and some irregularities in reinsurance and co-insurances. The company did not comment, but rather clarified the findings. The procedure has not yet been completed.

- Triglav Osiguranje, d.d., Sarajevo
 - The Insurance Supervision Agency of the Federation of Bosnia and Herzegovina carried out a regular review in the life insurance business from the point of view of respecting the law on the prevention of money laundering and terrorist financing. All the findings of the agency were carried out by the company, the process was completed.
 - The Insurance Supervision Agency of the Federation of Bosnia and Herzegovina has reviewed the implementation of the instructions on the valuation of balance sheet items and off balance sheet positions in the part of the matching of costs with the calculated overhead allowance. The procedure was completed with instructions that the company should coordinate the costs with the maximum rates of the overhead allowance. The Company already reported to the Agency on the execution of the obligations imposed.
 - In September 2018, The Insurance Supervision Agency of the Federation of Bosnia and Herzegovina carried out a regular supervision. A complaint was made on the Agency's report which the agency has not yet decided on.
 - In the affiliated company Sarajevostan, d.o.o. Sarajevo, the Tax Administration of the Federation of Bosnia and Herzegovina carried out an inspection of the calculation, reporting and payment of public revenues in the period from 1 January 2013 to 28 February 2018. The company received a record, which established an additional tax liability of 2.119.159 convertible marks. The Tax Administration did not observe the objections to the minutes and issued a decision ordering the company to pay 2,333,435 convertible marks. The company appealed against the decision, the appeal has not yet been decided.
- Triglav Osiguranje a.d., Skopje
 - After reviewing the submitted quarterly reports for the period from 1 January 2017 to 30 September 2017, the Insurance Supervision Agency of the Republic of North Macedonia found some violations of the provisions of the Insurance Supervision Act. The Agency did not pronounce any measures, while the company sent comments on the received report and corrected the prescribed form with the correct state of data.
 - The Insurance Supervision Agency of the Republic of North Macedonia carried out a review of the business that covered certain segments of the company's operations in the period from 1 January 2017 to 30 September 2018 in order to determine whether the company operated in line with the applicable legislation. The procedure is still underway.
 - Triglav Osiguranje Život a.d., Skopje
 - After having conducted the inspection, the Insurance Supervision Agency of the Republic of North Macedonia found that on 31 March 2018 the company had investments in bonds and other securities issued or insured by the Republic of North Macedonia on the domestic market with a total value of 14,184. 621 of Macedonian dinar, or in the amount of 100% covering technical provisions for an entity other than a bank. In this way, the company exceeded the 80% threshold by 20%, which is contrary to the provisions of the Insurance Supervision Act. The procedure ended without any measures taken by the Agency. In the second quarter of 2018, the Company changed the structure of its investments in accordance with regulations.
 - The Insurance Supervision Agency of the Republic of North Macedonia carried out a review of the entire business of the company since its establishment. The procedure is still underway.

5.10 Subsequent events

In the period from the end of the reporting period and the date of approval of the financial statements, no adjusting events occurred that would affect the prepared consolidated and separate financial statements of Zavarovalnica Triglav for 2018, as well as no material corrective events. Business events in the said period may also have no impact on the financial statements for the year 2018.

In 2019, some new International Financial Reporting Standards entered into force, which will influence the valuation of individual balance sheet items. [→ *Additional detailed informations are presented in the next section*].

No events occurring after the reporting date were material to the financial statements for 2018.

5.11 New and amended standards with interpretations

The accounting policies used in the preparation of the consolidated and separate financial statements are consistent with those of the consolidated and separate financial statements of Zavarovalnica Triglav for the year ended 31 December 2017, except for the new and amended standards effective as of 1 January 2017 or later and presented below.

IFRS 9 Financial Instruments

The final version of “IFRS 9 Financial Instruments” includes all individual phases of the project to revise IFRS 9 and replaces “IAS 39 Financial Instruments: Recognition and Measurement” as well as all previous versions of IFRS 9. The standard introduces new requirements for classification, measurement and impairment of financial assets and general hedge accounting. Zavarovalnica Triglav decided to temporarily postpone the application of IFRS 9. Details are presented later in this Section.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a five-step model to be applied to income recognition from contracts with customers (with limited exceptions), irrespective of the nature of transactions generating income or

the industry. The requirements of the standard also apply to the recognition and measurement of gains and losses on the sale of certain non-financial assets that are not an output of an entity’s ordinary activities (e.g. sale of property, plant and equipment or intangible assets). The standard requires extensive disclosures, including disaggregation of total income, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard does not have an impact on consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 15 Revenue from Contracts with Customers (Clarifications)

The purpose of clarifications is to clarify what the IASB aimed to achieve in adopting the requirements of “IFRS 15 Revenue from Contracts with Customers”, particularly in terms of accounting for liabilities from contracts with customers, which modify the identification of separate performance obligations, principal versus agent considerations, including an assessment whether an entity acts as a principal or as an agent, and the application of the principle of control and licensing, which provides additional guidance on accounting for intellectual property and royalties. Furthermore, the clarifications introduce additional practical expedients for the entities electing to apply IFRS 15 to prior periods either by using a full retrospective approach or a modified retrospective approach. The clarification does not have an impact on consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 2: Classification and Measurement of Share-based Payment Transactions (amendments)

The amendments introduce the requirements regarding the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments do not have an impact on consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2018. The amendments address the concerns arising from the application of the new “IFRS 9 Financial Instruments” before implementing the new standard, which is currently under preparation and which deals with insurance contracts; the new standard will replace IFRS 4. The amendments allow insurance entities to use two approaches in insurance contracts accounting: a temporary exemption from IFRS 9 and the overlay approach, which allows the entities issuing insurance contracts falling within the scope of IFRS 4 to reclassify certain income or expenses arising from certain financial assets from profit or loss to other comprehensive income.

Due to the adoption of the new standard for insurance contracts – IFRS 17, the insurance entities may begin to apply the standard as of 1 January 2022. The condition for the deferral is that the carrying amount of liabilities connected with insurance relative to the total carrying amount of all its liabilities is at least 90%. The conditions were checked on 31 December 2015. The calculation is shown in the table below. There have been no changes since 31 December 2015, which would have a significantly affect on the fulfilment of the conditions.

	in EUR	
	Triglav Group	Zavarovalnica Triglav
	31 December 2015	31 December 2015
Insurance technical provisions	2,600,442,123	2,053,864,286
All liabilities	2,789,412,299	2,154,872,319
Ratio of insurance liabilities to total liabilities	93%	95%

The table below presents an analysis of the fair value of classes of financial assets as at the end of the reporting period, as well as the corresponding change in fair value during the reporting period. The financial assets are divided into assets for which their contractual cash flows represent solely payments of principal and interest (hereinafter: 'SPPI'), excluding any financial assets held for trading, and all other financial assets.

in EUR

Triglav Group	Assets whose cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding			Other financial assets		
	Fair value as at 1 January 2018	Changes in fair value	Fair value as at 31 December 2018	Fair value as at 1 January 2018	Changes in fair value	Fair value as at 31 December 2018
Debt securities	1,869,765,150	2,642,841	1,872,407,991	414,449,974	32,884,403	447,334,376
Equity securities	0	0	0	215,946,668	-49,533,478	166,413,190
Financial derivatives	0	0	0	1,870,633	-477,370	1,393,263
Loans and deposits	105,871,731	16,594,308	122,466,039	0	0	0
Cash and cash equivalents	78,417,877	-10,816,181	67,601,696	0	0	0
Total	2,054,054,758	8,420,967	2,062,475,725	632,267,274	-17,126,445	615,140,830

in EUR

Zavarovalnica Triglav	Assets whose cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding			Other financial assets		
	Fair value as at 1 January 2018	Changes in fair value	Fair value as at 31 December 2018	Fair value as at 1 January 2018	Changes in fair value	Fair value as at 31 December 2018
Debt securities	1,450,282,202	12,943,079	1,463,225,281	231,374,850	8,096,526	239,471,377
Equity securities	0	0	0	135,916,577	-50,333,349	85,583,228
Financial derivatives	0	0	0	1,870,633	-477,370	1,393,263
Loans and deposits	82,466,358	941,657	83,408,015	0	0	0
Cash and cash equivalents	35,514,745	-17,516,258	17,998,487	0	0	0
Total	1,568,263,305	-3,631,522	1,564,631,783	369,162,060	-42,714,192	326,447,868

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The following table shows the carrying amount of the SPPI assets included in the table above by credit risk rating grades. The carrying amount is measured in accordance with IAS 39 prior to any impairment allowance for those measured at amortised cost.

in EUR						
Credit rating of assets whose cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding						
Triglav Group	Unrated	AAA	AA/A	BBB	BB/B	Total
Debt securities	78,170,706	198,131,887	649,258,904	658,355,858	250,249,795	1,834,167,150
Loans and deposits	86,930,548	0	20,760,486	0	15,010,230	122,701,264
Cash and cash equivalents	21,711,485	0	2,014,717	268,486	43,607,008	67,601,696
Total	186,812,739	198,131,887	672,034,107	658,624,344	308,867,034	2,024,470,110

in EUR						
Credit rating of assets whose cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding						
Zavarovalnica Triglav	Unrated	AAA	AA/A	BBB	BB/B	Total
Debt securities	55,462,505	158,375,854	566,526,723	577,934,796	70,402,699	1,428,702,567
Loans and deposits	54,412,569	0	20,760,486	0	9,408,484	84,581,539
Cash and cash equivalents	78,136	0	2,014,717	62,934	15,842,701	17,998,487
Total	109,953,210	158,375,854	589,301,926	577,997,719	95,653,884	1,531,282,593

The following table provides information on the fair value and carrying amount under IAS 39 for those SPPI assets which the Group has determined do not have a low credit risk. The carrying amount is measured in accordance with IAS 39 prior to any impairment allowance for those measured at amortised cost.

in EUR		
Assets whose cash flows are solely payments of principal and interest (SPPI) and do not have a low credit rating		
Triglav Group	Fair value	Carrying amount
Debt securities	330,239,122	328,420,501
Loans and deposits	101,217,266	101,940,778
Cash and cash equivalents	65,318,493	65,318,493
Total	496,774,881	495,679,773

in EUR		
Assets whose cash flows are solely payments of principal and interest (SPPI) and do not have a low credit rating		
Zavarovalnica Triglav	Fair value	Carrying amount
Debt securities	125,519,640	125,865,204
Loans and deposits	62,159,241	63,821,053
Cash and cash equivalents	15,920,837	15,920,837
Total	203,599,718	205,607,094

IAS 40: Transfers of Investment Property (amendments)

The amendments clarify when an entity is required to reclassify a property, including a property under construction or development, to, or from, investment property. Moreover, the amendments clarify that a change in use occurs when a property meets or ceases to meet the definition of investment property and there is evidence of a change in use. A change in the management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments do not have an impact on consolidated and separate financial statements of Zavarovalnica Triglav.

