



Zavarovalnica Triglav, d.d.
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triglav

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www.triglav.si

Zavarovalnica Triglav d.d.

Audited annual report for the year ended 31 December 2013

MANAGEMENT BOARD:

President: Andrej Slapar

Members: Stanislav Vrtunski

Benjamin Jošar

Marica Makoter

Ljubljana, 18 March 2014

Business report

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1. ZAVAROVALNICA TRIGLAV IN 2013

1.1 Financial highlights of Zavarovalnica Triglav

- Despite unfavourable business conditions, Zavarovalnica Triglav d.d. (hereinafter Zavarovalnica Triglav) and the Triglav Group Triglav maintained a high level of financial stability.
- Zavarovalnica Triglav continued consolidating ownership of its subsidiaries.

in million EUR					
	2013	2012	2012	Index	
				2013/2012	2012/2011
Gross written premium from insurance and co-insurance contracts	605.8	647.6	696.7	94	93
Net premium income	548.6	596.8	628.1	92	95
Gross claims paid*	419.4	416.7	415.2	101	100
Net claims incurred	370.7	376.6	383.0	98	98
Gross operating costs	161.3	160.9	163.8	100	98
Profit/loss before tax	59.6	65.6	54.4	91	121
Net profit or loss	48.3	50.4	43.8	96	115
Insurance technical provisions as at 31 Dec.	1,959.3	1,990.2	1,940.8	98	103
Equity as at 31 Dec.	499.8	507.7	437.7	98	116
Return on equity	9.6 %	10.7 %	9.5 %	90	112
Number of employees as at 31 Dec.	2,373	2,405	2,400	99	100
Book value per share (in EUR)	21.98	22.33	19.25	98	116
Net earnings/loss per share (in EUR)	2.12	2.22	1.93	96	115

* Gross claims paid include claim handling costs and are reduced by subrogation receivables.

1.2 Financial calendar 2014

Calendar of financial announcements for 2014

Planned date of announcement	Type of announcement*	Silent period**
Announcement of unaudited non-consolidated and consolidated financial statements for 2013	7 March 2014	from 21 February 2014
Announcement of Audited Annual Report of Zavarovalnica Triglav d.d. and the Triglav Group for 2013 Announcement of the Statement of Compliance with the Corporate Governance Code	9 April 2014	from 26 March 2014
Announcement of the General Meeting of Shareholders of Zavarovalnica Triglav d.d. deciding on the distribution of accumulated profits	8 May 2014	
Announcement of the Interim Report for the period from 31 January to 31 March 2014 Announcement of the resolutions by the General Meeting of Shareholders of Zavarovalnica Triglav d.d. on the distribution of accumulated profits Dividend due date and date of payment	23 May 2014 10 June 2014	from 9 May 2014
Announcement of the Interim Report of Zavarovalnica Triglav d.d. and the Triglav Group for the period from 1 January to 30 June 2014	22 August 2014	from 8 August 2014
Announcement of the Interim Report for the period from 31 January to 30 September 2014	21 November 2014	from 7 November 2014

*Announcement dates as planned. The actual dates may differ from the above stated planned dates. Periodic announcements and other cost-sensitive data will be published on the Ljubljana Stock Exchange information system SEOnet at www.ljse.si and on the official website of Zavarovalnica Triglav d.d at www.triglav.eu.

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

1.3 Subsidiaries and associated companies of Zavarovalnica Triglav d.d.

Subsidiaries of Zavarovalnica Triglav:

- Pozavarovalnica Triglav Re d.d.
- Triglav, Zdravstvena zavarovalnica d.d.
- Triglav INT holdinška družba d.d.
- Triglav Skladi, družba za upravljanje d.o.o.
- Triglav Naložbe, finančna družba d.d.
- Triglav Svetovanje, zavarovalno zastopanje d.o.o.
- AS Triglav - servis in trgovina d.o.o.
- Triglav nepremičnine, upravljanje, svetovanje in trgovanje z lastnimi nepremičninami, d.o.o.
- Slovenijales d.d.
- Gradis IPGI d.d.
- Hotel Grad Podvin d.d.
- Vse bo v redu, zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti

Associated companies of Zavarovalnica Triglav:

- Skupna pokojninska družba d.d.
- TriglavKo zavarovalno zastopniška družba d.o.o.
- Nama trgovsko podjetje d.d.

1.3.1 Changes to the shareholder structure of Zavarovalnica Triglav in subsidiaries in 2013

- In the first three months of 2013, Zavarovalnica Triglav acquired 5,744 shares in Slovenijales d.d., thus increasing its stake in the company to 100%. The purchase price of the 2.0% equity stake equaled EUR 686,006.
- On 24 December 2012, the Companies Register (Agencija za privredne registre) in the Republic of Serbia issued a decision to start a liquidation procedure for Triglav Penzijski fondovi a.d., Belgrade. Following the completed liquidation, Triglav Penzijski fondovi a.d., Belgrade was deleted from the Companies Register on 3 October 2013.
- TRI-PRO, zavarovalno zastopniška družba changed its name to Triglav Svetovanje, zavarovalno zastopanje, d.o.o. abbreviated to Triglav Svetovanje d.o.o.
- In 2013, Zavarovalnica Triglav founded Zavod Vse bo v redu ("Everything Will Be Alright" Institute) by investing EUR 100,000 with an aim to promote work on sustainable development.

1.3.2 Changes to the shareholder structure in the Triglav Group in 2013

- Salnal d.d. changed its name to Salnal d.o.o.
- Avrigo d.o.o. increased the share capital of its subsidiary – Integral Zagorje d.o.o. – in an amount of EUR 127,482.
- Upon the payment of EUR 4.6 million, Triglav INT d.d. provided additional capital to Triglav Osiguranje a.d.o., Belgrade. Additional capital was raised by issuing 746,055 shares with a nominal value of Serbian dinars 700 each – increasing the share of Triglav INT in the company from 97.10% to 99.15% in total.
- Triglav Skladi divested from Polara Invest d.d., Banja Luka.

- Lovćen Osiguranje a.d.o., Podgorica increased its equity stake in subsidiary Lovćen Auto a.d. in the amount of EUR 800,000.
- Družba Triglav Skladi divested from ZIF Polara Invest Fond a.d., Banja Luka.
- Based on a final decision in summary proceedings, Tehnološki center varne vožnje Vransko d.o.o. was deleted from the Companies Register.

1.4 The management of Zavarovalnica Triglav

As at the end of 2013, the Management Board of the Company was composed of the following members:

- Andrej Slapar, President;
- Stanislav Vrtunski, Member;
- Benjamin Jošar, Member;
- Marica Makoter, Member and Employee Representative.

Matjaž Rakovec acted as a Management Board's President until 22 May 2013. For more details see *Section 4.3.2.3 Introducing the Management Board*.

2. ADRESS BY THE PRESIDENT OF THE MANAGEMENT BOARD

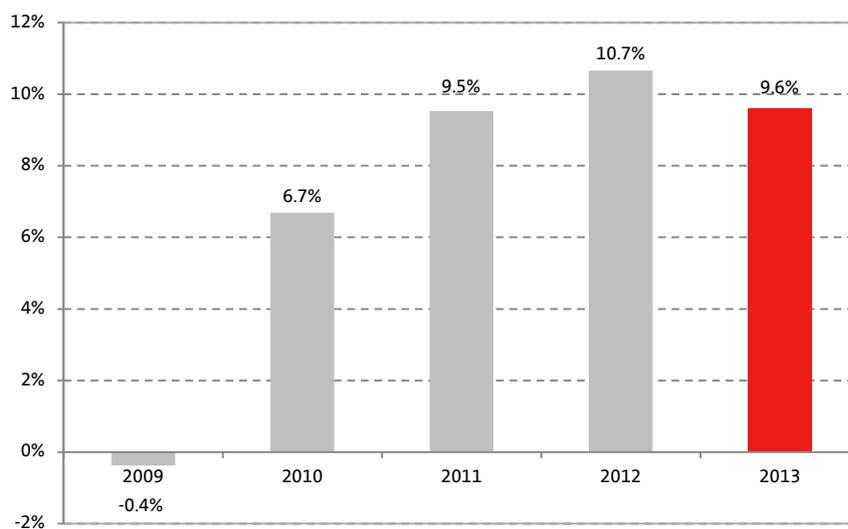
Dear Shareholders, Business Partners and Colleagues,

Despite the continuing economic and financial crisis that proved to be very challenging, Zavarovalnica Triglav is proud to report that its performance in 2013 was strong. In crisis conditions, the Company continued to implement its strategy, placing focus on the core insurance business, profitability and safety of operations. As the holding company of the Triglav Group, Zavarovalnica Triglav strengthened the Group's management, internal processes and market approach.

Achieved net profit and combined ratio better than planned

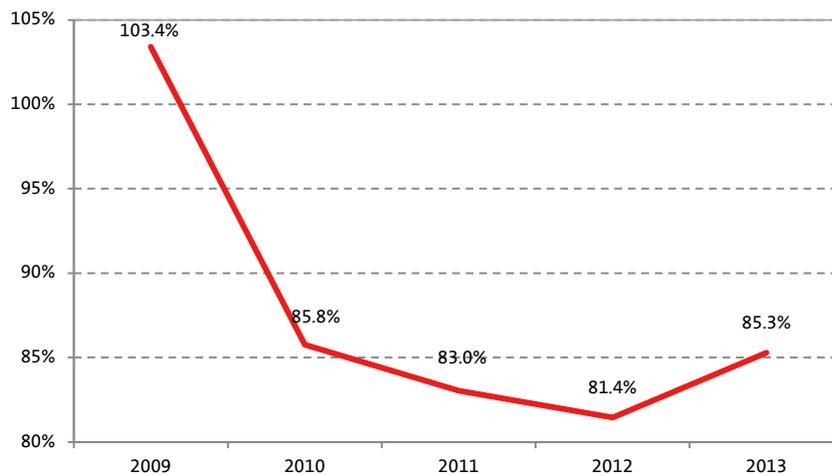
Despite tight operating conditions on the Company's sales markets and a difficult situation on capital markets, Zavarovalnica Triglav ended 2013 with a net profit of EUR 48.3 million or 4% less than in 2012, which was however still 15% more than planned. A 9.6% return on equity was achieved.

Net return on equity (ROE) of Zavarovalnica Triglav in %



Intensive management of the non-life insurance portfolio led to a favourable combined ratio. Therefore, the combined ratio of Zavarovalnica Triglav – a measure of profitability in core insurance operations – reached 85.3%, exceeding the budgeted level.

Combined ratio in non-life insurance for Zavarovalnica Triglav



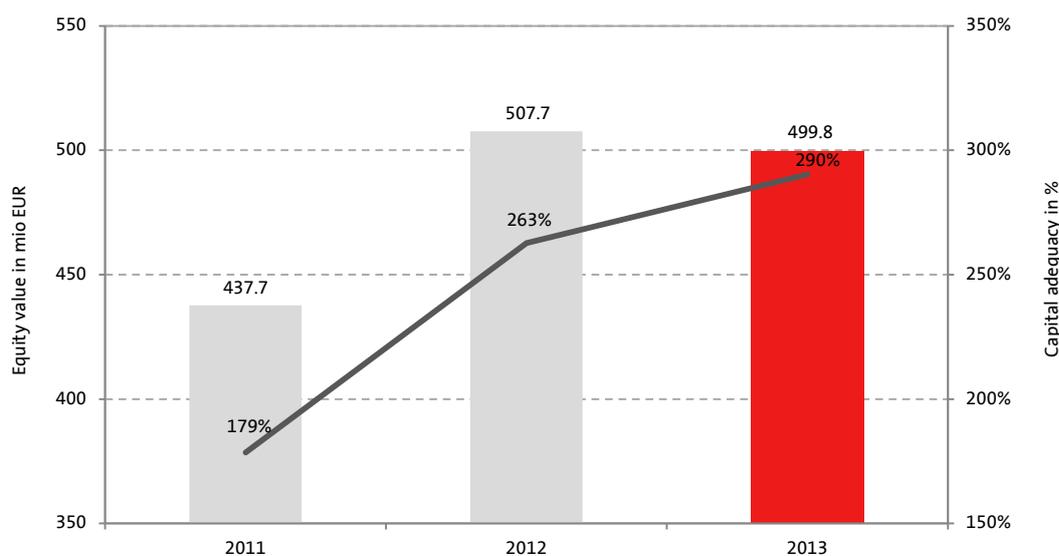
Stable financial position and good credit ratings

Zavarovalnica Triglav managed to keep high financial stability achieved by prudent management of business and financial risks, as confirmed by credit rating agencies Standard & Poor's and A.M. Best, which both assigned an »A-« credit rating to both Zavarovalnica Triglav and Pozavarovalnica Triglav Re. The ratings are stable with a medium-term outlook and reflect their supportive risk-adjusted capitalisation, good operating performance and strong competitive position of the Triglav Group within the Slovene market.

An overview of its most important aspects also shows the Company's high financial stability. As at 31 December 2013, the total value of equity which is of significant importance for safe insurance operations, amounted to EUR 499.8 million or 2% less than the previous year. Gross insurance technical provisions, which are the basis for balanced operations and ensuring the long-term safety of policyholders, totalled EUR 1,959.3 million.

Zavarovalnica Triglav maintained the required capital adequacy throughout the entire 2013 and even increased it compared to 2012. The minimum required capital-to-available-capital ratio in non-life insurance as at 31 December 2013 was 362 and in life insurance the respective ratio was 183.

Capital and capital adequacy



With a 30.8% share in 2013, Zavarovalnica Triglav remains the market leader

Falling purchasing power of households resulted in lower insurance density, accompanied by a high unemployment rate, a decline in activities of economic entities, lower demand for some insurance products and extremely fierce competition. These market trends had an impact on total written premium, which dropped by 6% compared to 2012.

Despite tight market conditions, with a 30.8% market share, Zavarovalnica Triglav continues to hold the leading market position among traditional insurance companies in Slovenia. The combined market share of Zavarovalnica Triglav and Triglav Zdravstvena zavarovalnica increased by 0.2 percentage point to 36.1%. The Company increased its life insurance market share to 33.6%, while its non-life insurance market share decreased by 1.4 percentage points, totalling 29.7%.

Gross claims paid were 1% higher compared to the previous year and totalled EUR 419.4 million. Gross claims incurred from non-life insurance decreased by 2%, whereas gross claims incurred from life insurance rose by 5%. The latter mostly relate to maturities and surrenders, which are paid up to the amount of formed mathematical provisions and therefore do not affect net profit/loss. The profit level was also affected by individual mass loss events, consequences of wind storms with snow, frost, hail, and floods, which have become more frequent in recent years. The biggest damage was caused by a frost and snow storm in January affecting the entire Slovenia.

The Company's business results are strongly influenced by the situation on capital markets, as diverse financial investments represent the majority of the Company's total assets. The return on financial investments in 2013 was lower than the previous year, primarily as a result of high permanent impairments of financial investments and a lower return on long-term business fund backing unit-linked life insurance.

Zavarovalnica Triglav's share price increased by over 15%

The year 2013 was marked by increased confidence of stock market investors, resulting in an encouraging growth of the ZVTG share price and liquidity. The price of Zavarovalnica Triglav's share increased by 15% since the end of 2012 and equalled EUR 19 at the end of 2013. The ZVTG share was the second most traded equity on the Ljubljana Stock Exchange, accounting for 16% of total trading volume. The share of international investors in the Company's ownership structure increased, who now hold almost a 17% stake.