IFRIC 22: Foreign Currency Transactions and Advance Consideration

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The interpretation does not have an impact on consolidated and separate financial statements of Zavarovalnica Triglav.

Annual Improvements to IFRS Standards 2014–2016 Cycle

The International Accounting Standards Board (IASB) issued the annual improvements to IFRS 2014–2016 cycle. The improvement does not have an impact on consolidated and separate financial statements.

IFRS 1: First-time Adoption of International Financial Reporting Standards

The amendment removes the short-term exemptions for disclosures relating to financial instruments, employee benefits and investment entities, which otherwise apply to the first-time adoption of IFRS.

IAS 28: Investments in Associates and Joint Ventures

The amendments clarify that each investment in an associate or joint venture held by a venture capital organisation or other qualified entity may be measured at fair value through profit or loss at initial recognition.

Standards not yet in force and not early adopted by the Company

IFRS 16: Leases

The new standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 provides the guidelines for the recognition, measurement, presentation and disclosure of leases of both contracting parties: the lessee and the lessor. The new standard provides a single lessee accounting model, requiring lessees to recognise most leases in their financial statements. With some exceptions, lessees will be able to apply a single accounting model for all leases. There are no significant changes in the lessor's calculation of lease. The Standard will have an impact on the increase in value of the underlying assets and liabilities of the lease, both in consolidated and separate financial statements of Zavarovalnica Triglav. The Standard will also affect the reclassification of lease costs into depreciation and financing expenses. However, the Standard will have no significant impact on the operation results of the Triglav Group and Zavarovalnica Triglav. When the Standard became effective, that is on 1 January 2019, long-term lease liabilities and the right to use the leased assets in a total amount of EUR 12.1 millions were recognised in the consolidated financial statements. Likewise, on 1 January 2019, long-term lease liabilities and the right to use the leased assets were recognised in the separate financial statements of Zavarovalnica Triglav in the amount of EUR 4.5 millions.

IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2022 or later, with earlier application permitted provided that an entity also reports in accordance with "IFRS 15 Revenue from Contracts with Customers" and "IFRS 9 Financial Instruments". IFRS 17 provides the guidelines for the recognition, measurement, presentation and disclosure of insurance contracts concluded by an insurance entity. Furthermore, the

standard requires that similar principles be applied to reinsurance contracts and investment contracts with discretionary participation features. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. The standard has not yet been endorsed by the EU. The management is still assessing the impact of the new standard on consolidated and separate financial statements.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict identified between the requirements of IFRS 10 and IAS 28 in the treatment of the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that the entity is obliged to recognise the entire amount of the gain or loss in case that the transaction involves a business (regardless of whether the business is housed in a subsidiary or not). In case of transactions with assets that an entity does not use in its operation activities, the entity only recognises a partial gain or loss even in case that the assets are housed in a subsidiary. The International Accounting Standards Board postponed the effective date of the Standard for an indefinite period of time expecting the findings of the research project on assets accounting using the equity method. The amendments to the standard have not yet been endorsed by the EU. The management is still assessing the impact of the amendments on consolidated financial statements.

IFRS 9: Prepayment Features with Negative Compensation (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The amendments allow financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the

asset there may be "negative compensation"), to be measured at amortised cost or at fair value through other comprehensive income. The amendments do not have an impact on consolidated and separate financial statements of Zavarovalnica Triglav.

IAS 28: Long-term Interests in Associates and Joint Ventures (amendments)

The amendments are effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The amendments address the issue whether the measurement of long-term interests (particularly in terms of impairment requirements regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture) falls within the scope of IFRS 9, IAS 28 or a combination of both. Furthermore, the amendments clarify that an entity is required to apply "IFRS 9 Financial Instruments" in the recognition of long-term interests not measured using the equity method before applying IAS 28. When applying IFRS 9, the entity shall not take into account any adjustments to the carrying amount of long-term interests under IAS 28. The amendments have not yet been endorsed by the EU. The management is still assessing the impact of the amendments on consolidated and separate financial statements.

Interpretation of IFRIC 23: Uncertainty over Income Tax Treatments

The interpretation is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted. The interpretation addresses accounting for income taxes when tax treatments involve uncertainty that affects the application of "IAS 12 Income Taxes". The interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The management is still assessing the impact of the interpretation on consolidated and separate financial statements.

IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)

The amendments apply to annual periods beginning on or after 1 January 2019. Earlier application of amendments is permitted. The amendments of the accounting standard require entities to

determine the current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement of employee benefits on the basis of updated actuarial assumptions. At the same time, the amendments clarify the impact of calculating the plan amendment, curtailment or settlement on the required limit values of assets. The amendments have not yet been endorsed by the EU. The amendments do not have an impact on consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS Conceptual Framework

On 29 March 2018, the International Accounting Standards Board (IASB) published the revised Conceptual Framework for Financial Reporting. The Conceptual Framework sets out the fundamental concepts of financial reporting, setting of standards, guidelines for designers of consistent accounting policies and for easier understanding and interpretation of standards. The IASB also published a separate accompanying document “Amendments to References to the Conceptual Framework in IFRS Standards”, which are a presentation of the amendments to the Standards and serve as updated references to the revised Conceptual Framework. The aim of the Board is to provide support in the transition to the revised Conceptual Framework to the entities that adopt their accounting policies on the basis of the conceptual framework guidelines in cases where no IFRS deals with specific transactions. All those who adopt their accounting policies on the basis of the conceptual framework shall apply the revised Conceptual Framework for annual periods, beginning on or after 1 January 2020.

IFRS 3: Business Combinations (Amendments)

The IASB published Definition of a Business (Amendments to IFRS 3), aimed at resolving uncertainty in determining whether an entity has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020, and for the acquisition of assets on or after the beginning of that period. Earlier application is permitted. The amendments have not yet been endorsed by the EU. The management is still assessing the

impact of the amendments on consolidated and separate financial statements of Zavarovalnica Triglav.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of “Material” (Amendments)

The amendments apply to annual period beginning on or after 1 January 2020. Earlier application is permitted. The amendments clarify the definition of the term materiality and the way of its use. In compliance with the new definition “information is material if omitting, misstating or obscuring it could reasonably be expected to influence general decisions that the primary users of financial statements make on the basis of those financial statements, which provide financial information about a specific entity”. In addition, the Board clearly explained the clarifications accompanying the definition. At the same time, the amendments provide the assurance that the definition of “material” is brought in accord with all IFRSs. The amendments have not yet been endorsed by the EU. The management is still assessing the impact of the amendments on consolidated and separate financial statements of Zavarovalnica Triglav.

Annual Improvements to IFRS Standards 2015–2017 Cycle

The International Accounting Standards Board (IASB) published the annual improvements to IFRS 2015–2017 cycle which provides a collection of amendments to IFRSs. The amendments apply to annual periods beginning on or after 1 January 2019. Earlier application is permitted. The amendments have not yet been endorsed by the EU. The management is still assessing the impact of the amendments on consolidated and separate financial statements of Zavarovalnica Triglav.

IFRS 3 Business Combinations and IFRS 11 Joint Agreements

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it shall remeasure all the previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains control of a business that is a joint operation, it need not remeasure the previously held interests in that business.

IAS12 Income Taxes

The amendments clarify that the income tax consequences arising from payments of financial instruments classified in equity have to be recognised under the same item as the previous transactions or events that generated distributable profits.

IAS 23 Borrowing Costs

The amendments to the accounting standard clarify Section 14 of the Standard stating that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that the entity has borrowed generally.

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 2018	31 December 2017
Balance sheet total (without offsetting)	2,748,856,353	2,805,312,446
Mutual receivables and liabilities	-6,491,237	-5,859,532
Deffered tax assets and liabilities	-12,177,591	-12,963,374
Offset balance	2,730,187,525	2,786,489,540

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. Income from investments of assets backing liabilities, guarantee funds and investments not financed from insurance technical provisions are posted 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.

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. 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, the same as other expenses from insurance operations and other expenses. 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:

Triglav Group 2018					in EUR
	Non-life	Life	Health	Non-insurance	TOTAL
Investments in intangible assets	4,188,537	2,903,592	446,164	50,994	7,589,287
Investments in property, plant and equipment	10,294,540	106,068	201,401	364,678	10,966,687
Investments in investment property	3,567,161	0	0	515,255	4,082,416

Triglav Group 2017					in EUR
	Non-life	Life	Health	Non-insurance	TOTAL
Investments in intangible assets	4,385,290	1,603,363	612,802	112,503	6,713,958
Investments in property, plant and equipment	7,822,535	288,238	241,349	943,502	9,295,624
Investments in investment property	884,535	0	0	2,652,231	3,536,766

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

- in non-life insurance, exposure to SBERBANK, d.d. of EUR 20,796,540;
- in life insurance, exposure to AGATE ASSETS SA of EUR 27,822,762;
- in health insurance, exposure to N.V.Bank Nederlandse Gemeenten of EUR 805,697;
- in non-insurance, exposure to Abanka, d.d. of EUR 17,312,698.