Changing for the better

To deal effectively with the economic and market conditions, new innovative insurance products are being intensely developed and the existing ones redesigned. Comprehensive focus on clients and sales channels is becoming a common point of all business functions, which is supported by changes in the Company's internal organisational structure. Greater user mobility and e-business expansion are opportunities to prove the vitality of the Company as the insurance company with the longest tradition in the Slovene market by introducing quality technological innovations.

The online range of products and services is continually upgraded, the focus also being on simplifying loss adjustment procedures, especially those involving mass loss events. The Company responds to the events affecting a large number of policyholders by adapting its claim reporting procedures, internal organisation and mobile solutions, while focusing on maintaining its business continuity, professionalism and risk management.

An ambitious strategy for the 2013–2017 period

In the Strategy for the 2013–2017 period adopted in November, the main strategic objectives were adapted to the deteriorating economic conditions on the Triglav Group's markets, the tightening macroeconomic situation and new characteristics of consumer behaviour. The Company's operations will continue to be focused on its core insurance business, profitability and safety of operations.

The Group set very ambitious goals for the period to 2017. Plans include a return on equity above 10% and combined ratio at around 95% in the entire period. The Group will continue to be the leading insurance company on the domestic market, paying special attention to the development of health and pension insurance products. Apart from that, the Group plans to hold at least a 10% market share on all of its key foreign markets.

A look ahead

According to forecasts, conditions in the markets in which Triglav Group operates will remain uncertain also in 2014. Nevertheless, stable profitability and net profit of the Triglav Group are planned at EUR 65.6 million and a combined ratio of 96.3%. Bearing in mind the poor economic situation of markets on which the Triglav Group operates, the Group has set itself very ambitious objectives.

Efforts of the entire Company and many measures presented in continuation will be aimed at achieving the set objectives and implementing the adopted Strategy.

The Company's corporate social responsibility will continue to be a priority by ensuring compliance of operations, financial stability and safety of products. The Company endeavours to ensure highly ethical conduct of employees and to create a tolerant, healthy and stimulating

environment. Zavarovalnica Triglav remains the insurance company with the most accessible network in Slovenia and diverse forms of cooperation with the local community.

With the shareholders support, the Company will continue to strive for the achievement of priority guidelines, to develop as an insurance hub of the region as well as to consolidate and strengthen its presence on the existing markets.

Andrej Slapar,

President of the Management Board of Zavarovalnica Triglav d.d.

3. STRATEGY AND PLANS OF THE TRIGLAV GROUP

- The Triglav Group adopted a new Triglav Group and Zavarovalnica Triglav d.d. Strategy for the 2013–2017 period.
- In 2013, Zavarovalnica Triglav surpassed its planned profit level.
- In demanding business conditions, the net profit of the Triglav Group in 2014 is planned at EUR 65.6 million.

In November 2013, the Triglav Group Strategy for the 2013–2017 period was adopted. It is a revised Strategy for the 2011–2015 period due to the changed economic conditions in the markets on which the Triglav Group operates, a grim macroeconomic situation and changes in consumer behaviour. The Strategy is set very ambitiously, which is reflected in its key strategy objectives (see *Section 3.2*). In the above-mentioned period, the Group will be focused on its core insurance business, profitability and safety of operations.

3.1 Mission, values and vision of the Triglav Group

3.1.1 Mission

We are building a safer future.

3.1.2 Values

The companies of the Triglav Group are centred around common values, which are realised through personal relations and relations with the environment. Simplicity is a new value, in addition to professionalism, security and corporate social responsibility.

PROFESSIONALISM: Business objectives are pursued through state-of-the-art insurance/financial services provided by highly professional employees. The Triglav Group is the key promoter of professional development of insurance/financial services in the environment.

SECURITY: Safe operations are guaranteed by efficient risk management. The Group's high-quality products and services improve the financial security of clients.

SIMPLICITY: Everything we do must bring benefit and generate value. Jointly and rapidly unnecessary complexity and red-tapism are eliminated. Products and processes are being simplified without reducing the high level of professional competence.

CORPORATE SOCIAL RESPONSIBILITY: The sustainable development of the Triglav Group (balancing of people, environmental awareness and profitability) is based on corporate social responsibility, implemented as economic, legal, ethical and philanthropic responsibility.

3.1.3 Vision

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

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

distinguished by comprehensive insurance/financial services offered through modern sales channels. Clients perceive the Group's products as simple and desirable.

The Group reaches at least a 10% market share on all of its foreign markets, and ranks among the top three insurance companies in all key markets in terms of premium. The Group has a well-regulated and efficient governance system and follows the principles of modern organisation in all areas of business. The processes are lean and streamlined. Dedicated and highly-qualified employees are the basis of the Group's sustainable development.

3.2 Fundamental goals and characteristics of the Triglav Group Strategy for the 2013–2017 period

Key strategy objectives: The Triglav Group set very ambitious goals for the period up to 2017. Plans include a return on equity above 10% and a stable combined ratio around 95% in the entire period.

Expansion of the Triglav Group: The Triglav Group plans further growth and development in target markets in South-East Europe by winning at least a 10% market share. On the Slovene market, it will focus on profitability and maintaining the largest market share. So as to further expand and develop on the domestic market, special attention will be paid to health and pension insurance products.

Dividend policy: The dividend policy of Zavarovalnica Triglav remains the same and arises from the target capital adequacy and the plans for further growth and development of the Group in its target markets. In line with the policy, the Triglav Group will always have enough available capital to independently ensure its »A« rating.

3.2.1 Strategic guidelines

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

No imprudent exposure to business and financial risks.

3.2.2 Strategic objectives

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

<p>1. Employees, competences and learning level</p> <ul style="list-style-type: none"> ▪ Focus on client and employee satisfaction ▪ Stimulation of creativity ▪ Stimulation of learning and internal transfer of knowledge ▪ Established intergenerational cooperation ▪ Increased mobility and internationalisation of the staff ▪ Implemented system of successions; development and retention of the promising staff ▪ Renewed organisational culture in accordance with the Group's values ▪ Increased share of the variable part of remuneration for successful individuals. 	<p>2. Processes and organisation level</p> <ul style="list-style-type: none"> ▪ Implemented data warehouse with a CRM system ▪ Simplified (lean) business processes and cost efficiency ▪ Developed sales activities via own sales network in subsidiaries ▪ Efficient management by objectives at all levels of the Group ▪ Innovative and speedy development of products and alternative sales channels ▪ Efficient corporate governance system and key internal controls for the Group ▪ Compliance with Solvency II requirements.
<p>3. Client level</p> <ul style="list-style-type: none"> ▪ Comprehensive overview of policyholder and an upgraded, modern credit scoring system ▪ Developed and efficient client loyalty programmes ▪ Growing number of active policyholders ▪ A range of integrated insurance/financial services offered through modern sales channels ▪ The Triglav Group as the biggest insurance company in the region of South-East Europe measured by its written premium – holding at least a 10% share of an individual insurance market. 	<p>4. Finance level</p> <ul style="list-style-type: none"> ▪ Profitability ▪ Optimised assets and liabilities structure according to the requirements of Solvency II and the »A« rating from Standard & Poor's ▪ Positive insurance technical result of the Group ▪ Efficient claim management system.

3.3 Objectives achieved by Zavarovalnica Triglav in 2013

Zavarovalnica Triglav continued to implement its strategy, placing focus on the core insurance business, profitability and safety of operations. Despite a difficult economic and financial situation, the Company generated **net profit totalling EUR 48.3 million**, and surpassed the 2013 budgeted level by 15%. It managed to keep high financial stability, also owing to the prudent management of business and financial risks, as confirmed by the credit rating agencies Standard & Poor's and A.M. Best, which both raised Zavarovalnica Triglav's and Pozavarovalnica Triglav Re's credit rating to »A-«. The ratings, which were assigned a stable medium-term outlook, reflect their supportive risk-adjusted capitalisation, good operating performance and strong competitive position of the Triglav Group within the Slovene market (see also Section 5.8 *Credit rating of the Triglav Group and Zavarovalnica Triglav* for more details).

Total written premium decreased by 6% compared to 2012 and was lower than planned, which can be attributed to the persevering economic crisis. Falling purchasing power resulted in lower insurance coverage, accompanied by rising unemployment rate, a decline in activities of economic entities, lower demand for some insurance products and extremely fierce competition. The lower premium is reflected in redefining of marketing and sales policies in order to maintain and sustain the portfolio as well as in measures for improving the insurance technical result of individual non-life insurance classes. Intensive management of the non-life insurance portfolio led to a favourable combined ratio. The **combined ratio** – a measure of profitability in core insurance operations – **reached 85.3%**, which is more than planned.

The profit level was also affected by **individual mass loss events**. The biggest damage was caused by snow storms and frost that affected a great part of Slovenia in January (see Section 7.2 *Environmental impact on the performance of Zavarovalnica Triglav* for more details).

Zavarovalnica Triglav's business results are heavily influenced by the situation on capital markets, as diverse financial investments represent the majority of the Company's total assets. The global financial crisis caused market slumps. Despite a conservative investment policy of Zavarovalnica Triglav, the value of some portfolio investments decreased, mainly resulting in a lower net profit. **Financial assets were permanently impaired by EUR 51.7 million.** Zavarovalnica Triglav regularly met liquidity requirements and managed its investment portfolio in adherence to the principles of security, liquidity and profitability.

The **value of the Zavarovalnica Triglav's share (bearing the ticker symbol ZVTG)**, which is listed on the Ljubljana Stock Exchange, was marked by the exchange rate growth and increased liquidity. The closing price of the share **increased by 15% since the end of 2012** and equalled EUR 19 at the end of 2013. The ZVTG share was the second most traded share on the Ljubljana Stock Exchange, generating 16% of total securities turnover. The average daily turnover in 2013 was more than twice as high as the 2012 average. Apart from that, the share of international investors increased by almost 7 percentage points to 16.6% – for more information see *Section 5. Share capital and Shareholders of Zavarovalnica Triglav*.

The total value of equity of Zavarovalnica Triglav as at 31 December 2013 was EUR 499.8 million or 2% less than in the year before. The portion of equity in the balance sheet total increased by 0.1 percentage point compared to 31 December 2012, reaching 19.6% (for more information see *Section 9.1 Equity and Liabilities*).

3.4 Plans of the Triglav Group for 2014

The Triglav Group business plan for 2014 was produced on the basis of strategic starting points and objectives of the Group for the period 2013–2017. By doing so, market potentials and circumstances in the insurance markets covered by the Group were taken into account as well as forecasts of respective macroeconomic trends in those markets for 2014.

The starting points of the plan are focusing on the core insurance business, achieving the highest possible profitability and safety of operations. The economic and financial crisis will have an impact on the core business – insurance operations, exposing the Company to the risks of lower demand for some insurance products, policyholders defaulting on the payment of premiums and risks related to the selection of underwriting risks.

The crisis, among others, will be reflected in a lower economic activity, reduction in exports and imports, new corporate bankruptcies, reduced purchasing power of households, higher unemployment rate, lower bank crediting, etc.

Financial highlights of the Triglav Group business plan for 2014

	2014 plan
Gross written premium from insurance and co-insurance contracts	EUR 902.1 million
Gross claims settled	EUR 668.5 million
Profit/loss before tax	EUR 75.9 million
Net profit or loss	EUR 65.6 million
Equity as at 31 Dec.	EUR 606.1 million
Combined ratio in non-life insurance	96.3%

Net profit/loss: Net profit of the Triglav Group is planned at EUR 65.6 million, whereas net profit before tax will amount to EUR 75.9 million. Bearing in mind the poor economic situation of markets, on which the Triglav Group operates, the Group has set itself very ambitious objectives. The combined ratio – a ratio between total non-life insurance expenses and net premium earned – will reach 96.3%.

The basic objective of the Triglav Group's insurance subsidiaries for 2014 is an on-going improvement of profit and loss arising from their core business and combined ratio. The budgeted combined ratios of all insurance subsidiaries are planned to be lower than 100% by the end of the strategic period.

Premium trends: Sales activities in 2014 will be even more focused on clients and on developing and increasing the efficiency of internal and external sales network. In the marketing approach, emphasis will be placed on the quality, simplicity, transparency and a high standard of services, supplemented with a penetrating market strategy. Despite a tight economic situation, the Triglav Group plans to book EUR 902.1 million in consolidated gross written premium or approximately the same as in 2013. The parent company, Zavarovalnica Triglav, plans a lower premium compared to 2013, which predominantly results from a high number of maturities due to the aging of the portfolio and due to surrenders, foreseen measures for retaining solid and loyal clients with client loyalty programmes, price adjustments to match competition as well as measures to improve the insurance technical result of individual non-life insurance classes.

Loss events: In 2014, a slightly increased number of loss events is planned, which will require regular adjustments to the reinsurance protection programme. Due to the developments in recent years and the ever more frequent mass catastrophe claims (hail, floods, storms, etc.), the Company expects an increased number of loss events. According to the plan, consolidated gross claims paid by the Triglav Group will amount to EUR 668.5 million. Due to an increased number of loss events, more expensive reinsurance protection and smaller volume of premiums, the claims ratio is expected to decrease to 67.5%. Technological, process and organisational improvements will be continually made to the claim settlement procedure, in line with the strategic objectives. By enhancing professionalism of employees and contracted partners, the Company will ensure a correct execution, quality and speedy completion time of loss adjustment procedures.

Cost management: According to anticipations, gross operating expenses will remain at a level approximately equal to 2013, aiming at keeping the share of operating costs in gross written premium round the 2013 year-end level. Due to large IT investments, a high growth in depreciation is planned. The cost reduction measures will be predominantly focused on those types of costs that are not directly related to insurance acquisition.

Investment: The Group plans a restrictive policy of investments in real property, equipment and intangible assets, primarily aimed at strategic projects in IT and general affairs as well as most urgent maintenance.

Financial investments: Adequate levels of investment security and liquidity will remain at the forefront of the Triglav Group's investment guidelines. These will be followed by the criterion of profitability. In view of an uncertain economic situation it is estimated that the uncertain outcome of the debt crisis and its effect on the Company's exposure to financial risks will continue to present the greatest risk. The credit risk (counterparty's default risk) of government securities remains high as well as the risk of changes in credit spreads.

Risk management: The main goal in risk management is to set up an economic capital model for the asset and liability management of Zavarovalnica Triglav. The target model will ensure that risk exposure is within the limits of the defined appetite and profitability within the strategic objectives and that the Company will have sufficient capital to ensure compliance with the requirements of credit rating agencies as well as those of Solvency I and Solvency II at any time.

4. CORPORATE GOVERNANCE STATEMENT

- **Changes to the Management and the Supervisory Boards.**
- **The subsidiaries adopted new business strategy for the period to 2017.**
- **Functional areas continue to transfer good business practices and minimum standards from the controlling company to the subsidiaries.**

4.1 Governance policy

The Management and the Supervisory Boards passed the Governance Policy of Zavarovalnica Triglav. The document was published on SEOnet, the Ljubljana Stock Exchange information system, and on the official website of Zavarovalnica Triglav d.d. (www.triglav.eu).

4.2 Statement of Compliance with the Corporate Governance Code

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

The statement of compliance with the Corporate Governance Code for the period from 1 January 2013 to the day of publication, i.e. 9 April 2014, was published on SEOnet, the information system of the Ljubljana Stock Exchange, and on the official website of Zavarovalnica Triglav at www.triglav.eu.