Zavarovalnica Triglav 2018			in EUR
	Non-life	Life	TOTAL
ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION			
Investments in intangible assets	1,568,480	2,855,814	4,424,294
Investments in property, plant and equipment	6,416,064	38,160	6,454,224
Investments in investment property	3,549,655	0	3,549,655
ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT			
Depreciation charge for the current year	-9,047,736	-1,493,898	-10,541,634
Expenses from the impairment of premium and subrogation receivables	-11,366,213	0	-11,366,213
Income from reversal of impairment of receivables	10,145,070	1,773	10,146,843
Expenses from impairment of investment property	0	0	0
Expenses from impairment of other receivables	-83,662	-31,616	-115,278
Income from reversal of impairment of other receivables	318,031	7,376	325,407

Zavarovalnica Triglav 2017			in EUR
	Non-life	Life	TOTAL
ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION			
Investments in intangible assets	3,277,367	1,499,055	4,776,422
Investments in property, plant and equipment	4,622,596	100,254	4,722,850
Investments in investment property	641,062	0	641,062
ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT			
Depreciation charge for the current year	-8,010,844	-1,699,393	-9,710,237
Expenses from the impairment of premium and subrogation receivables	-10,278,414	0	-10,278,414
Income from reversal of impairment of receivables	11,714,391	25,982	11,740,373
Expenses from impairment of property, plant and equipment	0	0	0
Expenses from impairment of other receivables	-343,143	-14,029	-357,173
Income from reversal of impairment of other receivables	84,886	15,974	100,860

Maximum individual exposure of Zavarovalnica Triglav to financial institutions is:

- for non-life insurance: SBERBANK, d.d.: EUR 19,572,908 and
- for life insurance: AGATE ASSETS SA: EUR 27,822,762.

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	2018					2017					in EUR
Triglav Group Comprehensive income by business segments	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	
NET PROFIT FOR THE YEAR AFTER TAX	62,862,390	12,486,107	3,108,231	2,369,517	80,826,245	52,559,577	15,189,798	3,181,924	-1,223,348	69,707,951	
OTHER COMPREHENSIVE INCOME AFTER TAX	-18,027,432	-5,534,695	-683,406	-4,686,425	-28,931,958	6,633,580	-79,867	136,246	2,328,053	9,018,012	
Items which will not be transferred in P&L in future periods	-243,770	-41,662	-13,613	-4,380	-303,425	288,286	55,133	32,279	15,899	391,597	
Net actuarial gains/losses for pension plans	-243,770	-41,662	-13,613	-4,505	-303,550	288,286	55,133	32,279	15,899	391,597	
Tax on items which will not be transferred in P&L	0	0	0	125	125	0	0	0	0	0	
Items which could be transferred into P&L in future periods	-17,783,662	-5,493,033	-669,793	-4,682,045	-28,628,533	6,345,294	-135,000	103,967	2,312,154	8,626,415	
Fair value gains/losses on available-for-sale financial assets	-22,207,016	-21,643,500	-826,905	-5,414,080	-50,091,501	7,700,015	-1,957,041	128,354	2,111,049	7,982,377	
– net gains/losses recognized directly in equity	-12,938,575	-16,334,830	-981,222	-1,797,972	-32,052,599	15,130,886	14,565,468	263,548	2,063,180	32,023,082	
– transfers from equity to income statement	-9,268,441	-5,308,670	154,317	-3,616,108	-18,038,902	-7,430,871	-16,522,509	-135,194	47,869	-24,040,705	
Fair value gains/losses on non-current assets held for sale	0	0	0	0	0	33,622	171,171	0	0	204,793	
Share of OCI of entities accounted for using the equity method	0	0	0	-310,367	-310,367	-513	0	0	603,768	603,255	
Liabilities from insurance contracts with DPF	0	12,510,378	0	0	12,510,378	0	-487,190	0	0	-487,190	
Currency translation differences	57,124	57,100	0	13,259	127,483	610,001	435,032	0	35,772	1,080,805	
Tax on other comprehensive income	4,366,230	3,582,989	157,112	1,029,143	9,135,474	-1,997,831	1,703,028	-24,387	-438,435	-757,625	
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	44,834,958	6,951,412	2,424,825	-2,316,908	51,894,287	59,193,157	15,109,931	3,318,170	1,104,705	78,725,963	
Controlling interest	44,606,567	6,962,392	2,424,825	-2,291,015	51,702,769	58,852,131	14,899,208	3,318,170	1,104,244	78,173,753	
Non-controlling interest	228,391	-10,980	0	-25,893	191,518	341,026	210,723	0	461	552,210	

	2018			2017			in EUR
Zavarovalnica Triglav Comprehensive income by business segments	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	
Net profit for the year after tax	58,259,539	7,284,325	65,543,864	51,329,746	11,192,204	62,521,950	
Other comprehensive income after tax	-15,894,778	-4,102,785	-19,997,563	9,571,762	-7,232,656	2,339,106	
Items which will not be transferred in P&L in future periods	-224,491	-41,662	-266,153	295,584	55,133	350,717	
Actuarial gains and losses related to post-employment benefits on retirement	-224,491	-41,662	-266,153	295,584	55,133	350,717	
Tax on items which will not be transferred in P&L	0	0	0	0	0	0	
Items which could be transferred into P&L in future periods	-15,670,287	-4,061,123	-19,731,410	9,276,178	-7,287,789	1,988,389	
Fair value gains/losses on available-for-sale financial assets	-19,346,033	-20,168,855	-39,514,888	11,452,072	-8,516,690	2,935,382	
– net gains/losses recognized directly in equity	-10,991,664	-14,819,878	-25,811,542	16,512,410	7,893,172	24,405,582	
– transfers from equity to income statement	-8,354,369	-5,348,977	-13,703,346	-5,060,338	-16,409,862	-21,470,200	
Liabilities from insurance contracts with DPF	0	12,510,379	12,510,379	0	-487,190	-487,190	
Tax on other comprehensive income	3,675,746	3,597,353	7,273,099	-2,175,894	1,716,091	-459,803	
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	42,364,761	3,181,540	45,546,301	60,901,508	3,959,548	64,861,056	

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, business combinations, the disposal of controlling interests in subsidiaries and the elimination of investment impairments in subsidiaries. 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.

	31 December 2018				in EUR		
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	1.760.375.116	1.975.276.808	59.416.391	191.819.384	3.986.887.699	-341.610.212	3.645.277.487
Intangible assets	75.096.273	4.708.358	1.586.002	2.669.415	84.060.048	0	84.060.048
Property, plant and equipment	93,567,305	10,132,292	1,415,752	8,180,704	113,296,053	0	113,296,053
Deferred tax assets	12,360,640	261,140	56,415	215,537	12,893,732	0	12,893,732
Investment property	47,702,415	2,302,311	0	34,471,759	84,476,485	5,363,971	89,840,456
Investments in subsidiaries	124,407,877	15,104,174	0	75,550,601	215,062,652	-215,062,652	0
Investments in associates	11,450,701	611,768	0	2,063,504	14,125,973	0	14,125,973
Financial assets	1,021,305,282	1,905,654,933	48,839,718	38,188,070	3,013,988,003	-22,567,936	2,991,420,067
Financial investments	1,021,305,282	1,503,139,163	48,839,718	38,188,070	2,611,472,233	-22,567,936	2,588,904,297
– loans and deposits	86,843,593	55,853,397	86,107	13,492,572	156,275,669	-17,417,697	138,857,972
– held to maturity	0	196,773,185	0	0	196,773,185	0	196,773,185
– available for sale	929,110,722	804,659,540	48,753,611	24,695,498	1,807,219,371	-4,650,604	1,802,568,767
– recognised at fair value through profit and loss	5,350,967	445,853,041	0	0	451,204,008	-499,635	450,704,373
Unit-linked insurance assets	0	402,515,770	0	0	402,515,770	0	402,515,770
Reinsurers' share of technical provisions	159,627,897	10,457	1,551,881	0	161,190,235	-75,269,736	85,920,499
Receivables	194,823,677	4,599,971	5,408,784	7,790,707	212,623,139	-33,968,261	178,654,878
– receivables from direct insurance operations	91,221,915	628,631	4,884,391	40,778	96,775,715	-174,387	96,601,328
– receivables from reinsurance and coinsurance operations	80,340,602	8,525	122,142	0	80,471,269	-29,171,366	51,299,903
– current tax receivables	561,791	0	0	17,854	579,645	0	579,645
– other receivables	22,699,369	3,962,815	402,251	7,732,075	34,796,510	-4,622,508	30,174,002
Other assets	4,747,186	84,188	114,694	556,252	5,502,320	-105,598	5,396,722
Cash and cash equivalents	15,285,863	31,807,216	443,145	20,065,436	67,601,660	0	67,601,660
Non-current assets held for sale	0	0	0	2,067,399	2,067,399	0	2,067,399
EQUITY AND LIABILITIES	1.760,375,116	1,975,276,808	59,416,391	191,819,384	3,986,887,699	-341,610,212	3,645,277,487
Equity	604,805,626	150,637,960	31,627,112	168,514,421	955,585,119	-208,722,314	746,862,805
Controlling interests	604,805,626	150,637,960	31,627,112	168,514,421	955,585,119	-211,018,313	744,566,806
– share capital	114,718,513	48,091,866	25,822,144	100,639,031	289,271,554	-215,570,162	73,701,392
– share premium	43,048,225	13,658,827	0	20,674,547	77,381,599	-27,175,059	50,206,540
– reserves from profit	283,812,741	47,163,414	473,752	1,744,009	333,193,916	927,548	334,121,464
– treasury share reserves	0	0	0	0	0	364,680	364,680
– treasury shares	0	0	0	0	0	-364,680	-364,680
– fair value reserve	47,853,573	8,989,544	945,975	10,080,974	67,870,066	-1,632,177	66,237,889
– net profit brought forward	51,019,235	24,525,399	3,190,158	25,363,275	104,098,067	38,385,512	142,483,579
– net profit for the year	66,373,248	8,815,568	1,195,083	10,038,964	86,422,863	-5,889,220	80,533,643
– currency translation differences	-2,019,909	-606,658	0	-26,379	-2,652,946	-64,755	-2,717,701
Non-controlling interests	0	0	0	0	0	2,295,999	2,295,999
Subordinated liabilities	10,777,635	9,835,316	1,500,000	0	22,112,951	-6,650,240	15,462,711
Insurance technical provisions	981,911,505	1,387,821,429	16,081,286	0	2,385,814,220	-75,311,159	2,310,503,061
– unearned premiums	311,580,455	427,260	2,932,489	0	314,940,204	-14,773,258	300,166,946
– mathematical provisions	0	1,357,233,017	0	0	1,357,233,017	0	1,357,233,017
– claims provisions	643,677,440	20,555,710	9,873,971	0	674,107,121	-59,163,206	614,943,915
– other insurance technical provisions	26,653,610	9,605,442	3,274,826	0	39,533,878	-1,374,695	38,159,183
Insurance technical provisions for unit-linked insurance contracts	0	402,598,039	0	0	402,598,039	0	402,598,039
Employee benefits	11,403,102	2,122,168	550,996	728,308	14,804,574	0	14,804,574
Other provisions	1,068,693	366,467	116,263	368,132	1,919,555	0	1,919,555
Deferred tax liabilities	11,148,486	3,658,070	0	2,397,020	17,203,576	0	17,203,576
Other financial liabilities	5,172,050	25,655	73,938	4,273,413	9,545,056	-3,924,152	5,620,904
Operating liabilities	69,814,814	8,716,199	5,331,438	798,734	84,661,185	-29,869,130	54,792,055
– liabilities from direct insurance operations	6,613,572	8,637,360	5,166,012	0	20,416,944	-699,015	19,717,929
– liabilities from reinsurance and co-insurance operations	59,430,560	39,784	165,426	0	59,635,770	-29,170,115	30,465,655
– current tax liabilities	3,770,682	39,055	0	798,734	4,608,471	0	4,608,471
Other liabilities	64,273,205	9,495,505	4,135,358	14,739,356	92,643,424	-17,133,217	75,510,207

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	31 December 2017						
Statement of financial position	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)
ASSETS	1,771,644,611	2,003,539,158	56,434,979	185,413,134	4,017,031,882	-342,355,689	3,674,676,193
Intangible assets	71,318,618	3,025,618	1,288,099	3,208,277	78,840,612	0	78,840,612
Property, plant and equipment	90,742,267	10,567,978	1,427,685	8,472,507	111,210,437	0	111,210,437
Deferred tax assets	12,994,783	380,255	64,932	329,145	13,769,115	0	13,769,115
Investment property	51,244,024	2,401,488	0	34,998,000	88,643,512	5,363,971	94,007,483
Investments in subsidiaries	116,711,634	10,504,174	0	75,677,210	202,893,018	-202,893,018	0
Investments in associates	4,399,809	708,237	0	1,341,278	6,449,324	0	6,449,324
Financial assets	1,058,188,425	1,923,532,925	47,398,481	41,536,723	3,070,656,554	-32,569,806	3,038,086,748
Financial investments	1,058,188,425	1,473,296,881	47,398,481	41,536,723	2,620,420,510	-32,569,806	2,587,850,704
– loans and deposits	74,294,351	68,428,166	389,713	9,560,016	152,672,246	-27,420,759	125,251,487
– held to maturity	0	221,390,576	0	0	221,390,576	0	221,390,576
– available for sale	978,443,512	762,544,440	47,008,768	31,976,707	1,819,973,427	-4,649,527	1,815,323,900
– recognised at fair value through profit and loss	5,450,562	420,933,699	0	0	426,384,261	-499,520	425,884,741
Unit-linked insurance assets	0	450,236,044	0	0	450,236,044	0	450,236,044
Reinsurers' share of technical provisions	164,982,800	33,246	86,064	0	165,102,110	-81,286,534	83,815,576
Receivables	175,081,175	6,250,245	4,630,440	8,765,717	194,727,577	-30,849,223	163,878,354
– receivables from direct insurance operations	80,936,921	526,028	4,384,052	25,485	85,872,486	-149,994	85,722,492
– receivables from reinsurance and coinsurance operations	70,564,407	107,320	44,261	0	70,715,988	-25,776,286	44,939,702
– current tax receivables	21,706	154	0	10,351	32,211	0	32,211
– other receivables	23,558,141	5,616,743	202,127	8,729,881	38,106,892	-4,922,943	33,183,949
Other assets	3,258,596	72,269	93,026	619,445	4,043,336	-121,079	3,922,257
Cash and cash equivalents	22,722,480	46,062,723	1,446,252	8,186,392	78,417,847	0	78,417,847
Non-current assets held for sale	0	0	0	2,278,440	2,278,440	0	2,278,440
EQUITY AND LIABILITIES	1,771,644,611	2,003,539,158	56,434,979	185,413,134	4,017,031,882	-342,355,689	3,674,676,193
Equity	610,210,587	159,335,731	30,986,326	154,611,642	955,144,286	-198,498,603	756,645,683
Controlling interests	610,210,587	159,335,731	30,986,326	154,611,642	955,144,286	-205,306,042	749,838,244
– share capital	114,718,513	47,691,579	25,822,144	92,083,600	280,315,836	-206,614,444	73,701,392
– share premium	43,048,225	13,658,827	0	20,762,996	77,470,048	-27,066,392	50,403,656
– reserves from profit	283,095,556	47,156,595	344,643	1,709,241	332,306,035	1,101,038	333,407,073
– fair value reserve	65,931,902	14,646,079	1,629,381	14,853,773	97,061,135	-1,662,899	95,398,236
– net profit brought forward	76,985,684	22,765,346	2,055,271	23,281,671	125,087,972	35,560,020	160,647,992
– net profit/loss for the year	28,420,908	14,075,019	1,134,887	1,956,845	45,587,659	-6,453,704	39,133,955
– currency translation differences	-1,990,201	-657,714	0	-36,484	-2,684,399	-169,661	-2,854,060
Non-controlling interests	0	0	0	0	0	6,807,439	6,807,439
Subordinated liabilities	10,775,525	9,832,655	1,500,000	0	22,108,180	-6,649,048	15,459,132
Insurance technical provisions	990,706,110	1,356,384,332	14,831,179	0	2,361,921,621	-79,220,595	2,282,701,026
– unearned premiums	289,866,512	439,263	2,630,206	0	292,935,981	-14,823,262	278,112,719
– mathematical provisions	0	1,331,198,408	0	0	1,331,198,408	1,856,981	1,333,055,389
– claims provisions	675,322,350	19,476,640	9,929,037	0	704,728,027	-66,254,314	638,473,713
– other insurance technical provisions	25,517,248	5,270,021	2,271,936	0	33,059,205	0	33,059,205
Insurance technical provisions for unit-linked insurance contracts	0	449,544,564	0	0	449,544,564	0	449,544,565
Employee benefits	10,860,025	2,022,147	486,037	611,634	13,979,843	0	13,979,843
Other provisions	1,869,081	1,372,200	161,611	391,755	3,794,647	0	3,794,647
Deferred tax liabilities	15,511,778	7,331,797	0	3,553,004	26,396,579	0	26,396,579
Other financial liabilities	5,549,056	1,112,471	98,854	8,664,123	15,424,504	-9,835,123	5,589,381
Operating liabilities	63,014,034	8,501,117	4,126,075	301,889	75,943,115	-26,561,513	49,381,602
– liabilities from direct insurance operations	7,156,311	8,336,100	4,003,137	0	19,495,548	-620,225	18,875,323
– liabilities from reinsurance and co-insurance operations	54,516,389	146,850	36,207	0	54,699,446	-25,941,288	28,758,158
– current tax liabilities	1,341,334	18,167	86,731	301,889	1,748,121	0	1,748,121
Other liabilities	63,148,415	8,102,144	4,244,897	17,279,087	92,774,543	-21,590,808	71,183,735
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