Zavarovalnica Triglav applies the provisions of the Code. For well-grounded reasons, it did not adhere to the provisions of the Code in the following decision:

- 8.1 in conjunction with 11
The Secretary of the Supervisory Board has not been appointed. The tasks of the Secretary of the Supervisory Board are carried out by the relevant department of the Company.

In addition, the Company conducts business in line with the principles of the Insurance Code, available on the website of the Slovenian Insurance Association at www.zav-zdruzenje.si.

In 2013, the Code of Good Business Practices of Zavarovalnica Triglav was adopted, available on the official website of Zavarovalnica Triglav www.triglav.eu.

Moreover, in a statement published on its website (www.triglav.eu), Zavarovalnica Triglav took a position on the Corporate Governance Code for Capital Assets of the Republic of Slovenia and the Recommendations of the Management Company of the Republic of Slovenia's Direct and Indirect Shareholdings (all documents are available on the webpage of Slovenska odškodninska družba (www.so-druzba.si)).

4.3 Management bodies of Zavarovalnica Triglav

Zavarovalnica Triglav is managed and governed according to a two-tier system. The management bodies are the General Meeting of Shareholders, the Management Board and the Supervisory Board. The management bodies operate in compliance with the primary and secondary legislation, the Memorandum and Articles of Association and their own rules of procedure. The Memorandum and Articles of Association are available at www.triglav.eu.

4.3.1 General Meetings of Shareholders

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

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

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

The rights and obligations attached to the shares, reaching a qualifying holding and the restriction on transfer of shares that would grant their holders special control rights are described in detail in the Section 5.2 *The share of Zavarovalnica Triglav*. See the Insurance Act for details.

The shares of the two shareholders who (in accordance with the Takeover Act) own a qualifying holding in Zavarovalnica Triglav remained unchanged in 2013:

- Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Institute of Pension and Invalidity Insurance of Slovenia; hereinafter: ZPIZ) is the direct holder of 7,836,628 shares or 34.47% of the share capital of Zavarovalnica Triglav. On behalf of and for the account of ZPIZ, as at 28 December 2012, the shareholder's rights attached to the shares were managed by the Capital Assets Management Agency of the Republic of Slovenia (hereinafter: AUKN) in compliance with the Law on Corporate Governance of State Capital Investments (Official Gazette of the RS, No. 38/2010, 18/11 and 77/11). As at 28 December 2012, in compliance with Article 38 (4) of the Slovenia Sovereign Holding Act (ZED, Official Gazette of the RS, No. 105/2012), the management of ZPIZ's equity holding in Zavarovalnica Triglav was transferred to Slovenski državni holding d.d. (hereinafter: SDH). With the adoption of the Slovenia Sovereign Holding Act (ZSDH) and in compliance with its Article 38 (1), the Capital Assets Management Agency of the Republic of Slovenia ceased to exist and, until the transformation of Slovenska odškodninska družba d.d., Ljubljana (hereinafter: SOD) into SDH, the assets shall be managed in the name of and for the account of the Republic of Slovenia by the Management Board of SOD.
- As at 31 December 2013, Slovenska odškodninska družba d.d., Ljubljana (hereinafter: SOD), held 6,380,728 shares or 28.07% of the share capital of Zavarovalnica Triglav.

As at 31 December 2013, Zavarovalnica Triglav had no other shareholders whose holdings exceeded 5% of the share capital, nor any issued securities that would grant their holders special control rights.

General Meeting of Shareholders in 2013

The shareholders of Zavarovalnica Triglav had two general meetings in 2013. The 37th General Meeting of Shareholders took place on 14 February 2013. The total number of shares and voting rights represented at the General Meeting of Shareholders was 11,249,924 or 49.55% of all shares to which voting rights are attached.

The General Meeting of Shareholders took note of:

- the expiration of the terms of office as at 7 April 2013 of the following Supervisory Board members – shareholder representatives: Igor Mihajlovič, Aljoša Valentinčič, Vladimir Uršič, Adolf Zupan, Gregor Kastelic and Jovan Lukovac;
- the appointment of new Supervisory Board members with four-year terms of office commencing on 8 April 2013: Aleš Živkovič, Rok Strašek, Žiga Andoljšek, Jovan Lukovac, Mihael Perman, and Blaž Šlemic;
- the activities regarding the participation of Zavarovalnica Triglav in the share capital increase of Triglav INT d.d. and the entry of a strategic partner in the latter and, in particular, supervision and investment decision making in the subsidiaries of Triglav INT d.d., as well as the current state of affairs regarding the entry of a strategic partner in the shareholder structure of Triglav INT d.d.

Mr Rajko Stanković, the representative of the shareholder Association of Small Shareholders of Slovenia, announced to file an action for annulment with reference to all resolutions passed at the 37th General Meeting of Shareholders of Zavarovalnica Triglav, excluding the resolution on the appointing Mihael Perman a member of the Supervisory Board.

On 5 March 2013, Zavarovalnica Triglav was served a Securities Market Agency Decision of 4 March 2013, ordering them to prohibit, as at the day the decision becomes final, the following persons from exercising their voting rights:

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

until Slovenska odškodninska družba d.d. on its own behalf and for its own account or on behalf of and for the account of Zavod za pokojninsko in invalidsko zavarovanje; Hit d.d.; Elektro-Slovenija d.o.o.; Luka Koper d.d.; D.S.U., družba za svetovanje in upravljanje d.o.o.; NOVA KBM d.d. and Telekom Slovenije d.d., Cigaletova ulica 15, Ljubljana, jointly or severally, on behalf of and for the account of all, launch a takeover bid for the offeree company Zavarovalnica Triglav d.d., in accordance with the Takeover Act, or until the companies stated hereunder and holding voting rights in the offeree company divest the ZVTG shares so that they neither jointly nor severally no longer reach the takeover threshold.

The 38th General Meeting of Shareholders of Zavarovalnica Triglav was held on 11 June 2013. The total number of shares and voting rights represented was 4,129,549 or 50.72% of all shares to which voting rights are attached. In line with the above-mentioned Securities Market Agency Decision, the shareholders Slovenska odškodninska družba d.d., Zavod za pokojninsko

in invalidsko zavarovanje, HIT Hoteli, igralnice, turizem d.d., Elektro-Slovenija d.o.o., D.S.U., družba za svetovanje in upravljanje d.o.o., Nova KBM d.d., Telekom Slovenije d.d., did not exercise their voting rights attached to Zavarovalnica Triglav shares. At the General Meeting of Shareholders no action for annulment were announced.

The General Meeting of Shareholders:

- took note of the Annual Reports of Zavarovalnica Triglav and the Triglav Group for 2012, including the opinions given by the audit firms, and the Annual Internal Audit Report for 2012;
- took note of the Supervisory Board's report on the examination of both Annual Reports for 2012 and its opinion on the Annual Internal Audit Report by the Internal Audit Department for 2012;
- adopted a resolution on the following distribution of the accumulated profit of EUR 98,205,999.33 as at 31 December 2012;
 - EUR 45,470,296.00 to dividend payments to the shareholders, i.e. EUR 2.0 gross per share
 - the decision on the distribution of the remaining accumulated profit of EUR 52,735,703.33 shall be made in the following years;
- passed a resolution granting discharge to the Management Board and the Supervisory Board for the 2012 business year;
- appointed the audit firm ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as the auditors of Zavarovalnica Triglav for the 2013 business year;
- As at 11 June 2013, the General Meeting of Shareholders of the Company recalled the following Supervisory Board members – shareholder representatives: Aleš Živkovič, Rok Strašek, Žiga Andoljšek, Jovan Lukovac, Mihael Perman and Blaž Šlemic, and appointed Mario Gobbo, Dubravko Štimac, Rajko Stanković, Matej Runjak, Gregor Kastelic and Matija Blažič new Supervisory Board members with a four-year term of office. Their terms of office started on the day following their election at the General Meeting of Shareholders, i.e. on 12 June 2013.

4.3.2 Management Board

Any person fulfilling the requirements stipulated by the Insurance Act and the Companies Act may be appointed to the Management Board as its President or member. The Management Board of Zavarovalnica Triglav manages the Company independently and at its own responsibility, and presents and represents the Company without limitations. In legal transactions, the Company is always jointly presented and represented by two members of the Management Board, one of whom must be its President.

4.3.2.1 Composition and appointment of the Management Board

According to the Memorandum and Articles of Association, the Management Board has no less than three and no more than six members, of whom one is the president. The Management Board is appointed by the Supervisory Board. The number of Management Board members, their competences, the manner of representation and presentation and the transfer of the Management Board's authorities are determined by the Supervisory Board in the Management Board Rules. The term of office of an individual Management Board is up to five years, with the possibility of reappointing its members. In Zavarovalnica Triglav, the employee representative is a member of the Management Board.

The appointment or recall of all members or an individual member is proposed to the Supervisory Board by the President of the Management Board. The Supervisory Board may

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

4.3.2.2 Management Board competence to increase the share capital

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

4.3.2.3 Introducing the Management Board

As at the end of 2013, the Management Board of the Company was composed of the following members:

Andrej Slapar, President of the Management Board

- Born in 1972. Bachelor of Laws.
- Andrej Slapar was first employed in Zavarovalnica Triglav in 1997 as a lawyer in the Department of International Claims and Insurance Law. From 1999 to 2009, he continued his professional career in Pozavarovalnica Triglav Re as Head of the Car, Transport, Liability and Personal Insurance Division, Assistant to the President of the Management Board for reinsurance and member of the Management Board. Andrej Slapar took office on 10 November 2009.
- He has served as the President of the Management Board since 22 May 2013.

Stanislav Vrtunski, member of the Management Board

- Born in 1972. Master of Business Administration.
- Stanislav Vrtunski joined Zavarovalnica Triglav in 2010 as the Executive Head of Non-Life Insurance Claims Division. He had an extensive background as a manager in the international insurance industry. Between 2004 and 2010, before returning to Slovenia, he held the position of Chief Executive Officer of the French insurance company La Parisienne Assurances. In 2012, Stanislav Vrtunski became a member of the Management Board.
- His five-year term of office commenced on 23 May 2012.

Benjamin Jošar, member of the Management Board

- Born in 1973. Master of Business Administration.
- He took a position as the Authorised Officer of the Management Board in 2012 with work experience in banking and finance obtained in decision-making and managerial positions. From 2008 to 2009, he was the President of the Management Board of KD borznoposredniška družba. After the transformation into KD Banka, he was positioned first as its Executive Director and later as an Executive Member of the Board of Directors. In the period from 2008 to 2011, he participated in management and supervisory bodies in KD Group subsidiaries. Until July 2012, he served as a substitute member on the Supervisory Board of the Bank Association of Slovenia. In November 2012, Benjamin Jošar became a member of the Management Board.
- His five-year term of office commenced on 2 November 2012.

Marica Makoter, member of the Management Board and employee representative

- Born in 1972. Bachelor of Laws.
- From 1996 to 2000, Marica Makoter was employed at the Kočevje Administrative Unit. After an internship with the Ljubljana Higher Court and after passing the State Legal Exam, she took employment with Zavarovalnica Triglav in the Novo Mesto Regional Unit in 2001. Ms Makoter was Head of the Subrogation Department in Novo Mesto from 2003 to 2006, and until 2011 the Head of the Legal Claims Department and Deputy Head of the Regional Claim Centre in the Novo Mesto Regional Unit.
- Marica Makoter took her five-year term of office on 21 December 2011.

From 15 October 2009 to 22 May 2013, **Matjaž Rakovec** held the office of the President of the Management Board. On 22 May 2013, the Supervisory Board recalled him from the office of the President of the Management Board for business and economic reasons.

Data on the earnings of the Management Board members are disclosed in Section 8.1 of the *accounting part of the Annual Report*.

Membership of the Management Board members of Zavarovalnica Triglav in the Supervisory or Management Boards of the following companies as at 31 December 2013:

Name and surname	Membership in the Supervisory (Management) Boards of other companies
Andrej Slapar President of the Management Board	<ul style="list-style-type: none">▪ Triglav INT d.d.▪ Pozavarovalnica Triglav Re d.d.▪ Triglav Osiguranje d.d., Sarajevo▪ Abanka Vipava d.d.
Stanislav Vrtunski Member of the Management Board	<ul style="list-style-type: none">▪ Triglav Osiguranje d.d., Zagreb▪ AS Triglav d.o.o.▪ Triglav INT d.d.
Benjamin Jošar Member of the Management Board	<ul style="list-style-type: none">▪ Lovćen Osiguranje a.d., Podgorica▪ Triglav Osiguranje d.d., Sarajevo▪ Triglav INT d.d.▪ Triglav Skladi d.o.o.
Marica Makoter Management Board Member, Employee Representative	<ul style="list-style-type: none">▪ Triglav Osiguravanje a.d., Skopje▪ Triglav INT d.d.

4.3.2.4 Functioning and powers of the Management Board

As at 31 December 2013, the Management Board members were in charge of the following areas:

The **President of the Management Board Andrej Slapar** manages and directs the work of the Management Board and of the headquarters departments (Management Board Office, Legal Office, Internal Audit Department) the Life Insurance Development and Actuarial Department, and the Non-Life Insurance Development and the Actuarial Department. He is responsible for Life Insurance Division and Non-life Insurance Division, Non-Life Insurance Claims Division and the Corporate Account Division.

Stanislav Vrtunski, member of the Management Board, is responsible for the Insurance Marketing and Distribution Division, the Triglav Network Sales Division and the Client Contact Unit. He also leads and manages the work of the Marketing Department (excluding public relations which fall under the responsibility of the President of the Management Board).

Benjamin Jošar, member of the Management Board, leads and manages the Risk Management Department and the Strategic Planning and Controlling Department. He is responsible for the Accounting Division, the Finance Division and the Subsidiary Management Division.

Marica Makoter, member of the Management Board, represents workers' interests as an employee representative in compliance with the Worker Participation in Management Act. She manages and directs the Fraud Prevention, Detection and Investigation Department, the Project Office and is responsible for the IT Division and the Back Office Division, Human Resources Management Division (excluding senior management staffing, of whom the President of the Management Board is in charge), and Organisation, Business Processes and Technologies Division.

4.3.3 Supervisory Board

The nine members of the Supervisory Board, of whom six are representatives of the shareholders and three are representatives of the employees, supervise with full responsibility the conducting of the Company's business.

The shareholder representatives are elected by the General Meeting of Shareholders and the employee representatives by the Works Council of Zavarovalnica Triglav. Their appointment or recall is subject to the law and the Memorandum and Articles of Association. The Chairman and Vice-Chairman of the Supervisory Board are elected from among its members representing shareholders. Members of the Supervisory Board are given a four-year mandate and may be re-elected without limitation.

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

4.3.3.1 Competences of the Supervisory Board

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

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

In accordance with the law and the provisions of its Rules of Procedure, the Supervisory Board holds at least one session per quarter, or more if necessary. The Rules of Procedure of the Supervisory Board are available on the website of Zavarovalnica Triglav (www.triglav.eu).