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Income statement	in EUR									
	2018					2017 restated ¹²⁰				
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL
Net premium income	585,971,063	222,084,638	143,707,161	0	951,762,862	543,846,673	218,252,128	129,098,568	0	891,197,369
– gross written premium	702,217,196	222,162,500	144,014,711	0	1,068,394,407	652,350,427	218,282,704	129,283,495	0	999,916,626
– ceded written premium	-106,529,888	-95,020	0	0	-106,624,908	-97,496,337	-54,396	0	0	-97,550,733
– change in unearned premium reserve	-9,716,245	17,158	-307,550	0	-10,006,637	-11,007,417	23,820	-184,927	0	-11,168,524
Income from investments in subsidiaries and associates	197,552	0	0	823,607	1,021,159	78,249	0	0	146,356	224,605
– profit on equity investments accounted for using the equity method	197,552	0	0	823,607	1,021,159	78,249	0	0	146,356	224,605
– other income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0	0	0
Income from investments	34,632,804	49,788,938	770,319	3,697,016	88,889,077	39,185,741	92,251,637	951,172	555,888	132,944,438
– interest income calculated using the effective interest method	17,301,940	37,548,168	662,032	61,102	55,573,242	19,452,120	38,029,463	689,859	25,140	58,196,582
– gains on disposals	11,976,273	8,082,627	102,829	3,616,108	23,777,837	12,669,570	16,849,824	260,910	10,176	29,790,480
– other income from investments	5,354,591	4,158,143	5,458	19,806	9,537,998	7,064,051	37,372,350	403	520,572	44,957,376
Other income from insurance operations	29,682,258	117,141	38,582	0	29,837,981	29,046,905	147,226	43,100	0	29,237,231
– fees and commission income	15,731,478	74,703	0	0	15,806,181	16,382,532	104,937	0	0	16,487,469
– other income from insurance operations	13,950,780	42,438	38,582	0	14,031,800	12,664,373	42,289	43,100	0	12,749,762
Other income	8,416,445	81,218	73,197	27,578,673	36,149,533	6,672,954	108,231	141,144	27,110,787	34,033,116
Net claims incurred	330,958,972	170,347,333	125,254,093	0	626,560,398	317,434,966	190,014,478	112,509,338	0	619,958,782
– gross claims settled	391,236,589	169,247,828	119,115,801	0	679,600,218	347,312,086	189,454,483	105,396,000	0	642,162,569
– reinsurers' share	-39,988,691	-275	0	0	-39,988,966	-24,573,159	-450	0	0	-24,573,609
– changes in claims provisions	-20,288,926	1,099,780	-59,406	0	-19,248,552	-5,303,961	560,445	827,552	0	-3,915,964
– equalisation scheme expenses for supplementary health insurance	0	0	6,197,698	0	6,197,698	0	0	6,285,786	0	6,285,786
Change in other insurance technical provisions (excluding ULI)	-1,062,012	39,919,496	1,002,889	0	39,860,373	-547,945	59,352,163	1,476,972	0	60,281,190
Change in insurance technical provisions for unit-linked insurance contracts	0	-46,889,547	0	0	-46,889,547	0	-8,250,712	0	0	-8,250,712
Expenses for bonuses and discounts	11,363,385	54,300	0	0	11,417,685	9,327,585	15,306	0	0	9,342,891
Operating expenses	184,623,966	34,712,670	14,300,789	0	233,637,425	175,190,559	33,380,150	12,191,924	0	220,762,633
– acquisition costs	134,064,349	19,835,483	5,345,261	0	159,245,093	124,928,446	19,450,872	3,563,094	0	147,942,412
– other operating costs	50,559,617	14,877,187	8,955,528	0	74,392,332	50,262,113	13,929,278	8,628,830	0	72,820,221
Expenses from investments in subsidiaries and associates	40,624	96,468	0	0	137,092	1,298,370	56,656	0	1,771,827	3,126,853
– loss on investments accounted for using the equity method	40,624	96,468	0	0	137,092	153,370	56,656	0	1,771,827	1,981,853
– other expenses from financial assets and liabilities	0	0	0	0	0	1,145,000	0	0	0	1,145,000
Expenses from investments	10,255,409	56,558,933	46,677	257,467	67,118,486	13,010,608	14,424,339	98,109	118,002	27,651,058
– loss on impairment of investments	962,748	334,735	0	200,000	1,497,483	310,527	24,728	0	0	335,255
– loss on disposal of investments	4,385,692	8,681,959	7,554	53,723	13,128,928	4,731,298	6,179,208	65,616	107,474	11,083,596
– other expenses from investments	4,906,969	47,542,239	39,123	3,744	52,492,075	7,968,783	8,220,403	32,493	10,528	16,232,207
Other insurance expenses	32,784,314	367,369	592,452	0	33,744,134	27,319,309	324,489	414,264	0	28,058,062
Other expenses	14,234,004	2,784,219	29,867	27,570,673	44,618,763	13,626,908	2,542,194	82,669	26,009,150	42,260,921
– expenses from financing	777,130	604,356	0	2,875	1,384,361	1,030,266	597,776	0	2,981	1,631,023
– other expenses	13,456,874	2,179,863	29,867	27,567,798	43,234,402	12,596,642	1,944,418	82,669	26,006,169	40,629,898
Profit before tax	75,701,460	14,120,694	3,362,492	4,271,156	97,455,802	62,170,162	18,900,159	3,460,708	-85,948	84,445,081
Income tax expense	12,839,070	1,634,587	254,261	1,901,639	16,629,557	9,610,584	3,710,362	278,784	1,137,400	14,737,130
NET PROFIT FOR THE PERIOD	62,862,390	12,486,107	3,108,231	2,369,517	80,826,245	52,559,578	15,189,797	3,181,924	-1,223,348	69,707,951
Net profit/loss attributable to the controlling company	62,683,418	12,475,561	3,108,231	2,395,544	80,662,753	52,253,418	15,045,033	3,181,924	-1,223,816	69,256,559
Net profit/loss attributable to the non-controlling interest holders	178,972	10,546	0	-26,027	163,491	306,159	144,764	0	468	451,391

¹²⁰The data for the previous reference period were reclassified due to a change in the structure of income statement. Details are presented [-> in Chapter 2.4].

5.12.2 Reporting by business segment for Zavarovalnica Triglav

Statement of financial position	in EUR					
	31 December 2018			31 December 2017		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
ASSETS	1,221,102,015	1,527,754,338	2,748,856,353	1,234,239,636	1,571,072,810	2,805,312,446
Intangible assets	57,598,248	4,564,254	62,162,502	56,888,236	2,898,047	59,786,283
Property, plant and equipment	59,735,959	8,250,141	67,986,100	58,868,140	8,658,635	67,526,775
Deferred tax assets	11,956,605	220,986	12,177,591	12,623,125	340,249	12,963,374
Investment property	44,056,810	1,213,730	45,270,540	46,974,353	1,240,048	48,214,401
Investments in subsidiaries	118,792,669	13,145,998	131,938,667	109,621,939	8,545,998	118,167,937
Investments in associates	16,959,355	0	16,959,355	10,002,047	0	10,002,047
Financial assets	720,655,616	1,486,045,412	2,206,701,028	754,881,568	1,523,724,547	2,278,606,115
Financial investments	720,655,616	1,119,381,334	1,840,036,950	754,881,568	1,106,116,588	1,860,998,156
– loans and deposits	56,833,143	35,837,166	92,670,309	39,631,423	51,797,172	91,428,595
– held to maturity	0	159,463,950	159,463,950	0	166,993,807	166,993,807
– available for sale	662,429,210	721,426,295	1,383,855,505	713,379,512	687,273,476	1,400,652,988
– recognised at fair value through profit and loss	1,393,263	202,653,923	204,047,186	1,870,633	200,052,133	201,922,766
Unit-linked insurance assets	0	366,664,078	366,664,078	0	417,607,959	417,607,959
Reinsurers' share of technical provisions	87,883,266	10,040	87,893,306	85,295,285	32,360	85,327,645
Receivables	93,426,058	3,046,130	96,472,188	84,107,305	3,102,644	87,209,949
– receivables from direct insurance operations	62,281,265	354,072	62,635,337	54,345,318	386,535	54,731,853
– receivables from reinsurance and coinsurance operations	18,154,451	3,160	18,157,611	13,786,820	102,972	13,889,792
– current tax receivables	0	0	0	0	0	0
– other receivables	12,990,342	2,688,898	15,679,240	15,975,167	2,613,137	18,588,304
Other assets	3,268,118	28,471	3,296,589	1,990,130	3,044	1,993,174
Cash and cash equivalents	6,769,311	11,229,176	17,998,487	12,987,508	22,527,238	35,514,746
EQUITY AND LIABILITIES	1,221,102,015	1,527,754,338	2,748,856,353	1,234,239,636	1,571,072,810	2,805,312,446
Equity	466,409,221	93,711,515	560,120,736	469,422,357	101,989,948	571,412,305
– share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
– share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
– reserves from profit	273,448,752	45,513,891	318,962,643	273,448,752	45,513,891	318,962,643
– fair value reserve	41,774,285	5,485,903	47,260,189	57,662,938	9,587,325	67,250,264
– net profit brought forward	1,241,127	-1,363	1,239,764	25,295,403	267,769	25,563,172
– net profit for the year	58,259,539	7,284,325	65,543,864	21,329,746	11,192,204	32,521,950
Subordinated liabilities	10,777,635	9,835,316	20,612,951	10,775,525	9,832,655	20,608,180
Insurance technical provisions	658,684,690	1,037,458,785	1,696,143,475	668,287,155	1,018,822,112	1,687,109,267
– unearned premiums	213,519,363	400,574	213,919,937	196,121,894	406,291	196,528,185
– mathematical provisions	0	1,009,712,605	1,009,712,605	0	994,737,498	994,737,498
– claims provisions	423,416,968	19,143,220	442,560,188	450,789,937	18,440,963	469,230,900
– other insurance technical provisions	21,748,359	8,202,386	29,950,745	21,375,324	5,237,360	26,612,684
Insurance technical provisions for unit-linked insurance contracts	0	365,238,075	365,238,075	0	416,250,767	416,250,767
Employee benefits	9,212,790	1,954,366	11,167,156	8,819,152	1,881,311	10,700,463
Other provisions	646,735	111,700	758,435	613,261	111,700	724,961
Deferred tax liabilities	9,934,252	5,057,075	14,991,327	13,609,999	8,654,428	22,264,427
Other financial liabilities	1,585,693	1,750	1,587,443	1,845,184	0	1,845,184
Operating liabilities	21,559,229	6,964,343	28,523,572	21,083,190	6,656,860	27,740,050
– liabilities from direct insurance operations	4,348,116	6,958,719	11,306,835	4,821,731	6,532,534	11,354,265
– liabilities from reinsurance and co-insurance operations	13,814,322	5,624	13,819,946	15,125,471	124,326	15,249,797
– current tax liabilities	3,396,791	0	3,396,791	1,135,988	0	1,135,988
Other liabilities	42,291,770	7,421,413	49,713,183	39,783,813	6,873,029	46,656,842

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Income statement	2018			2017 restated ¹²¹			in EUR
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	
Net premium income	378,258,596	173,682,272	551,940,868	349,158,918	172,898,435	522,057,353	
– gross written premium	486,096,461	174,113,971	660,210,432	448,495,641	173,475,695	621,971,336	
– ceded written premium	-100,859,391	-437,719	-101,297,110	-92,931,279	-591,302	-93,522,581	
– change in unearned premium reserve	-6,978,474	6,020	-6,972,454	-6,405,444	14,042	-6,391,402	
Income from investments in subsidiaries and associates	5,231,767	73,778	5,305,545	7,106,829	0	7,106,829	
– profit on equity investments accounted for using the equity method	0	0	0	0	0	0	
– other income from investments in subsidiaries and associates	5,231,767	73,778	5,305,545	7,106,829	0	7,106,829	
Income from investments	24,439,758	37,315,377	61,755,135	25,569,081	73,674,821	99,243,902	
– interest income calculated using the effective interest method	9,974,613	26,915,406	36,890,019	11,330,031	27,531,673	38,861,704	Business Report
– gains on disposals	10,575,678	7,945,971	18,521,649	9,760,162	15,610,133	25,370,295	
– other income from investments	3,889,467	2,454,000	6,343,467	4,478,888	30,533,015	35,011,903	
Other income from insurance operations	27,303,374	145,010	27,448,384	27,581,724	150,860	27,732,584	
– fees and commission income	16,885,011	119,121	17,004,132	17,888,693	123,036	18,011,729	
– other income from insurance operations	10,418,363	25,889	10,444,252	9,693,031	27,824	9,720,855	Risk Management
Other income	8,468,264	4,023,715	12,491,979	6,876,459	4,074,964	10,951,423	
Net claims incurred	210,564,633	149,377,041	359,941,674	205,082,765	171,210,065	376,292,830	
– gross claims settled	272,247,890	148,754,692	421,002,582	240,420,167	170,885,357	411,305,524	
– reinsurers' share	-37,665,083	-102,530	-37,767,613	-24,364,538	-259,497	-24,624,035	
– changes in claims provisions	-24,018,174	724,879	-23,293,295	-10,972,864	584,205	-10,388,659	Accounting Report
Change in other insurance technical provisions (excluding ULI)	-824,163	30,323,553	29,499,390	-750,916	36,117,891	35,366,975	
Change in insurance technical provisions for unit-linked insurance contracts	0	-50,884,979	-50,884,979	0	-14,678,837	-14,678,837	
Expenses for bonuses and discounts	10,571,287	0	10,571,287	8,073,088	0	8,073,088	
Operating expenses	121,357,937	31,650,981	153,008,918	115,408,436	30,514,473	145,922,909	
– acquisition costs	89,212,605	21,017,507	110,230,112	84,391,272	20,909,864	105,301,136	
– other operating costs	32,145,332	10,633,474	42,778,806	31,017,164	9,604,609	40,621,773	Table of Contents
Expenses from investments in subsidiaries and associates	4,759	0	4,759	4,435	0	4,435	
– loss on investments accounted for using the equity method	0	0	0	0	0	0	
– other expenses from financial assets and liabilities	4,759	0	4,759	4,435	0	4,435	
Expenses from investments	8,100,760	42,828,967	50,929,727	10,321,309	10,117,669	20,438,978	
– loss on impairment of investments	942,865	306,012	1,248,877	200,000	0	200,000	
– loss on disposal of investments	4,015,614	8,550,750	12,566,364	4,564,995	6,023,361	10,588,356	
– other expenses from investments	3,142,281	33,972,205	37,114,486	5,556,314	4,094,308	9,650,622	
Other insurance expenses	11,481,635	338,004	11,819,639	6,724,795	255,956	6,980,751	
Other expenses	12,852,347	2,741,897	15,594,244	12,486,347	2,382,299	14,868,646	
– expenses from financing	874,476	632,546	1,507,022	939,714	609,352	1,549,066	
– other expenses	11,977,871	2,109,351	14,087,222	11,546,633	1,772,947	13,319,580	The Triglav Group and Zavarovalnica Triglav d.d. Annual Report 2018
Profit before tax	69,592,564	8,864,688	78,457,252	58,942,752	14,879,564	73,822,316	
Income tax expense	11,333,025	1,580,363	12,913,388	7,613,006	3,687,360	11,300,366	
NET PROFIT FOR THE PERIOD	58,259,539	7,284,325	65,543,864	51,329,746	11,192,204	62,521,950	

¹²¹The data for the previous reference period were reclassified due to a change in the structure of income statement. Details are presented [→ in Chapter 2.4].

5.12.3 Reporting by geographical area for Triglav Group

Statement of financial position		31 December 2018				in EUR
	SLOVENIA	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (after eliminations)	
ASSETS	3,587,778,966	399,108,733	3,986,887,699	-341,610,212	3,645,277,487	
Intangible assets	67,838,193	16,221,855	84,060,048	0	84,060,048	
Property, plant and equipment	73,862,701	39,433,352	113,296,053	0	113,296,053	
Deferred tax assets	12,449,543	444,189	12,893,732	0	12,893,732	
Investment property	73,403,971	11,072,514	84,476,485	5,363,971	89,840,456	
Investments in subsidiaries	209,261,359	5,801,293	215,062,652	-215,062,652	0	
Investments in associates	14,125,973	0	14,125,973	0	14,125,973	Business Report
Financial assets	2,774,056,046	239,931,957	3,013,988,003	-22,567,936	2,991,420,067	
Financial investments	2,389,333,756	222,138,477	2,611,472,233	-22,567,936	2,588,904,297	
– loans and deposits	121,499,643	34,776,026	156,275,669	-17,417,697	138,857,972	
– held to maturity	180,405,984	16,367,201	196,773,185	0	196,773,185	
– available for sale	1,640,836,316	166,383,055	1,807,219,371	-4,650,604	1,802,568,767	Risk Management
– recognised at fair value through profit and loss	446,591,813	4,612,195	451,204,008	-499,635	450,704,373	
Unit-linked insurance assets	384,722,290	17,793,480	402,515,770	0	402,515,770	
Reinsurers' share of technical provisions	141,403,785	19,786,450	161,190,235	-75,269,736	85,920,499	
Receivables	162,717,347	49,905,792	212,623,139	-33,968,261	178,654,878	
– receivables from direct insurance operations	67,526,174	29,249,541	96,775,715	-174,387	96,601,328	
– receivables from reinsurance and coinsurance operations	74,531,636	5,939,633	80,471,269	-29,171,366	51,299,903	Accounting Report
– current tax receivables	393,705	185,940	579,645	0	579,645	
– other receivables	20,265,832	14,530,678	34,796,510	-4,622,508	30,174,002	
Other assets	3,631,703	1,870,617	5,502,320	-105,598	5,396,722	
Cash and cash equivalents	54,271,572	13,330,088	67,601,660	0	67,601,660	
Non-current assets held for sale	756,773	1,310,626	2,067,399	0	2,067,399	Table of Contents
EQUITY AND LIABILITIES	3,587,778,966	399,108,733	3,986,887,699	-341,610,212	3,645,277,487	
Equity	844,198,944	111,386,175	955,585,119	-208,722,314	746,862,805	
Controlling interests	844,198,944	111,386,175	955,585,119	-211,018,313	744,566,806	
– share capital	193,083,889	96,187,665	289,271,554	-215,570,162	73,701,392	
– share premium	75,825,056	1,556,543	77,381,599	-27,175,059	50,206,540	
– reserves from profit	323,113,430	10,080,486	333,193,916	927,548	334,121,464	
– treasury share reserves	0	0	0	364,680	364,680	
– treasury shares	0	0	0	-364,680	-364,680	
– fair value reserve	59,516,559	8,353,507	67,870,066	-1,632,177	66,237,889	
– net profit brought forward	110,168,173	-6,070,106	104,098,067	38,385,512	142,483,579	
– net profit/loss for the year	82,491,837	3,931,026	86,422,863	-5,889,220	80,533,643	
– currency translation differences	0	-2,652,946	-2,652,946	-64,755	-2,717,701	
– reserve of disposal group held for sale	0	0	0	0	0	
Non-controlling interests	0	0	0	2,295,999	2,295,999	
Subordinated liabilities	22,112,951	0	22,112,951	-6,650,240	15,462,711	
Insurance technical provisions	2,162,896,237	222,917,983	2,385,814,220	-75,311,159	2,310,503,061	
– unearned premiums	242,089,186	72,851,018	314,940,204	-14,773,258	300,166,946	
– mathematical provisions	1,292,659,946	64,573,071	1,357,233,017	0	1,357,233,017	
– claims provisions	592,072,952	82,034,169	674,107,121	-59,163,206	614,943,915	
– other insurance technical provisions	36,074,153	3,459,725	39,533,878	-1,374,695	38,159,183	
Insurance technical provisions for unit-linked insurance contracts	385,091,524	17,506,515	402,598,039	0	402,598,039	
Employee benefits	12,471,275	2,333,299	14,804,574	0	14,804,574	
Other provisions	1,332,752	586,803	1,919,555	0	1,919,555	
Deferred tax liabilities	15,847,476	1,356,100	17,203,576	0	17,203,576	
Other financial liabilities	2,466,852	7,078,204	9,545,056	-3,924,152	5,620,904	
Operating liabilities	72,847,518	11,813,667	84,661,185	-29,869,130	54,792,055	
– liabilities from direct insurance operations	16,952,626	3,464,318	20,416,944	-699,015	19,717,929	
– liabilities from reinsurance and co-insurance operations	51,715,802	7,919,968	59,635,770	-29,170,115	30,465,655	
– current tax liabilities	4,179,090	429,381	4,608,471	0	4,608,471	
Other liabilities	68,513,437	24,129,987	92,643,424	-17,133,217	75,510,207	
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	