4.3.3.2 Supervisory Board in 2013

The four-year term of office of shareholder representatives lasted from 7 April 2009 to 7 April 2013. The General Meeting of Shareholders appointed the following new supervisory Board members – shareholder representatives:

- Vladimir Uršič on 28 June 2010, because the term of office of Mirko Miklavčič ended on 25 September 2009;

- Adolf Zupan on 12 June 2012, as the term of office of Borut Jamnik ended on 19 September 2011; and
- Jovan Lukovac and Gregor Kastelic on 13 June 2012, because Anton Ribnikar and Uroš Slavinec were recalled on 12 June 2012.

From 1 January to 7 April 2013, Igor Mihajlović, Gregor Kastelic, Aljoša Valentinčič, Vladimir Uršič, Jovan Lukovac and Adolf Zupan served as Supervisory Board members – shareholder representatives, as already presented in *Section 4.3.1 General Meeting of Shareholders in 2013*.

At the 37th General Meeting of Shareholders held on 14 February 2013, the shareholders of Zavarovalnica Triglav appointed new members of the Supervisory Board representing shareholders for a four-year term of office beginning as of 8 April 2013: Aleš Živkovič, Rok Strašek, Žiga Andoljšek, Jovan Lukovac, Mihael Perman and Blaž Šlemic. At the 38th General Meeting of Shareholders of Zavarovalnica Triglav held on 11 June 2013, the shareholders adopted a resolution recalling the above-mentioned members of the Supervisory Board representing shareholders and appointed new members in their stead: Mario Gobbo, Dubravko Štimac, Rajko Stanković, Matej Runjak, Gregor Kastelic and Matija Blažič. The four-year term of office of the newly elected Supervisory Board members commenced on 12 June 2013.

The Works Council of Zavarovalnica Triglav elected Miran Krštinc, Peter Celar and Branko Gorjan as new members of the Supervisory Board's employee representatives for a four-year term of office between 30 May 2011 and 30 May 2015.

At its session on 1 July 2013, the Supervisory Body appointed Matej Runjak its Chairman and Gregor Kastelic as its Vice-Chairman. From 21 June 2012 to 7 April 2013, Igor Mihajlović was Chairman of the Supervisory Board and Gregor Kastelic its Vice-Chairman. Mihael Perman acted as Supervisory Board Chairman and Jovan Lukovac as its Vice-Chairman in the period from 16 April 2013 to 11 June 2013.

Composition of the Supervisory Board as at 31 December 2013

Name and surname	Education	Employed in	Membership in Supervisory Boards of other companies
Shareholder representatives			
Matej Runjak Chairman	Bachelor of Science in Economics, MBA	Slovenska odškodninska družba d.d. Member of the Management Board	/
Gregor Kastelic Vice-Chairman	Bachelor of Science in Economics, MBA	ING Bank N.V., London Branch, Investment Banking Director	/
Mario Gobbo Member	PhD in Economics	Independent advisor	/
Dubravko Štimac Member	Bachelor of Science in Economics, Master of Science in Organisation and Management PhD in Economics	PBZ Croatia Osiguranje d.d., President of the Management Board	Podravka d.d. Dalekovod d.d. Zagrebska borza d.d.
Rajko Stanković Member	Senior administrative worker	Društvo Mali delničarji Slovenije, Chairman	/
Matija Blažič Member	Bachelor of Science in Administrative Organisation	retired	Petrol d.d.
Employee representatives			
Branko Gorjan Member	Economics Technician	Zavarovalnica Triglav d.d.	/
Peter Celar Member	Bachelor of Science in Economics	Zavarovalnica Triglav d.d.	/
Miran Krštinc Member	LL.B.	Zavarovalnica Triglav d.d.	/

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

Data on earnings of the Supervisory Board members are disclosed in Section 8.1 of the accounting part of the Annual Report.

4.3.3.3 Composition of Supervisory Board committees and their activities in 2013

Supervisory Board committees prepare draft resolutions for the Supervisory Board, assure their implementation and carry out other professional tasks. In 2013, the Supervisory Board committees were the same as in the previous year: the Audit Committee, the Appointments and Compensation Committee, the Strategy Committee and the Nominations Committee.

Audit Committee

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

- monitoring the financial reporting procedure;
- monitoring internal control systems, reports and recommendations of the Internal Audit Department;
- monitoring risk management systems and the mandatory audit of annual and consolidated accounting statements;
- proposing to the Supervisory Board the candidate for the auditor of the annual report of the Company;
- evaluating the drafting of the annual report, including a draft proposal for the Supervisory Board;
- helping to identify the most important audit areas.

In 2013, the Audit Committee was composed of the following members:

- in the period from 1 January 2013 to 7 April 2013: Jovan Lukovac as Chairman of the Supervisory Board and Aljoša Valentinčič, Branko Gorjan, Vladimir Uršič and Barbara Nose (outsourced independent expert) as its members;
- in the period from 16 April 2013 to 11 June 2013: Jovan Lukovac as Chairman of the Supervisory Board and Aleš Živkovič, Žiga Andoljšek, Branko Gorjan and Barbara Nose (outsourced independent expert; member in the period from 16 April 2013 to 11 June 2013) as its members;
- from 1 July 2013: Mario Gobbo as Chairman of the Supervisory Board and Rajko Stanković, Branko Gorjan its members; and Barbara Nose outsourced independent expert acting as a member from 22 August 2013.

Appointments and Compensation Committee

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

- drafting proposals for the Supervisory Board regarding the criteria for membership in the Management Board; and
- drafting proposals regarding the policy of remuneration, compensation and other benefits for the Management Board members.

In 2013, the Appointments and Compensation Committee had the following composition:

- in the period from 1 January 2013 to 7 April 2013: Igor Mihajlović as Chairman of the Supervisory Board and Miran Krštinc and Adolf Zupan as its members with Srečo Jadek as outsourced independent expert;
- in the period from 16 April 2013 to 11 June 2013: Blaž Šlemic as Chairman of the Supervisory Board and Mihael Perman and Miran Krštinc as its members, with Anton Marolt as outsourced independent expert acting from 21 May 2013 to 11 June 2013;
- from 1 July 2013: Matej Runjak as Chairman of the Supervisory Board and Miran Krštinc and Dubravko Štimac as its members.

Strategy Committee

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

In 2013, the Strategy Committee was composed of the following members:

- in the period from 1 January 2013 to 7 April 2013: Gregor Kastelic as its Chairman and Igor Mihajlović and Peter Celar as its members;
- in the period from 16 April 2013 to 11 June 2013: Rok Strašek as its Chairman and Jovan Lukovac and Peter Celar as its members;
- from 1 July 2013: Gregor Kastelic as its Chairman and Mario Gobbo and Peter Celar as its members.

Nominations Committee

As the term of office of Supervisory Board members was to expire on 7 April 2013, at its session on 12 December 2012 the Supervisory Board established a Supervisory Board Nomination Committee so as to appoint new Supervisory Board members – shareholder representatives and to submit a proposal for the appointment of candidates to the Supervisory Board. The Nominations Committee was composed of Igor Mihajlović as its Chairman, Branko Gorjan as its member, and Matjaž Jauk and Peter Ješovnik as its external members. Due to a request to convene a General Meeting of Shareholders pursuant to Article 295 of the Companies Act and the appointment of new Supervisory Board members – shareholder representatives on 14 February 2013, the Nomination Committee did not carry out the nomination procedure entirely. The Nomination Committee ceased to exist as at the day of the appointment of new Supervisory Board members – shareholder representatives.

4.4 Governance and management of subsidiaries

The fundamental principles and management regulation of the Triglav Group subsidiaries are set out in the Zavarovalnica Triglav's Subsidiary Governance Policy and other internal documents. The management system of the Triglav Group is based on the standardisation and unification of rules and procedures in individual divisions of the subsidiaries. The purpose of the system is to set up uniform minimum standards of the insurance business, reporting and monitoring of operations of the entire Group.

The business segments divided to the business and management parts are responsible for the management of subsidiaries. The parent company manages the insurance part of the Group

through all of its business segments, and the non-insurance part through its support segments and functions.

In 2013, the business divisions of Zavarovalnica Triglav continued to transfer minimum standards and their good practices in the insurance subsidiaries of the Group. The goal is to improve the operations of individual business functions, especially core functions, in the entire insurance Group, in order to exploit the synergies and know-how of the parent company and, to make the presence of the Triglav Group in all local markets more efficient.

The Subsidiary Management Division was reorganised so as to establish a more efficient and transparent supervision and management of the work and operations of subsidiaries. Individual documents defining corporate governance were revised and additional regulations adopted.

Zavarovalnica Triglav and its insurance subsidiaries drafted business strategies for the period until 2017, which were adopted by supervisory bodies of individual subsidiaries prior to the approval of the Supervisory Board.

From the establishment of the holding company Triglav INT d.d. at the 2010 year-end to the beginning of February 2012, Zavarovalnica Triglav transferred its ownership shares in Triglav Group insurance subsidiaries outside Slovenia to Triglav INT. The Triglav INT holding company is a 100%-owned subsidiary of Zavarovalnica Triglav, which was established to attract a strategic partner that will enable the Triglav Group to consolidate its presence in existing and new markets by providing new capital for further growth. In accordance with this strategic orientation, agreements were signed in 2012 and at the beginning of 2013 with the International Finance Corporation, a member of the World Bank Group (hereinafter: IFC). Cooperation as initially specified ended towards the end of 2013 by common agreement. Regardless of terminating the agreement with IFC, the developed concept of operations of Triglav INT provides one of the suitable possibilities of forming a strategic partnership. In this respect, the Triglav Group will continue to follow its strategy, which emphasizes its development as the insurance hub of South-East Europe.

4.5 External and internal audit

On 11 June 2013, the General Meeting of Shareholders of Zavarovalnica Triglav appointed the audit firm ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as the auditors for 2013.

The report on the work of the Internal Audit Department is included in Section *11. Risk Management*.

4.6 Main characteristics of the internal control and risk management system

The Triglav Group has an efficiently designed and integrated internal control and risk management system. It is promptly adapted to the development of the Group and organisational changes. The last upgrade of the internal control system took place in the last quarter of 2013.

The system exceeds the basic statutory requirements for insurance companies set out in the Companies Act and the Insurance Act, as well as special implementing regulations of the Insurance Supervision Agency on the establishment and maintenance of a suitable internal control and risk management system. It is also adapted to the upcoming Solvency II requirements. The remaining subsidiaries of the Group in Slovenia and abroad also exceed the

statutory and prescribed level of the internal control and risk management system in individual countries.

The internal control and risk management system uses the four-eyes principle. In addition to insurance risks, the internal control manages other risk types, such as financial, operational and strategic risks. The hierarchical structure and participation of all subsidiaries of the Group and all employees, together with a strong corporate culture emphasising the importance of risk management at all levels and in all basic business processes, provide for the efficacy of the system.

Internal controls were set up in all organisational levels, units and processes of the Triglav Group and include:

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

Compliance of the Company's operations with its strategic objectives is promptly verified and ensured through many control tools and mechanisms. The reliability of management and the efficiency and effectiveness of the integrated risk management system are being maintained, developed and supervised. Key indicators of risks, limits and competences are promptly checked at all organisational levels, which is monitored by internal and external planning/analytical financial/accounting reporting.

In compliance with the legislation, an independent Internal Audit Department regularly runs efficiency checks on the internal control and risk management system, offers upgrade proposals and reports to the Management Board, the Audit Committee and the Supervisory Board (for more details see Section 11. *Risk management*).

4.7 Notes on the takeover legislation

Provisions of the Takeover Act (Official Gazette of the RS Nos. 79/06, 1/08, 68/08, 10/12 and 38/12 ZPre-1) defining the takeover procedures are also applicable to Zavarovalnica Triglav.

The share capital structure of Zavarovalnica Triglav, the rights and obligations attached to the shares, the restriction on transfer of shares and the absence of shares that would grant their holders special control rights are described in detail in Section 5. *Share capital and shareholders of Zavarovalnica Triglav*.

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

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

The Management Board of Zavarovalnica Triglav is not authorised to buy its own shares. The Management Board's competence to increase the share capital is described under 4.3.2.2. The issue of new shares, the amount of capital increases, the rights attached to new shares, and

the conditions for issuing new shares are decided upon by the Company's Management Board with the consent of the Supervisory Board.

Zavaroalnica Triglav has no employee share scheme.

The Company is not aware of any agreements that would become effective, change or expire on the basis of a changed control of the Company as a consequence of an offer as defined by the law regulating takeovers.

Zavaroalnica Triglav has not entered into any agreements with members of its management or supervisory bodies or employees that would provide for remuneration if an offer (as defined by the law regulating takeovers) caused them to resign, be dismissed without justified grounds, or caused their employment to be terminated.

5. SHARE CAPITAL AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV

- The ZVTG share was the second most traded share on the Ljubljana Stock Exchange.
- The ZVTG share price increased by over 15%.
- The shareholdings of international investors rose by 7 percentage points.
- Changed top shareholders structure.

5.1 Capital

As at the 31 December 2013, the share capital of Zavarovalnica Triglav remained at the same level as at the 2012 year-end, amounting to EUR 73,701,391.79. It was divided into 22,735,148 ordinary, registered, no-par value shares bearing the ticker symbol ZVTG and the ISIN code SI0021111651. The shares of Zavarovalnica Triglav are freely transferable and issued in a dematerialised form. Each represents the same stake and corresponding amount in the share capital. All have been fully paid in.

5.2 The share of Zavarovalnica Triglav

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

Each share of Zavarovalnica Triglav gives its holder the right to one vote at the General Meeting of Shareholders, proportional dividends from the profit intended for the payment of dividends and a proportional share of the remaining bankruptcy or liquidation mass after the payoff of priority shareholders in the case of bankruptcy or liquidation.

Key figures for the shares of Zavarovalnica Triglav

Items	31 Dec. 2013	31 Dec. 2012	31 Dec. 2011
Number of shares	22,735,148	22,735,148	22,735,148
Book value per share (in EUR)	21.98	22.33	19.25
Share market value (in EUR) - closing price	19.00	16.50	10.00
Market capitalisation (in EUR) - closing price	431,967,812	375,129,942	227,351,480
Net earnings/loss per share (in EUR)	2.12	2.22	1.93
	to be defined	2.00	0.70
Ticker symbol	ZVTG		
ISIN	SI0021111651		
Traded on	Ljubljanska borza - LJSE		
Credit rating	<ul style="list-style-type: none"> Standard & Poor's; »A-«, stable medium-term outlook AM Best; »A-«, stable medium-term outlook 	<ul style="list-style-type: none"> Standard & Poor's; »A«, warning on potential credit rating down grade 	<ul style="list-style-type: none"> Standard & Poor's; »A«, stable medium-term outlook
Bloomberg	ZVTG SV		
Reuters	ZVTG.LJ		

In acquiring shares, the existing and potential shareholders of Zavarovalnica Triglav are required to observe the following provisions of the Insurance Act:

- The acquisition of shares of Zavarovalnica Triglav by which a person directly or indirectly acquires or exceeds the qualifying holding in the Company requires a prior authorisation of the Insurance Supervision Agency. A qualifying holding is a direct or indirect holding of shares or other rights that gives the holder a 10% share of voting rights or equity interest,

or that gives the holder a share of voting rights or equity interest that is smaller than 10%, but nevertheless allows the holder to significantly influence the management of the company.