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

Income statement	2018			2017 restated ¹²²			in EUR
	SLOVENIA	OTHER	TOTAL	SLOVENIA	OTHER	TOTAL	
Net premium income	779,269,087	172,493,775	951,762,862	734,661,208	156,536,161	891,197,369	
– gross written premium	877,185,838	191,208,569	1,068,394,407	822,832,394	177,084,232	999,916,626	
– ceded written premium	-89,697,015	-16,927,893	-106,624,908	-80,612,495	-16,938,238	-97,550,733	
– change in unearned premium reserve	-8,219,736	-1,786,901	-10,006,637	-7,558,691	-3,609,833	-11,168,524	
Income from investments in subsidiaries and associates	1,021,159	0	1,021,159	224,605	0	224,605	
– profit on equity investments accounted for using the equity method	1,021,159	0	1,021,159	224,605	0	224,605	
– other income from investments in subsidiaries and associates	0	0	0	0	0	0	
Income from investments	79,460,683	9,428,394	88,889,077	121,556,727	11,387,711	132,944,438	
– interest income calculated using the effective interest method	47,848,810	7,724,432	55,573,242	49,934,502	8,262,080	58,196,582	
– gains on disposals	23,219,606	558,231	23,777,837	28,739,643	1,050,837	29,790,480	
– other income from investments	8,392,267	1,145,731	9,537,998	42,882,582	2,074,794	44,957,376	
Other income from insurance operations	24,411,526	5,426,455	29,837,981	23,769,551	5,467,680	29,237,231	
– fees and commission income	14,757,683	1,048,498	15,806,181	14,910,284	1,577,185	16,487,469	
– other income from insurance operations	9,653,843	4,377,957	14,031,800	8,859,267	3,890,495	12,749,762	
Other income	28,874,202	7,275,331	36,149,533	26,925,437	7,107,679	34,033,116	
Net claims incurred	523,119,553	103,440,845	626,560,398	529,190,451	90,768,331	619,958,782	
– gross claims settled	569,323,507	110,276,711	679,600,218	551,469,877	90,692,692	642,162,569	
– reinsurers' share	-34,216,954	-5,772,012	-39,988,966	-18,968,468	-5,605,141	-24,573,609	
– changes in claims provisions	-18,184,698	-1,063,854	-19,248,552	-9,596,744	5,680,780	-3,915,964	
– equalisation scheme expenses for supplementary health insurance	6,197,698	0	6,197,698	6,285,786	0	6,285,786	
Change in other insurance technical provisions (excluding ULI)	37,683,950	2,176,423	39,860,373	55,383,283	4,897,907	60,281,190	
Change in insurance technical provisions for unit-linked insurance contracts	-44,833,006	-2,056,541	-46,889,547	-8,309,768	59,056	-8,250,712	
Expenses for bonuses and discounts	10,346,687	1,070,998	11,417,685	8,287,867	1,055,024	9,342,891	
Operating expenses	167,445,429	66,191,996	233,637,425	158,814,013	61,948,620	220,762,633	
– acquisition costs	112,892,556	46,352,537	159,245,093	106,001,753	41,940,659	147,942,412	
– other operating costs	54,552,873	19,839,459	74,392,332	52,812,260	20,007,961	72,820,221	
Expenses from investments in subsidiaries and associates	137,092	0	137,092	3,126,853	0	3,126,853	
– loss on investments accounted for using the equity method	137,092	0	137,092	1,981,853	0	1,981,853	
– other expenses from financial assets and liabilities	0	0	0	1,145,000	0	1,145,000	
Expenses from investments	63,012,641	4,105,845	67,118,486	26,056,157	1,594,901	27,651,058	
– loss on impairment of investments	1,448,876	48,607	1,497,483	200,000	135,255	335,255	
– loss on disposal of investments	12,821,070	307,858	13,128,928	11,083,421	175	11,083,596	
– other expenses from investments	48,742,695	3,749,380	52,492,075	14,772,736	1,459,471	16,232,207	
Other insurance expenses	26,638,755	7,105,380	33,744,134	22,090,097	5,967,965	28,058,062	
Other expenses	34,305,265	10,313,498	44,618,763	32,067,210	10,193,711	42,260,921	
– expenses from financing	1,324,643	59,718	1,384,361	1,368,553	262,470	1,631,023	
– other expenses	32,980,622	10,253,780	43,234,402	30,698,657	9,931,241	40,629,898	
Profit before tax	95,180,291	2,275,511	97,455,802	80,431,365	4,013,716	84,445,081	
Income tax expense	15,960,473	669,084	16,629,557	14,146,726	590,404	14,737,130	
NET PROFIT FOR THE PERIOD	79,219,818	1,606,427	80,826,245	66,284,639	3,423,312	69,707,951	
Net profit/loss attributable to the controlling company	79,230,941	1,431,813	80,662,753	66,155,033	3,101,526	69,256,559	
Net profit/loss attributable to the non-controlling interest holders	-11,123	174,614	163,491	129,606	321,785	451,391	

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2018¹²²The data for the previous reference period were reclassified due to a change in the structure of income statement. Details are presented [-> in Chapter 2.4].

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 94% of premium income is generated by the sale of insurance to the domestic insureds, the Company does not report by geographical area.

5.13.2 Statement of financial position for funds posted separately

	31 December 2018		31 December 2017		in EUR
	Renta 1	Renta 2	Renta 1	Renta 2	
Statement of financial position for funds posted separately					
ASSETS	37,156,896	10,445,014	35,867,987	6,593,743	
Investment property and financial investments	36,181,097	10,046,928	35,043,153	5,820,774	
Investment property	0	0	0	0	
Financial investments in subsidiaries and associates	0	0	0	0	
Investments in subsidiaries	0	0	0	0	
Investments in associates	0	0	0	0	
Other financial investments	36,181,097	10,046,928	35,043,153	5,820,774	Business Report
Shares and other floating rate securities and fund coupons	0	0	0	0	
Debt and other fixed return securities	36,181,097	10,046,928	35,043,153	5,820,774	
Investment fund shares	0	0	0	0	
Mortgage loans	0	0	0	0	
Other loans	0	0	0	0	Risk Management
Deposits with banks	0	0	0	0	
Other financial investments	0	0	0	0	
Reinsurers' share of technical provisions	0	0	0	0	
– from unearned premium	0	0	0	0	
– from mathematical provision	0	0	0	0	
– from outstanding claims	0	0	0	0	Accounting Report
– from bonuses and discounts	0	0	0	0	
– from technical provisions for life insurance policy holders who bear investment risk	0	0	0	0	
Receivables	234,921	37,548	340,396	72,319	
Receivables from direct insurance	0	0	0	0	Table of Contents
– receivables from insurers	0	0	0	0	
– receivables from insurance brokers	0	0	0	0	
– other receivables from direct insurance operations	0	0	0	0	
Receivables from re-insurance operations	0	0	0	0	
Other receivables	234,921	37,548	340,396	72,319	
Other assets	740,878	360,538	484,438	700,650	
Cash and cash equivalents	740,878	360,538	484,438	700,650	
Other assets	0	0	0	0	
Short-term deferred assets	0	0	0	0	
Accrued income from interest and rent	0	0	0	0	The Triglav Group and Zavarovalnica Triglav d.d. Annual Report 2018
Short-term deferred expenses	0	0	0	0	
Other short-term deferred items	0	0	0	0	
LIABILITIES	37,156,896	10,445,014	35,867,987	6,593,743	
Fair value reserves	0	0	0	0	
Gross insurance technical provisions	36,863,008	10,101,083	35,740,183	6,079,150	
– gross provisions for unearned premiums	0	0	0	0	
– gross mathematical provisions	36,863,008	10,101,083	35,740,183	6,079,150	
– gross claim provisions	0	0	0	0	
– gross provisions for bonuses and discounts	0	0	0	0	
Gross insurance technical provisions for unit-linked insurance contracts	0	0	0	0	
Liabilities from reinsurers' investments in reinsurance contracts	0	0	0	0	
Other liabilities	293,888	343,931	127,804	514,593	
Liabilities from direct insurance operations	250,957	311,230	87,815	498,454	
– liabilities to policy holders	12,478	2,003	5,718	0	
– liabilities to agents and brokers	0	0	0	0	
– other liabilities from direct insurance operations	238,479	309,227	82,097	498,454	
Liabilities from co-insurance and re-insurance operations	0	0	0	0	
Other liabilities	42,931	32,701	39,989	16,139	
Accruals	0	0	0	0	

in EUR

Other
Information**Statement of financial position for guarantee fund backing unit-linked life insurance**