- A prior authorisation of the Insurance Supervision Agency is required for any further acquisition of shares of the insurance company, by which the person having obtained an authorisation acquires or exceeds the 20%, 33.3% or 50% limit of voting rights or equity interest, or by which the person becomes a controlling company of the insurance company.
- Apart from that, a new prior authorisation of the Insurance Supervision Agency is required before any further acquisition of shares by which a qualified holder would surpass the range for which an authorisation for the acquisition of a qualifying holding had been issued.
- A prior authorisation of the Insurance Supervision Agency for the acquisition of a qualifying holding is also obligatory for shareholders of the insurance company who jointly own shares by which they reach or exceed a qualifying holding in the insurance company and who intend to enter into a shareholders' agreement.
- Moreover, the Insurance Act sets out the obligations and the requirement to obtain prior authorisations for entities that have agreed to a concerted acquisition of the shares of the insurance company or a concerted exercising of management rights attached to the shares in the case that they do not reach a qualifying holding, as well as in the case that they intend to acquire a holding by which they would jointly reach or exceed a qualifying holding.

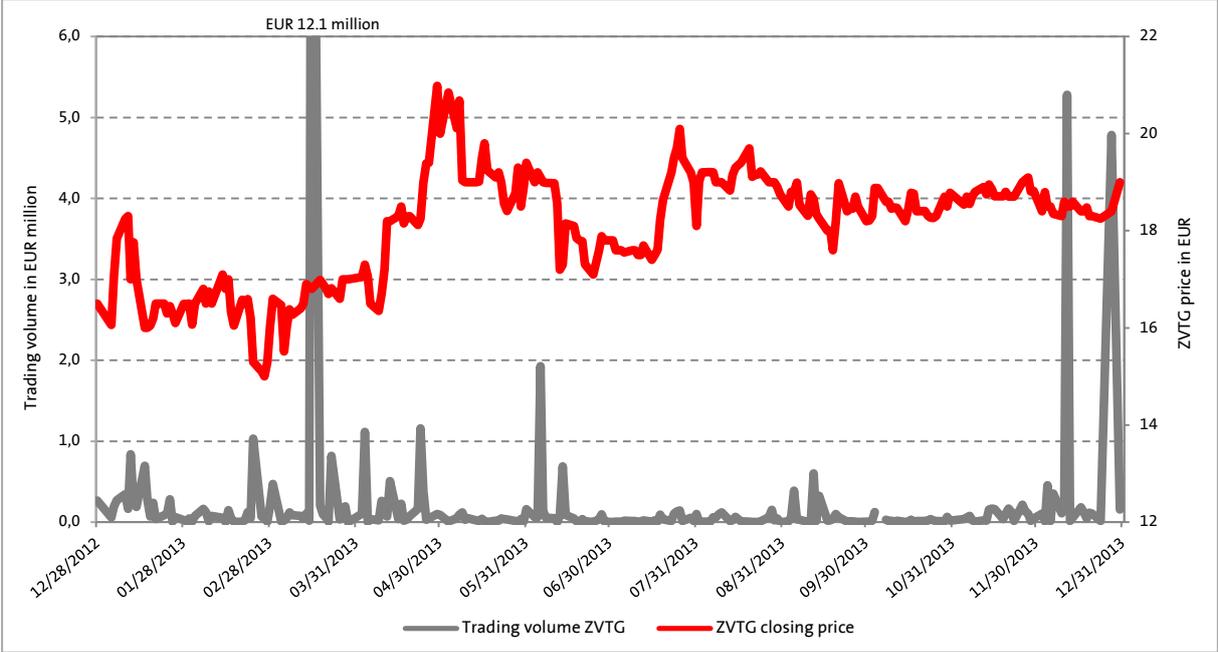
Holders of shares that have been acquired or are possessed contrary to the Insurance Act have no voting rights. See the Insurance Act for details.

5.3 Movements in the share value of Zavarovalnica Triglav in 2013

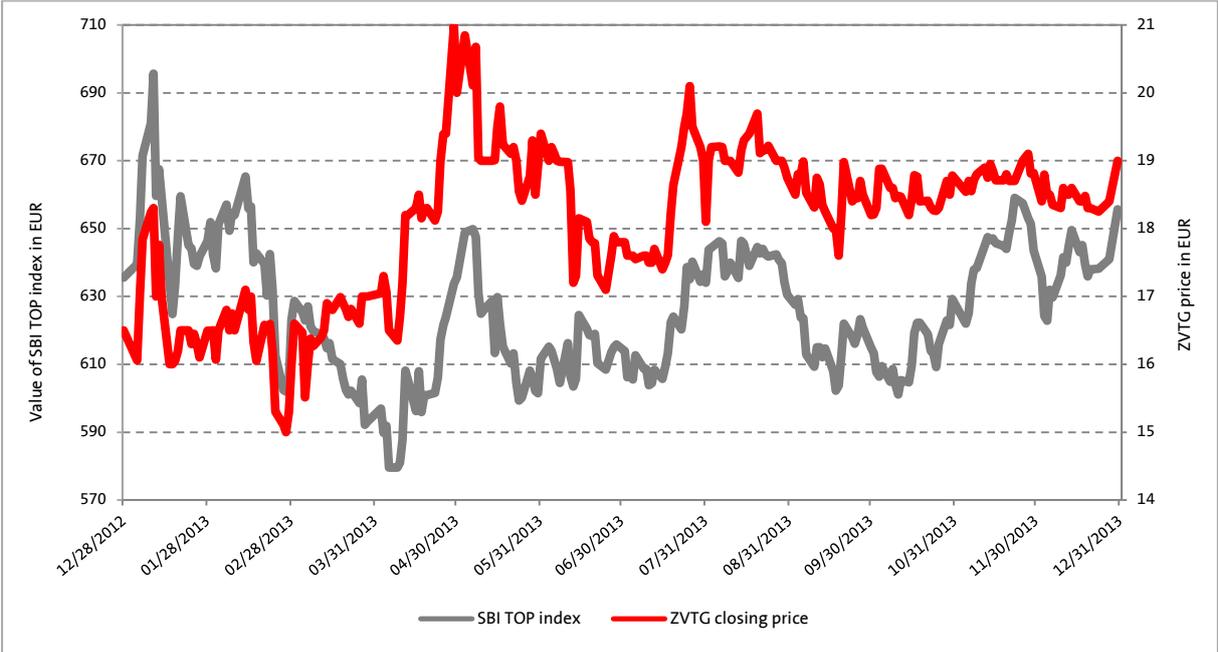
The year 2013 saw a growing price and increased liquidity of the ZVTG share. Its price increased by over 15%. Starting at EUR 16.50 on the first trading day, the share peaked to its highest price of EUR 20.99 in April. At the 2013 year-end, the closing price reached EUR 19.

The ZVTG share was the second most traded share on the Ljubljana Stock Exchange, accounting for 16% of total trading volume. The average turnover of ZVTG shares per trading day was EUR 193,355, which was more than twice the 2012 average of EUR 84,364.

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

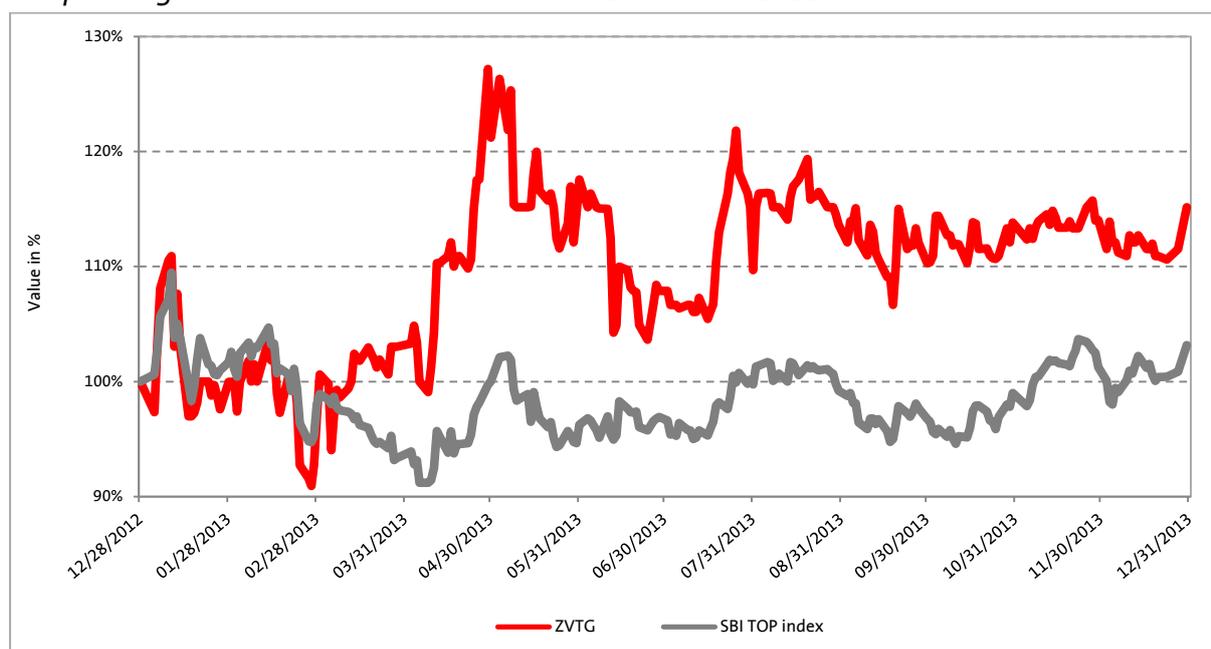


Movements in the closing price of the ZVTG share (right axis) and movements in the value of the SBI TOP Index in EUR (left axis)



The ZVTG share price recorded movement similar to the trends of the SBI TOP Index, however its value increased considerably more. The SBI TOP Index climbed 3% above the starting price.

The relative stock price change of ZVTG share and the value of the SBI TOP Index in 2013 were compared against their base data values as at 31 December 2012



The ZVTG share as one of the most liquid shares of the Ljubljana Stock Exchange is included in the Slovene SBI TOP Index and six indices of the regional Central and Eastern European Stock Exchange Group (CEESEG) under the auspices of the Vienna Stock Exchange (indices CEESEG EUR, CECE Mid Cap, CECE Extended, SETX, CEESEG Financials and CEERIUS Sustainability Index).

Maximum and minimum closing prices, maximum and minimum trading volumes and average trading volume in ZVTG shares in a trading day

	in EUR				
Month	Maximum closing price	Minimum closing price	Maximum daily trading volume	Minimum daily trading volume	Average daily trading volume
January	18.30	16.00	837,619	5,276	192,104
February	17.10	15.00	1,031,681	2,540	119,237
March	17.00	15.52	12,119,861	84	730,909
April	20.99	16.35	1,157,219	2,286	220,627
May	20.85	18.41	158,475	2,636	38,713
June	19.20	17.10	1,925,427	683	178,423
July	20.10	17.40	144,818	1,050	36,439
August	19.70	18.75	153,278	188	36,268
September	18.99	17.60	601,741	1,886	83,290
October	18.88	18.20	124,160	924	22,798
November	19.10	18.54	213,729	7,302	84,137
December	19.00	18.25	5,279,854	11,481	672,711

5.4 Shareholder structure

In terms of numbers, the shareholder structure of Zavarovalnica Triglav remained practically the same. As at 31 December 2013, Zavarovalnica Triglav had 28,647 shareholders, 28,686 in the previous year.

Most evident is the change in the shareholdings of international shareholders compared to domestic shareholders. International investors, accounting for only 1.7% of the total number of shareholders, increased their shareholdings by almost 7 percentage points to 16.6%.

The ratio between natural persons and legal entities in the shareholder structure remains at the level similar to the previous year. As at the 2013 year-end, natural persons accounted for 28,000 shareholders or almost 98% of all shareholders, holding only less than 9% of all shares of Zavarovalnica Triglav.

Shareholder structure of Zavarovalnica Triglav as at 31 December 2013

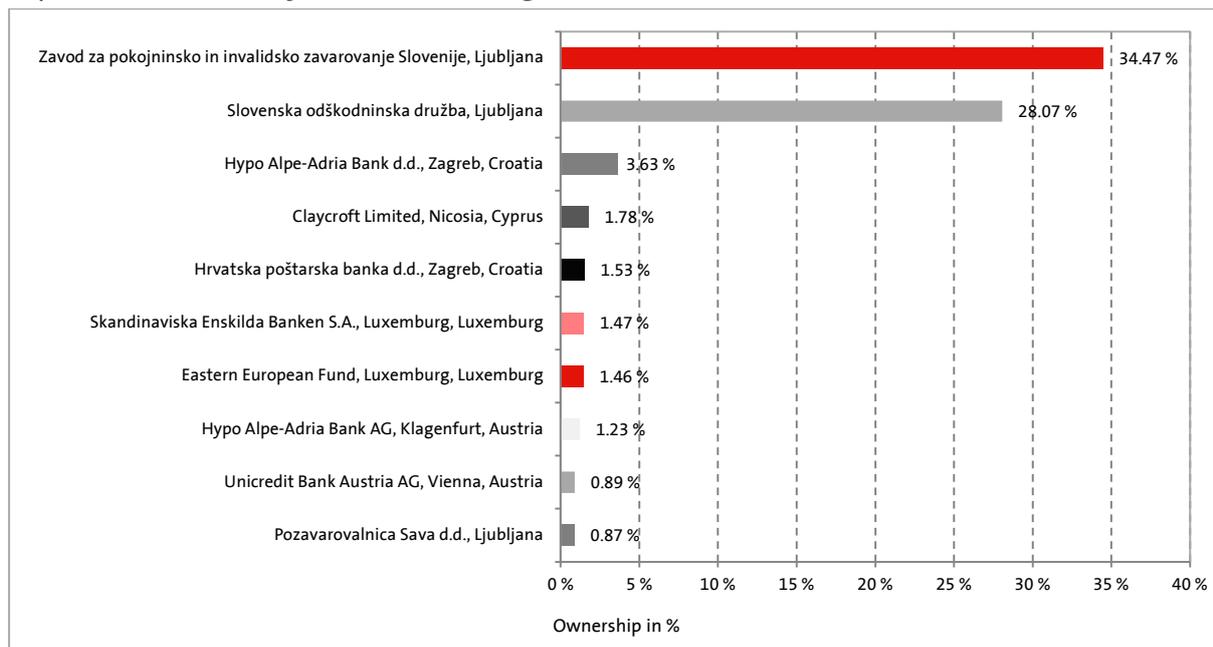
	Total	Domestic	Foreign	Legal entities	Natural persons
Number of shares	22,735,148	18,952,681	3,782,467	20,767,146	1,968,002
Number of shareholders	28,647	28,169	478	647	28,000
Number of shares - percentage	100.00%	83.36%	16.64%	91.34%	8.66%
Number of shareholders - percentage	100.00%	98.33%	1.67%	2.26%	97.74%

Ownership concentration measured by equity stakes of the first ten shareholders remained at the similar level as in 2012. A good 75% of shares were held by ten companies. The largest and unchanged equity stakes are maintained by ZPIZ and Slovenska odškodninska družba d.d., whereas radical changes were evident among the remaining eight largest shareholders. Among the top ten shareholders, four retained their shares and six of them featured in the shareholder structure for the first time: Hypo Alpe-Adria Bank d.d., Zagreb, Croatia, Hrvatska poštanska banka d.d., Zagreb, Croatia, Skandinaviska Enskilda Banken S.A., Luxemburg, Eastern European Fund, Luxemburg, Unicredit Bank Austria AG, Vienna, Austria and Pozavarovalnica Sava d.d.

Top ten shareholders of Zavarovalnica Triglav as at 31 December 2013 and 31 December 2012

Shareholder	Number of shares		Ownership (in %)	
	2013	2012	2013	2012
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628	7,836,628	34.47	34.47
Slovenska odškodninska družba, Ljubljana	6,380,728	6,380,728	28.07	28.07
Hypo Alpe-Adria Bank d.d., Zagreb, Croatia	825,769	-	3.63	-
Claycroft Limited, Nicosia, Cyprus	404,460	404,460	1.78	1.78
Hrvatska poštarska banka d.d., Zagreb, Croatia	347,182	140,228	1.53	0.62
Skandinaviska Enskilda Banken S.A., Luxemburg, Luxemburg	334,516	-	1.47	-
Eastern European Fund, Luxemburg, Luxemburg	333,034	-	1.46	-
Hypo Alpe-Adria Bank AG, Klagenfurt, Austria	279,164	280,720	1.23	1.23
Unicredit Bank Austria AG, Vienna, Austria	201,349	184,562	0.89	0.81
Pozavarovalnica Sava d.d., Ljubljana	197,489	30,124	0.87	0.13

Top ten shareholders of Zavarovalnica Triglav as at 31 December 2013



Number of shares owned by members of the Management and Supervisory Boards as at 31 December 2013

Name and surname	Post	Number of shares	Equity stake
Management Board			
Andrej Slapar	President	-	-
Stanislav Vrtunski	Member	-	-
Benjamin Jošar	Member	-	-
Marica Makoter	Member, Employee Representative	-	-
Supervisory Board		1,604	0.01 %
Shareholder representatives			
Matej Runjak	Chairman	-	-
Gregor Kastelic	Deputy Chairman	-	-
Rajko Štanković	Member	-	-
Mario Gobbo	Member	-	-
Dubravko Štimac	Member	-	-
Matija Blažič	Member	-	-
Employee representatives		1,604	0.01 %
Branko Gorjan	Member	1,204	0.01 %
Peter Celar	Member	400	0.00 %
Miran Krštinc	Member	-	-
Management and Supervisory Boards combined		1,604	0.01 %

Treasury shares

The holders of Zavarovalnica Triglav's shares are subsidiaries Slovenijales d.d. and Avrigo d.d. Slovenijales acquired 24,312 shares of Zavarovalnica Triglav and Avrigo 8,820 shares.

5.5 Dividend policy

The dividend policy of Zavarovalnica Triglav is stable and is based on its target capital adequacy. In line with its dividend policy, the Triglav Group will always have enough available capital to independently meet the criteria for ensuring its »A« rating. The dividend policy also takes into account the planned growth rate and development of the Group in target markets of the SEE region.

Overview payments for the business years 2010–2013

Items	2013	2012	2011	2010
Total dividends (in EUR)	to be defined	45,470,297	15,914,604	9,094,059
Dividends per share (in EUR)	to be defined	2.00	0.70	0.40
General Meetings of Shareholders	11 June 2013	13 June 2012	21 June 2011	28 June 2010
Earnings per share (in EUR)	2.12	2.22	1.93	1.41

5.6 Communication with investors

The main goal of communicating with investors, shareholders and the expert financial public is to achieve a fair value and expected liquidity of the Company's securities by striving for openness and up-to-datedness as well as compliance with Prime Market standards. Zavarovalnica Triglav offers equal treatment to all existing and new shareholders and therefore also guarantees the best possible basis on which investment decisions are adopted.

Transparency of operations is ensured through the information on the Triglav Group's performance and its financial position published on the Company's website www.triglav.eu and via the SEOnet system on the web portal of the Ljubljana Stock Exchange. Information is available in Slovene and English.

Communication objectives are realised by holding regular general meetings of shareholders, attending the meetings with financial analysts and investors, organising conference and individual calls with financial analysts and regularly communicating with financial media. In 2013, the Company attended meetings with investors in New York, Belgrade and Zagreb, two investment conferences in Ljubljana organised by the Ljubljana Stock Exchange and an online investment conference organised by Alta Invest.

The Investor Relations page on the website www.triglav.eu contains a section devoted to minority shareholders, providing them with contact information and answers to basic questions related to Zavarovalnica Triglav shares. The contacts for further information are listed below.

Information for shareholders:

Zavarovalnica Triglav d.d., Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana
Finance Division
Phone: ++386 (1) 47 47 331
E-mail: ir@triglav.si

5.7 Protecting the interests of minority shareholders

Zavarovalnica Triglav provides equal treatment to all shareholders. Timely and correct information on the Company, business performance enabling the payment of dividends and

efficient corporate governance are of utmost importance for the shareholders. Special care is placed on the inclusion of minority shareholders, which is achieved by regular and comprehensive communication (for more information see *Section 5.6*).

5.8 Credit rating of the Triglav Group and Zavarovalnica Triglav

In February 2013, the Standard & Poor's credit rating agency (hereinafter: S&P) lowered the long-term rating of the Triglav Group, which applies to both Zavarovalnica Triglav and Pozavarovalnica Triglav Re, by one notch from »A-« to »BBB+«. This downgrade was caused by the lowering of the long-term sovereign credit on the Republic of Slovenia.

Due to the revised criteria for assessing credit ratings of insurance companies and on the basis of a re-evaluation, the S&P raised the Triglav Group's credit rating by one notch from »BBB+« to »A-« and issued a stable medium-term outlook in July 2013. The credit rating increase is the result of the S&P's view that the Triglav Group is capable of preserving its capital adequacy and profitability at very strong levels. The S&P credit rating reflects the Triglav Group's prudent insurance technical provisions of non-life insurance and growth in retained earnings. The "A-" rating reflects the Group's acceptable level of business risk, enhanced by its leading position on the Slovene insurance market and strong financial profile. The stable medium-term outlook reflects the S&P's expectations that the Triglav Group will maintain its strong competitive position and very strong capital adequacy and earnings.

In March 2013, the A.M. Best Rating Services assigned Zavarovalnica Triglav, and thus also the Triglav Group, a financial strength rating of »A-« (excellent) and an issuer credit rating of »A-«. A.M. Best assigned the same joint credit rating to Pozavarovalnica Triglav Re. The medium-term outlook for the credit ratings is stable. In October 2013, the A.M. Best credit rating agency re-affirmed the above-mentioned credit ratings.

5.9 Bonds of Zavarovalnica Triglav d.d.

Zavarovalnica Triglav issued a serie of bonds. The bonds were issued as subordinated, registered, Euro-denominated bonds at a fixed rate of 5.95%. The bond was listed on 30 June 2010 with its nominal value of EUR 30 million. The last coupon and the principal will fall due on 21 March 2020.

The bonds, bearing the ticker symbol ZT02 and ISIN Code SI0022103038, are traded on the bond market of the Ljubljana Stock Exchange.

6. DEVELOPMENT AND SALES ACTIVITIES

- **New niche insurance, a well-received bonus programme and extensive adjustment of insurance bases and tariffs for retail clients and some industries.**
- **Product adaptation and design based on the local environment of the Group.**
- **In Slovenia, modern sales approaches in the internal network, boosting of trust of the external network and alternative sales channels; bases for gradual strengthening of own sales networks of subsidiaries outside Slovenia.**
- **New steps in implementing the branding strategy and a first joint marketing campaign of the Triglav Group.**
- **Client focus accompanied by organisational changes and IT support development.**

6.1 Development activities

The economic and market conditions in the region stimulate Zavarovalnica Triglav to respond appropriately in non-life insurance development and portfolio maintenance. Development is focused on clients, monitoring and personified approach. Technological innovations, especially a widespread use of mobile devices and e-business, further increased the need to adapt, which is monitored by using expertise and systemic solutions. As a result, insurance products are often upgraded and their forms expanded.

Economic trends particularly weakened financial markets, the fall in the purchasing power of households and the growing unemployment rate had a negative impact on life insurance portfolio. To the changes in the life insurance segment, Zavarovalnica Triglav responded with a series of measures, such as development of innovative insurance forms, redesign of insurance products and lowering of prices. Greater attention and a wide range of activities were focused on the existing portfolio and its maintenance. Efforts were devoted to responsible marketing based on understanding and accessibility of financial products and claim handling. The business policy in developing insurance markets outside Slovenia is focused on enhancing the sales network so as to present the products to the clients in a more integrated and understandable manner via a personal approach, regardless of their age and education level, while also reaching geographically less accessible areas. The Company strives for policyholders to be well informed of the insurance terms, conditions and coverage. On the Slovene market, this is also achieved by strengthening Zavarovalnica Triglav's web presence.

The Insurance Act of the Republic of Slovenia prescribes information on insurance terms and conditions and information of policyholders to be provided by the insurance company. This information mainly refers to an insurance contract, general insurance terms, conditions and notices, and information of policyholders upon conclusion and for the duration of an insurance contract. Defined by law are also the obligations of agents in providing information on insurance products and services (more at <https://zakonodaja.com/zakon/zzavar>). Information of policyholders is also prescribed by comparable laws in Croatia, the Czech Republic, Macedonia, and Bosnia and Herzegovina (the Federation of Bosnia and Herzegovina and the Republic of Srpska). In contrast, the Insurance Act in Serbia and Montenegro does not lay down such obligations. There, an insurance contract is regulated in general by the Code of Obligations, which does not include expressly determined obligations of information, as defined in previously mentioned countries.

By maintaining professionalism and fraud risk management, the focus is on simplifying loss adjustment procedures, especially those involving mass loss events. In the mass loss reporting procedures, policyholders' property risk and their current situation are taken into account (public announcements and instructions to policyholders, adapted internal work organisation

to achieve easier accessibility of services, mobile applications). In Slovenia, architectural modifications to points of sale began in order to enable easier access to insurance services for people with various disabilities.

6.1.1 Non-life insurance

The **i.triglav** online portal brought new development possibilities. Zavarovalnica Triglav is the first insurance company in Slovenia to offer non-life, life and health insurance on a single website. In 2013, the online range of non-life and accident insurance products was upgraded to include several niche insurance products for target groups such as hikers, cyclists and skiers (see *Section 6.2.2 Marketing activities*).

Property and interest in property insurance for natural persons (DOM insurance package) was revaluated and terms and conditions of power industry insurance and raft owner/operator liability insurance for damage caused to third parties were revised. Questionnaires and tariffs for individual insurance products were adjusted.

In the automobile insurance market, harsh conditions of competition continue to prevail, forcing Zavarovalnica Triglav to adapt and make amendments to insurance terms, conditions and tariffs. Therefore, changes were made to the extra charges payable on car insurance for young drivers and the discount on non-recovery of insurance premium in annual motor vehicle insurance. The numerous adaptations included revision of tariffs for insurance of more expensive vehicles and extended insurance cover for damage caused by vehicles in the performance of work outside traffic. Similar changes were introduced in the transport insurance segment. The general terms and conditions and premium tariffs for carrier liability insurance for cargo transport, comprehensive marine insurance, comprehensive container insurance, cargo insurance and freight forwarder liability insurance were revised.

In agricultural insurance, Zavarovalnica Triglav was the first insurance company in Slovenia to offer crop insurance against the risk of meteorological drought. Most insurance tariffs, terms and conditions were revised (insurance for dogs and other animals, winter crop insurance). In accident insurance, insurance bases for child accident insurance were changed to comply with the Code of Obligations and the provision of the Insurance Supervision Agency stating that life insurance can no longer be concluded for children younger than 14 years.

The decrease in insured sums and inclusion of additional coverage were the reasons to redesign supplemental medical travel insurance for international travel with assistance. Insurance bases for travel arrangement insurance were also changed.

Development of IT support is discussed in *Section 6.4*. Without doubt, a redesigned expert authorisation process and successfully completed project of increased risk identification contributed to good business results of Zavarovalnica Triglav.

The Triglav Group

Following a comprehensive content integration, Zavarovalnica Triglav's Non-life Insurance Division subsequently linked to all subsidiaries in the Group, becoming the pillar of development activities and content unification of risk assessment processes in the entire Group.

Subsidiary insurance companies gradually migrate to the integrated AdInsure IT support in order to achieve simpler and better quality of insurance risk management as well as to ensure unified criteria and standards of insurance product development and integration (more in *Section 6.4*).

6.1.2 Life insurance

In addition to the economic situation, legislative changes had a significant impact on life insurance product development in 2013. Insurance redesign was greatly affected by the implementation of the guidelines of the European Commission on equal treatment of insured persons of both sexes, the Directive on equal insurance premiums for men and women (the EU Directive) and the provision of the Code of Obligations stating that life insurance cannot be concluded for children younger than 14 years (also see *Section 6.1.1*). All dictated the changes made to the insurance bases and tariffs of several life insurance products.

Market approach competitiveness and efficiency were increased by revising the insurance bases for online underwriting of term life insurance – *i.rizično*.

Main projects in 2013 included the development of a new insurance product *Triglav Zaščita* and the redesign of supplemental voluntary pension insurance so as to ensure compliance with the Pension and Disability Insurance Act (ZPIZ-2). Clients are still more prudent when purchasing long-term insurance policies with a savings component. The range of life insurance products was strengthened primarily in the segment that offers protection against unexpected life circumstances. Triglav Zaščita life insurance opens a new segment of insurance products, which were not provided thus far. It is intended to provide protection of income of natural persons in the event of total permanent incapacity for work. Moreover, it provides an innovative combination of coverage in the case of death, total permanent incapacity for work and serious conditions due to an accident or illness.

The Act Amending the Pension and Disability Insurance Act (ZPIZ-2) introduced many changes to investment policies and procedures for the inclusion into insurance and the development of new implementation documents (management rules, investment policy statement, risk management plan). In order to implement these changes, in December 2013 requests for the approval of changes to the pension schemes and other documents were submitted to the authorities in charge. In 2014, final implementation of changes is planned.

In line with the Code of Obligations, supplemental insurance for severe illnesses and injuries was redesigned. Apart from that, the entire underwriting documentation was reformulated in accordance with the changes.

The Triglav Group

The remaining markets of the Triglav Group also experienced trends that had a negative impact on life insurance sale and portfolio, thus focusing on redesigning and adapting the entire pricing structure of existing insurance. In developing new forms of insurance, the actual needs of individual markets were taken into account, thereby increasing their market potential.

As in the non-life insurance segment, strategic guidelines were implemented, while insurance products and implementation processes for life insurance continued to be transferred to the subsidiaries. Uniform IT support for all subsidiaries offering life insurance products enabled simpler development and transfer of insurance products. Along with the transfer of products, the pricing structure and content of individual products were adapted to special requirements of every market, while some insurance products were completely redesigned.

In line with the Triglav Group's policy, new products and services were adapted to the needs of individual markets. In Bosnia and Herzegovina, collective life insurance for borrowers with a uniform premium rate and supplemental insurance in the event of unemployment or sick leave longer than 42 days were introduced, in addition to one-off term life insurance with a low premium price.

In Serbia, support was provided for surrender processing.

In Croatia, a new member of the EU, the entire range of life insurance products was brought into compliance with the requirements of the European directive on equal treatment of both sexes. The existing supplemental accident insurance was included among the rest of life insurance products. Supplemental child accident insurance and supplemental insurance for severe illnesses and injuries were introduced. The pricing structure of mixed life insurance was adapted. Apart from that, the transfer of i.triglav online portal was initiated.