	31 December 2018	31 December 2017
ASSETS	369,602,435	425,759,811
Investment property and financial investments	366,664,078	417,607,959
Investment property	0	0
Financial investments in subsidiaries and associates	0	0
Investments in subsidiaries	0	0
Investments in associates	0	0
Other financial investments	366,664,078	417,607,959
Shares and other floating rate securities and fund coupons	316,843,905	358,877,558
Debt and other fixed return securities	45,790,181	54,581,098
Investment fund shares	0	0
Mortgage loans	0	0
Other loans	0	0
Deposits with banks	4,029,992	4,149,303
Other financial investments	0	0
Reinsurers' share of technical provisions	0	0
– from unearned premium	0	0
– from mathematical provision	0	0
– from outstanding claims	0	0
– from bonuses and discounts	0	0
– from technical provisions for life insurance policy holders who bear investment risk	0	0
Receivables	4,218	7,345
Receivables from direct insurance	1,625	1,499
– receivables from insurers	0	0
– receivables from insurance brokers	0	0
– other receivables from direct insurance operations	1,625	1,499
Receivables from re-insurance operations	0	0
Other receivables	2,593	5,846
Other assets	2,934,139	8,144,507
Cash and cash equivalents	2,934,139	8,144,507
Other assets	0	0
Short-term deferred assets	0	0
Accrued income from interest and rent	0	0
Short-term deferred expenses	0	0
Other short-term deferred items	0	0
LIABILITIES	369,602,435	425,759,811
Fair value reserves	0	0
Gross insurance technical provisions	0	0
– gross provisions for unearned premiums	0	0
– gross mathematical provisions	0	0
– gross claim provisions	0	0
– gross provisions for bonuses and discounts	0	0
Gross insurance technical provisions for unit-linked insurance contracts	365,238,075	416,250,767
Liabilities from reinsurers' investments in reinsurance contracts	0	0
Other liabilities	4,364,360	9,509,044
Liabilities from direct insurance operations	35,990	13,719
– liabilities to policy holders	0	0
– liabilities to agents and brokers	0	0
– other liabilities from direct insurance operations	35,990	13,719
Liabilities from co-insurance and re-insurance operations	0	0
Other liabilities	4,328,370	9,495,325
Accruals	0	0

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5.13.3 Income statement of pension funds formed as a guarantee fund

	2018				2017				in EUR
Income statement for PDPZ funds	PDPZ skupina	PDPZ zajamčeni	PDPZ zmerni	PDPZ drzni	PDPZ skupina	PDPZ zajamčeni	PDPZ zmerni	PDPZ drzni	
Financial income	5,265,973	4,565,400	379,548	321,025	7,172,431	6,356,631	354,849	460,951	
Income from dividends and profit sharing	208,074	42,760	81,222	84,092	92,243	15,911	36,616	39,716	
Interest income	3,840,785	3,773,690	67,093	2	4,278,575	4,244,406	34,167	2	
Gains on disposal of financial investments	371,567	346,305	25,242	20	606,125	413,263	91,278	101,584	
Net income from changes in the fair value of investments which are recognised at fair value through profit or loss	617,329	402,473	101,060	113,796	2,167,783	1,676,705	186,591	304,487	Business Report
Other financial income	228,218	172	104,931	123,115	27,705	6,346	6,197	15,162	
Income from investment property	0	0	0	0	0	0	0	0	
Rental income from investment property	0	0	0	0	0	0	0	0	
Gains on disposal of investment property	0	0	0	0	0	0	0	0	
Net income from changes in the fair value of investments, which are recognised at fair value through profit or loss	0	0	0	0	0	0	0	0	Risk Management
Financial expenses	5,701,233	4,276,930	668,545	755,758	3,133,105	2,683,320	180,680	269,105	
Interest expenses	0	0	0	0	0	0	0	0	
Losses from disposal of financial investments	791,077	773,132	9,533	8,412	1,142,414	1,126,387	2,986	13,041	
Revaluation operating expenses arising from a change in the fair value of financial investment through profit and loss	4,885,448	3,503,754	647,551	734,143	1,612,433	1,525,822	36,994	49,617	
Other financial expenses	24,708	44	11,461	13,203	378,258	31,111	140,700	206,447	Accounting Report
Expenses from investment property	0	0	0	0	0	0	0	0	
Expenses from management and rental of investment property	0	0	0	0	0	0	0	0	
Losses from disposal of investment property	0	0	0	0	0	0	0	0	
Revaluation operating expenses arising from a change in the fair value of investment property through profit and loss	0	0	0	0	0	0	0	0	
Result of investment activities	-435,260	288,470	-288,997	-434,733	4,039,326	3,673,311	174,169	191,846	Table of Contents
Income from payments by investment manager for not achieving the guaranteed return	0	0	0	0	0	0	0	0	
Other income	0	0	0	0	0	0	0	0	
Other expenses directly charged to the guarantee fund in line with the fund management rules	2,056,071	1,901,055	95,231	59,785	1,978,577	1,883,252	59,023	36,302	
Management commission	2,035,385	1,901,055	83,141	51,189	1,963,462	1,883,252	50,795	29,415	
Custodian bank fees	5,373	0	3,326	2,047	3,208	0	2,032	1,176	
Auditing expenses	3,812	0	1,906	1,906	3,050	0	1,525	1,525	
Information expenses relating to guarantee fund members	0	0	0	0	0	0	0	0	
Brokerage expenses for the purchase and sale of securities	0	0	0	0	0	0	0	0	
Other expenses (which, according to the management rules, are) directly charged to the guarantee fund	11,501	0	6,858	4,643	8,857	0	4,671	4,186	The Triglav Group and Zavarovalnica Triglav d.d. Annual Report 2018
Other expenses	2	0	1	1	1	0	0	1	
Net profit intended for the insured	-2,491,333	-1,612,585	-384,229	-494,519	2,060,748	1,790,059	115,146	155,543	

5.13.4 Income statement for funds posted separately

	2018		2017		in EUR
	Renta 1	Renta 2	Renta 1	Renta 2	
Income statement of the guarantee fund backing additional pension insurance during the annuity payout period					
Transfer of funds from the pension scheme of additional pension insurance	3,608,382	5,215,651	4,071,895	4,170,609	
This legal entity	3,305,260	760,294	3,394,676	824,595	
Other insurance company	0	0	0	0	
Other pension companies	303,122	4,455,357	677,219	3,346,014	
Mutual pension fund	0	0	0	0	
Income from investments	1,433,512	119,039	1,085,859	100,770	
Income from dividends	0	0	0	0	
Income from other investments	843,424	108,805	950,608	98,013	
Income from land and buildings	0	0	0	0	
Interest income	608,554	71,257	610,263	25,694	
Other investment income	234,870	37,548	340,345	72,319	
Income from asset value adjustments	0	0	0	0	
Profit on disposal of investments	590,088	10,234	135,251	2,757	
Claims incurred	3,541,029	1,102,574	3,590,566	590,950	
Gross claims settled	3,541,029	1,102,574	3,590,566	590,950	
Change in gross provisions for claims outstanding	0	0	0	0	
Change in other net technical provisions (+/-)	1,013,338	4,018,142	1,085,521	3,525,984	
Change of mathematical provisions (+/-)	1,013,338	4,018,142	1,085,521	3,525,984	
Change of other net technical provisions (+/-)	0	0	0	0	
Expenses included in policies	487,527	200,613	481,571	148,819	
Initial expenses	10,703	156,470	20,317	125,118	
Collection, administrative expenses	364,944	0	347,982	0	
Costs of claim settlement	111,880	44,143	113,272	23,701	
Net operating expenses	109,356	94,043	91,949	67,656	
Acquisition costs	0	64,563	0	51,315	
Change of deferred acquisition costs (+/-)	0	0	0	0	
Other operating expenses	109,356	29,480	91,949	16,341	
Depreciation of assets used in insurance business	5,578	1,501	5,387	962	
Labour costs	58,664	15,790	53,180	9,500	
- wages and salaries	40,922	11,015	37,504	6,700	
- social security and pension insurance costs	7,207	1,940	6,462	1,154	
- other labour costs	10,535	2,835	9,214	1,646	
Costs of services provided by natural persons other than sole proprietors (costs under work contracts, service contracts and other relationships), together with duties and charges borne by the company	100	27	33	6	
Other operating expenses	45,014	12,162	33,349	5,873	
Income from reinsurance commissions and from participation in the positive technical result from reinsurance contract (-)	0	0	0	0	
Expenses from investments	0	13,361	96	5,626	
Depreciation and amortization of assets not used in operations	0	0	0	0	
Expenses arising from asset management, interest expenses and other financial expenses	0	9,538	0	5,626	
Revaluation financial expenses	0	0	0	0	
Loss on disposal of investments	0	3,823	96	0	
Profit or loss of the guarantee fund, taking into account expenses included in policies	0	0	0	0	
Profit or loss of the guarantee fund, taking into account net operating expenses	378,171	106,570	389,622	81,163	

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	2018	2017
		in EUR
Income statement for guarantee fund backing unit-linked life insurance		
Gross written premium	46,834,564	44,005,246
Income from investments	1,560,287	31,113,126
Income from dividends	1,442	94
Income from other investments	1,252,017	28,520,955
Income from land and buildings	0	0
Interest income	811,771	760,518
Other investment income	440,246	27,760,437
– financial income from revaluation	440,246	27,760,437
– other financial income	0	0
Income from asset value adjustments	0	0
Profit on disposal of investments	306,828	2,592,077
Expenses from cash surrender value	59,839,416	81,504,295
Ordinary termination	40,103,123	63,983,459
Extraordinary termination	19,736,293	17,520,836
– withdrawal from insurance contract	18,221,987	16,323,264
– cancellation of insurance contract	0	0
– death of the insured person	1,514,306	1,197,572
Change in other net technical provisions (+/-)	-50,884,979	-14,678,837
Change of mathematical provisions (+/-)	-50,884,979	-14,678,837
Change of other net technical provisions (+/-)	0	0
Fund management costs	8,157,745	7,995,618
Entry fees	1,170,538	1,867,083
Exit costs	0	0
Management commission	6,987,207	6,128,535
Expenses from investments	31,282,669	297,296
Depreciation and amortization of assets not used in operations	0	0
Expenses arising from asset management, interest expenses and other financial expenses	0	73
Revaluation financial expenses	28,122,518	142,893
Loss on disposal of investments	3,160,151	154,330
Net profit for the period	0	0