In Montenegro, the pricing structure of mixed life insurance was adjusted with insurance for critical illnesses and supplemental insurance for severe illnesses and injuries was introduced.

6.2 Sales and marketing activities

By reorganising sales departments, the existing focus on insurance classes shifted to clients or sales channel types, emphasising the importance of sale and sales results regardless of insurance class.

Due to non-compliance with the law and regulations on the safe use of insurance services and products, no monetary fines were imposed.

6.2.1 Key development activities in the internal and external sales network

Strategic guidelines were taken into account in the direct development of sales channels, focusing on sales network development and improving client satisfaction and loyalty. Triglav's extensive internal sales network along with the primary channel for informing the clients of the wide selection of high quality products and services remain the key comparative advantage. This is especially important for Slovenia, which is known for its diverse geographical profile with numerous small settlements. Moreover, many activities are focused on external sales network and on the development of new sales channels and modern sales approaches.

In the internal sales network:

- the Triglav Komplet bonus programme for the existing and new clients was successfully launched;
- new standardised Rules on Agent Network Organisation and Remuneration of Insurance Agents and Team Heads were implemented, representing an important step towards a more effective sales network;
- the professional knowledge and sales skills of the sales personnel and sales managers were improved through various professional training courses and seminars (training courses on launching new products, a two-day seminar on current sales and marketing topics for retail insurance sales managers, heads of branches and agent teams, training for promising insurance agents, sales training courses for co-workers at own points of sales, an annual two-day seminar for sales officers on products and sales);
- the sales staff was trained and motivated to provide quality advice to clients, and heads of sales were trained for the efficient management of sales teams;
- sales participation and support at regional units was strengthened;
- the introduction of modern sales tools accelerated in order to ensure more efficient insurance underwriting and cost-effective operations;
- the sales staff was intensively included in the introduction of a new underwriting application;

- target sales promotion campaigns were carried out.

The **external sales network** was reorganised and the *External Channel Sales Department* was established. Work with external points of sale was standardised, the quality of services raised and responsiveness in handling the issues of external points of sales increased. Greater focus is placed on contractual partners. In addition to internal standardisation of procedures, the main goals of the new department are as follows:

- management centralisation,
- equalising the sales channels,
- seeking new marketing opportunities to increase the portfolio,
- introduction of sales promotion campaigns.

The above-mentioned activities already helped to form partnerships and to strengthen the trust of external contractual partners. The end result is improved sales results of contracted points of sale.

The new software tool allows daily sales result monitoring, while also providing the option of on-going and prompt implementation of corrective actions.

Development of the sales network of subsidiaries abroad

Fundamental activity areas for internal network development:

- *Systematic training of the sales staff and heads of agent sales teams* in order to upgrade their professional and sales skills. Training of heads of sales teams, who are of key significance for the sales network development and efficiency, began in 2013 by holding introductory training workshops and, at some places, carrying out field training (coaching in Croatia).
- *Formation of agent sales teams* in the companies that do not have them yet.
- *Upgrade and redesign of salary systems for sales staff remuneration* based on sales results (also through good practice exchange within the Group).
- *Sales administration* was successfully launched in 2013 in all companies. Sales administrators actively monitor the sale and participate in sales activities of individual companies. In addition, posted workers in individual companies take part in the sales activities, establishing a link with subsidiary management.
- Sales administration is also performed through *reporting* of subsidiaries. In 2013, weekly monitoring of agents' sales activities began, while monitoring of sales results by sales channel and branch was carried out on a monthly basis. In 2014, systematic monitoring of agents' productivity and cost-effectiveness measurement will begin.

Access to insurance services for people with various disabilities

Within the framework of the project "The Disabled-Friendly Zavarovalnica Triglav" and in cooperation with an external provider, an independent analysis of service accessibility for persons with various disabilities was conducted (movement-, visually or hearing-impaired persons). Most elderly people also face similar difficulties. The analysis results showed that 65% of Triglav's branches in Slovenia enable completely independent access to points of sales to movement-impaired persons in a wheelchair. Those without automatic doors provide all other conditions for independent access (no architectural barriers from the street to the sales counter) for movement-impaired persons, and special signs for access and bells for assistance in opening doors are being installed.

A brochure containing information on working with clients with disabilities was published so as to provide assistance to the sales staff and employees at claim centres. Zavarovalnica Triglav strives for its website to be in compliance with at least the requirements of the AA standard WCAG 2.0 for visually impaired persons.

All points of sales were equipped with magnifying glasses for visually impaired persons, while head offices of all regional units across Slovenia were equipped with FM devices enabling easier communication with hearing-impaired persons. Information on which own points of sale enable independent access to persons with various disabilities is available on the website www.triglav.si.

6.2.2 Marketing activities

Online operations

Selling insurance online is becoming increasingly more important as clients are more and more inclined to online shopping. Such an offer is also being expanded by competitors. The potential of this sales channel is enormous.

At the 2013 year-end, Zavarovalnica Triglav provided online renewal and underwriting of new automobile insurance and the ordering of green cards, underwriting travel insurance, health insurance while travelling abroad, accident insurance for children and adolescents, bicycle and cyclist insurance, insurance for sports activities, and insurance for hikers and mountaineers. Among the life insurance products, term life insurance, FLEKS investment insurance and supplemental voluntary pension insurance can be purchased online.

Other alternative sales channels

Direct marketing:

- For several years, Zavarovalnica Triglav has successfully marketed accident insurance for children and young adults, achieving a very high response rate among policyholders also in 2013.
- A special discount offer for the online purchase and contract conclusion of travel insurance was launched, whilst the segment of policyholders who often travel or spend their holidays abroad was addressed with direct marketing.
- During the campaign "The only automobile insurance that rewards you with Pika bonus points", the policyholders who took out automobile insurance were informed of this one-time special offer.
- The policyholders who took out automobile insurance at contracted points of sale were invited to help design the Triglav Komplet package.
- Supplemental voluntary pension insurance (SVPI) policyholders were offered to make additional payments to their existing insurance policy.

Sales promotions

In Slovenia, the year 2013 was marked by numerous successful sales promotion campaigns for various products and services, tailored to target groups and/or user segments. Much attention was paid to web presence.

At the 2012 year-end, a new bonus programme Triglav Komplet was introduced that combines all the insurance policies of a family in a simple and transparent way. Loyal clients are offered attractive bonuses with the inclusion of several policyholders and insurance policies, as this

way family members receive a higher combined discount upon the renewal of existing or taking out new insurance policies. The service was very well received because a year later, i.e. as at 31 December 2013, over 457 thousand policyholders were included in the Triglav Komplet.

Since spring 2013, a new client service line – Triglav medical assistance – has been available to policyholders in the event of an accident or illness abroad, providing the services in Slovene. In switching to a new client service line provider, the insured sums were adjusted for urgent medical treatment cases and transport costs to a medical facility and to the home country, depending on the purpose of travelling, activities and characteristics of the country of travel.

As the main sponsor and official insurer of the European Basketball Championship – EuroBasket 2013, Zavarovalnica Triglav carried out a high-profile sales campaign during the Championship, offering new policyholders of automobile insurance or non-life insurance a 25% EuroBasket discount.

In cooperation with Mercator retail chain, two campaigns were organised for automobile insurance policyholders. In October they were rewarded with bonuses on their Mercator Pika card (customer loyalty card), while towards the end of 2013 a special price for the purchase of vignette at the points of sale of Mercator, the largest retail chain in Slovenia, was offered during the two-month sales campaign.

New niche products for athletes, professional and recreational, were launched in the Slovene market. In spring 2013, bicycle and cyclist insurance was offered, followed by insurance for hikers and mountaineers and insurance for sports activities.

Focus was on marketing of redesigned insurance and positioning of new non-life and life insurance products presented in *Sections 6.1.1 and 6.1.2*. A new life insurance product Triglav Zaščita for the protection of income of natural persons in the event of total permanent incapacity for work was widely accepted, which is why it was offered to all policyholders before the end of year.

Sales in subsidiaries abroad

Sales development in insurance subsidiaries outside Slovenia is conducted in a coordinated manner, by transferring good practices and standardising sales processes, with an aim to turn the sales into a competitive advantage of the Group. Sales challenges and tasks were identified, analysed and started to be resolved.

- The sales processes and the sales staff are mainly focused on marketing of automobile liability insurance (compulsory insurance). Lower demand for other insurance services may be attributed to the lack of insurance tradition, but the market habits and needs are gradually changing, to which market-based approaches are adapted.
- The development possibilities for the internal sales network of most subsidiaries lie in organisation, sales management and development of sales skills. The external sales network is active in the automobile insurance segment, which is why its development possibilities also open up in other insurance areas. Alternative sales channels such as online sales and dial-up services are unutilised. The subsidiary in the Czech Republic has no retail sales network.

The main goals of subsidiaries are as follows:

- development of an internal sales network (see *Section 6.2.1*), increased productivity of the sales staff and balancing their structure;
- greater role of marketing to provide efficient guidance and sales support.

6.2.3 Brand management and marketing communications

Brand redesign efforts and implementation of the Triglav brand identity within the Triglav Group were continued at corporate and product levels using integrated management. An integrated brand management system is an integral part of strategic brand management. Product advertising was aimed at sales support in all insurance classes, while corporate advertising focused on promoting the reputation and consolidating the Triglav brand.

Consolidation of the Triglav Group's market position and the visibility of the Triglav brand in the region was continued by unifying its digital presence. First, names of certain insurance subsidiaries have to be coordinated, followed by the implementation of a uniform visual identity. In 2013, several subsidiaries in Slovenia were renamed and the uniform corporate identity was expanded (Triglav, Zdravstvena zavarovalnica, TRI-PRO and other companies). The insurance company Lovćen Osiguranje, Podgorica was the last of the subsidiaries outside Slovenia to make the first step to a unified branding strategy. It assumed the corporate identity and the signature "a member of the Triglav Group".

Brand reputation was maintained and built via corporate communications. Numerous events were organised for the internal and external publics in order to implement the Company's corporate social responsibility goals, maintain partner relations and attract new business partners. By using new communication techniques and channels, the brand with the longest tradition in the Slovene market is given a modern touch. A viral marketing campaign, supported with public relations activities all year round, contributed to the efforts put into the insurance fraud prevention, pointing out their adverse effects and the nature of criminal offences. The perception analysis before and after the campaign showed that the campaign had a positive impact on changing the perception of target external and internal publics. In 2013, two viral campaigns were launched.

The situation on all Triglav Group markets demands greater focus of product advertising for all insurance classes. The whole campaign "Life Is a Game" for life insurance in Slovenia, in which top athletes sponsored by Zavarovalnica Triglav participated, had a strong corporate charge. As part of the campaign, the Youth Is the Safety of Our Future project for the development of sports and artistic talents was carried out and scholarships were awarded to many young people. With strong media support, the project was implemented within the framework of the TV show "Slovenia's Got Talent" produced by PRO PLUS – POP TV.

One of the biggest advertising campaigns in the history of Triglav was organised during the biggest sports event in Slovenia, the European basketball championship – EuroBasket, with the participation of national teams of all the countries in which the Triglav Group operates. The campaign, in tune with the marketing activities in the sales network was corporate in the initial phase, for the first time in all markets of the Group. Until the beginning of the championship, the campaign was intensified by numerous events and activities. At the headquarters of the parent company in Ljubljana, an exhibition of basketball jerseys of all teams was opened to the public a day before the championship. After the championship ended, the jerseys were sold at a charity auction held by the Zavarovalnica Triglav's institute *Vse bo v redu* (Everything will be alright) in order to help fund the training of basketball players with disabilities for the paraplegic basketball championship.

The Company monitored the impact of all these activities on brand reputation and the efficiency and effectiveness of advertising campaigns. According to ad recall in the category of insurers, Zavarovalnica Triglav occupied the first place most often, while among all observed ads it ranked between the fourth and the seventh place.

The same is true for the campaign that was designed to raise awareness on the dangers of insurance fraud, which also increases the prices of insurance products. Checking the perception of the target external public showed a significant shift in insurance fraud identification. An analysis conducted after the campaign ended showed that 30% of the respondents identified all eight actions indicated in the survey (intentional infliction of harm, a completely fictional event, reported claims for events not covered by insurance, taking out insurance after the damage already occurred, suppressing information when concluding an insurance contract and in the claim for damages, indicating greater value in the claim for damages and overstating the extent of damage incurred), while only 26% of the respondents did so a year and a half ago.

Zavarovalnica Triglav adhered to the Slovenian Code of Advertising Practice. In 2013, no proceedings for infringements related to marketing communications were initiated against Zavarovalnica Triglav and its subsidiaries.

The strategic orientation of marketing communications was confirmed by the title "Advertiser of the Year" awarded for the first time to Zavarovalnica Triglav at the Slovene Advertising Festival (SOF) for its convincing, original and very consistent application of various marketing mix elements in accordance with the corporate brand identity and the highest professional standards.

6.2.4 Investment in real property and equipment

Zavarovalnica Triglav

Zavarovalnica Triglav invested EUR 5.5 million in property, plant and equipment, EUR 332 thousand in investment property and EUR 4.7 million in intangible fixed assets (software and property rights).

There were no large-scale investments in real property. Essential major investments and adaptations of existing business premises followed energy efficiency principles and those for improving workplace equipment to ensure health and safety at work. To this end, 596 chairs were replaced with those having better ergonomic features. The largest investment took place in the Ljubljana Regional Unit, where new premises of the Rakovnik and Kamnik branches were arranged. In Ljubljana, due to relocation, over 1,500 square meters of office flooring was refurbished, in one of the buildings convectors were replaced and ventilation was installed in the large hall. In Maribor, the Lenart branch was refurbished and new business premises were rented for the Slovenska Bistrica branch. In the headquarters, six new offices were arranged. In Koper, the façade was renovated and the builders' joinery was replaced, while in Krško the heating station was renovated together with NLB. Some holiday capacities were adapted and refurbished. The reorganisation required 595 relocations in all regional unit locations, most of those in the headquarters and the Ljubljana Regional Unit. Additional business premises for the middle office and the back office in Ljubljana were rented and arranged (Slovenijales building). Energy efficiency guidelines were followed in the replacement of energy appliances, builders' joinery and façade cladding. More information is available in Section 12.10 *Responsibility to the natural environment (Protection of the environment in work processes)*.

At the end of 2013, software for the information security management system (ISMS) and software for the business continuity system were purchased, which will serve as the basis for uniform management of these systems at the Triglav Group level.

6.3 Organisation of the Triglav Group

In line with the strategy, activities continued within the scope of business process redesign project in order to streamline operations, improve cost efficiency and to standardise and increase the effectiveness of business process implementation. The year 2013 was marked by major organisational and process changes. The organisational structure and post classification were coordinated with strategic guidelines and new or adapted IT processes and requirements.

Greater organizational and process changes resulted in client focus and internal operational and development coordination. On 1 March 2013, until then divided life and non-life insurance sales were joined into the unified Insurance Sales Functional Area, which also includes previously organisationally independent regional units. The new functional area is managed by an executive director, whereas prior to the integration the regional units were directly subordinated to the Management Board. The role of the Client Contact Unit (CCU) was amended and clearly defined, and online operations and telephone sales were added.

The business process management system was divided into two subsystems:

- business process redesign system (implementation of major process changes) and
- business process management system (implementation of minor process changes and improvements).

Administrators and owners of key and identified business processes were specified. A new application was developed and implemented (the Business Process Register) so as to provide a comprehensive overview of their personal responsibility in process management for all business functions of Zavarovalnica Triglav (at strategic, tactical and operational levels). The manner of monitoring and assessment of computerisation level of individual processes was determined.

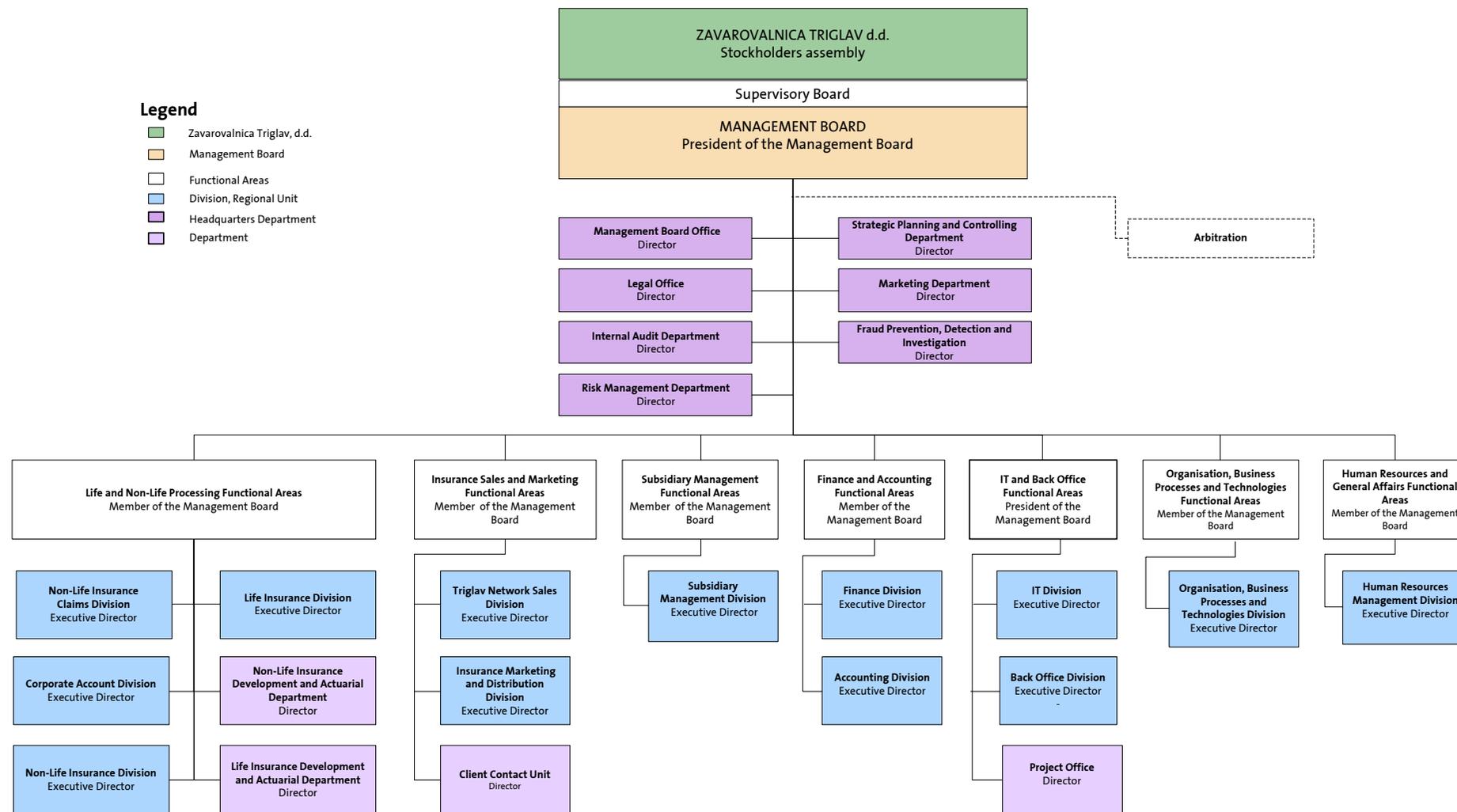
In redesign, the process approach is systematically applied. A process modelling methodology was set up, a business process model and process measurement methodology were introduced and the basis for determining process indicators was specified. Using the selected indicators, effectiveness and efficiency will be checked and processes improved. A good starting point is provided by an overview of the effects of implemented reorganisations and process changes by individual business function of Zavarovalnica Triglav for the 2006–2013 period, prepared by the Organisation, Business Processes and Technologies Functional Areas and process owners. Furthermore, a new process documentation system was set up and the implementation of change management system using the ADKAR methodology and tool was continued.

A new internal document and circular management concept was implemented and the new integrated application Circulars was introduced. The purpose of the redesigned application Internal Documents is to further improve the standardised documenting and electronic archiving of internal documents.

E-business was systematically expanded:

- compliance of internal rules with actual procedures of e-safekeeping was verified;
- the range of documents kept in e-safekeeping was expanded;
- implementation of insurance documentation digitalisation began and electronic signature using e-pen was introduced for all key non-life insurance sales channels;
- management of competences and authorisations was upgraded with e-issue of authorisations, improving process efficiency in terms of both costs and time.

Organisational structure of Zavarovalnica Triglav as at 31 December 2013



6.4 Development of the IT support

Besides smooth performance of regular computer-supported operational processes and support for achieving strategic business objectives, the main development activities of the IT Functional Area also focused on process and organisational improvements and client management.

At process and organisational levels Zavarovalnica Triglav continued to redesign the non-life insurance IT system, set up the data warehouse, design the client relationship management system and build the bases for achieving compliance with *Solvency II* requirements. The project redesign programme is almost in its final phase. Thus, the data warehouse is already a source of information for monitoring of operations and decision-making in some segments. New technological possibilities are considered in the development of new products, enabling the use of alternative sales channels and taking into account the changed client habits (online sales, life insurance policy monitoring portal, support for cooperation with tourist agencies and banks).

To make the work of employees easier, applications for mobile phones and tablets were developed, which are used by a wide range of co-workers, from agents and appraisers to members of the Management Board (authorisation of exceptional discounts, crop appraisal, reports containing data on monthly premium, claims and expenses). The previously described amendments to the legislation or other regulations demanded adjustment of parts of life and non-life insurance IT systems (SVPI, agricultural insurance, e-enforcement).

Activities for standardising the IT support for non-life reinsurance were continued. The application module for *Solvency II* reporting was launched.

Client management support was ensured by adding new functions for a more comprehensive overview of policyholders, setting up a bonus system and introducing a client loyalty programme.

New products and adapted existing products for attracting new clients and expanding the insurance of existing policyholders were supported by IT solutions for **various sales channels**. Appropriate solutions enabled changes to internal procedures such as increasing the volume of paperless operations or changes to internal rules (charging of fees to agents, redesign of e-archive use).

In 2013, most IT infrastructure was not subject to major changes. An exception to this was the network equipment segment, which was mainly replaced upon the introduction of IP-telephony, including a simultaneous increase in data transfer speed at some locations. Due to the growing use of mobile devices, a software solution was implemented for safe access to Triglav's IT system via mobile devices.

For **secure information management**, new documents were drawn up and activities within the information security management system (ISMS) were defined in greater detail.

Within the Triglav Group, the AdInsure software was introduced in the subsidiary Triglav Pojišt'ovna, Brno. For the needs of insurance subsidiaries Triglav Osiguranje, Zagreb and Triglav Osiguranje, Sarajevo, some life insurance products were adapted. Moreover, for Triglav Osiguranje, Zagreb, the software solution for accessing own life insurance policies and checking the balance of investment funds for investment life insurance was adapted. IT support was provided for all changes occurred as a result of Croatia becoming a member of the European Union (see *Section 6.1.2, The Triglav Group*). In the insurance segment of the Triglav

Group, IT internal control assessment was performed, internal control improvement measures were implemented and mechanisms for continuous operation of IT were prepared.

Plans for 2014

Zavarovalnica Triglav:

- conclusion of redesigning the non-life insurance IT system;
- finalisation of setting up the data warehouse;
- development of the client relationship management system (CRM);
- development of new mobile applications in non-life and life insurance segments.

The Triglav Group:

- concluded implementation of standard software support for non-life insurance (AdInsure) in Triglav Pojišť'ovna, Brno in the beginning of 2014;
- implementation of AdInsure in Triglav Zdravstvena Zavarovalnica,
- upgrade of AdInsure functions with respect to the requirements of insurance subsidiaries,
- implementation of standard software support for accounting (Navision) and introduction of software support for ISMS and business continuity in the Triglav Group's insurance subsidiaries.

7. PERFORMANCE OF ZAVAROVALNICA TRIGLAV D.D.

- The economic and financial crisis impacted the operations of the Company.
- Zavarovalnica Triglav maintained the leading position in the Slovene insurance market.
- The ratio between non-life and life insurance remained unchanged.
- Gross claims paid remained at the 2012 level, less premiums paid and high-quality insurance technical provisions.

7.1 General economic environment in Slovenia

In spite of slow recovery, for the second consecutive year the euro zone was in recession, observed also in Slovenia. Conditions in the labour market remained harsh and financing conditions difficult. In December Slovenia started restructuring the banking sector and was thus able to borrow on the international market. Following the autumn forecast of the Office of the Government of the Republic of Slovenia for Macroeconomic Analysis and Development (hereinafter IMAD) in 2013 Slovenia recorded a 2.4% decrease in real GDP, and the inflation rate remained relatively low at 2.0%. GDP at current prices decreased down to EUR 34.9 billion.

Domestic consumption dramatically dropped again, private consumption reduced by as much as 3.5%, and government consumption was lower by 1 percentage point. Capital consumption went down by 1.6%, which was slightly less than in previous years – as higher investments were observed in the energy industry and a slightly smaller fall was recorded in construction investments.

The reduction in GDP was mitigated by fast growing international trade. While imports practically stagnated, exports from Slovenia within and outside the European Union increased. The growth in goods was based on the export of medicinal and pharmaceutical products, whilst the growth in services stemmed from intermediary, trade and construction services. The competitiveness of the Slovene economy was strengthened by cost adjustments, whilst its cost competitiveness worsened because of the higher value of the euro. As at the year-end, 6.7% of total GDP growth was generated by the exchange rate.

Employment rate fell by 2.3%, as a result of decreased economic activity and a high rate of transition into inactivity due to the new pension reform. The largest fall in employment was recorded in construction, followed by manufacturing, and financial intermediation. Due to public finance restrictions a drop in employment in the public sector was noted for the first time. At an annual level the registered unemployment increased by 1.3 percentage points on average to 13.3% which nominally represents 120,600 persons.

The volume of loans granted to the private sector went down again, as a result of bank asset restructuring, restrictions in financing and deteriorating loan quality. Impairment and provisioning costs grew, and interest rates on corporate loans remained high as well. Indebtedness of Slovene companies is above-average. At the end of the year Bank of Slovenia published stress test results, requiring bank recapitalisation of EUR 4.8 billion. By transferring bad debt to the Bank Asset Management Company the government started the restructuring of the banking sector, but IMAD estimates that its effects will not be visible before 2015.

The state of Slovene public finances worsened again due to bank recapitalisation and higher interest expense. Total deficit of Slovenia considerably exceeded 3.8% reached in 2012 and its sovereign debt will climb (according to preliminary estimates of the Ministry of Finance) to almost 75% of GDP. Excluding the bank recapitalisation, in the first three quarters of 2013, the deficit was lower than in the same period of 2012, which leads to conclusion that the

conditions started to improve. In spite of adopted reforms, approval to postpone the elimination of the excessive deficit by two years and inclusion of the fiscal rule in the Constitution, Slovenia did not gain higher credibility in the financial markets. Conditions changed only in December with the restructuring of the banking sector.

The recovery of the Slovene economy will be uncertain in 2014. According to the autumn forecast of IMAD, GDP growth will be negative for the third consecutive year and reach -0.8% . Household consumption, government consumption and investment consumption will drop again. Positive growth is forecast only in strong international trade. The growth of registered unemployment will slightly level off at 13.6% , but the inflation rate will remain at a similar level, i.e. 1.9% . In 2014, the government will have to continue with the consolidation of public finance and privatisation according to the Stability Programme, in order to be able to reduce both the budget deficit and public debt. Forecasts are followed by uncertainties that can reduce the currently anticipated growth rates. In most cases they arise from effects of government measures relating to the fulfilment of commitments towards public finance consolidation.

Despite slow recovery, the euro area was in recession for the second successive year, and so was Slovenia, resulting in the continued adverse situation on the labour market and tight corporate financing conditions. In December, the restructuring of the Slovene banking system began, enabling access to funds in the international market. According to the autumn forecast by Institute of Macroeconomic Analysis and Development (hereinafter IMAD), in 2013 Slovenia recorded a 2.4% decline in GDP in real terms, whilst inflation remained relatively low at 2.0% . Slovene GDP, measured in current prices, decreased and reached EUR 34.9 billion.

Domestic consumption again decreased heavily, private consumption fell by as much as 3.5% , while government consumption declined by one percentage point less. Capital expenditure dropped slightly less than in previous years, i.e. by 1.6% , as higher investments in the energy sector were recorded and a slightly smaller decrease in investments in the construction industry.

A decline in GDP was eased by a rapidly growing international trade. While export practically stagnated, import in the countries inside and outside of the European Union was on the rise. The growth of goods was a result of higher export of medicinal and pharmaceutical products, while the increase in services was a result of higher brokerage activity and trade as well as services in the construction industry. Slovenia's economic competitiveness was strengthened at the expense of cost adjustment, but price competitiveness deteriorated due to the higher value of the euro. At the 2013 year-end, international trade increased GDP by as much as 6.7% .

Employment declined by 2.3% as a result of diminished economic activity and higher transition to inactivity due to a new pension reform. The drop in employment was highest in the construction industry, followed by manufacturing and financial intermediation. Due to fiscal constraints, the decline in employment was recorded for the first time by the public sector. The average annual registered unemployment rate went up by 1.3 percentage points, reaching 13.3% or 120,600 unemployed.

The volume of loans granted to the private sector again decreased due to the restructuring of bank loans, funding constraints and deteriorating loan quality. In contrast, the costs of impairments and provisions increased and corporate loan interest rates remained at a high level. The indebtedness of companies in Slovenia is above average. At the end of 2013, the Bank of Slovenia published the stress test results and a required capital increase in the amount of EUR 4.8 billion. By transferring non-performing loans to the Bank Asset Management Company, the Government began with the restructuring of the banking system, but according to IMAD's estimates its effects will be visible only in 2015.

The position of Slovenia's public finance again deteriorated due to recapitalisation of banks and higher interest expenses. The total deficit is well beyond the 3.8% achieved in 2012 and, according to preliminary estimates of the Ministry of Finance, gross government debt will rise close to 75% of GDP. In the first three quarters the deficit, excluding recapitalisation of banks, was lower than in the same period of 2012, from which it can be assumed that the situation began to improve. Despite the adopted reforms, approved two-year suspension for the correction of excessive deficit and the entry of a fiscal rule in the Constitution, Slovenia did not gain greater credibility in financial markets. It was not until December that the situation changed when the restructuring of the banking system began.

In 2014, an uncertain revival of the Slovene economy can be expected. According to the autumn forecast by IMAD, GDP growth will be negative for the third consecutive year at -0.8%. Household and government consumption as well as capital expenditure will again record a drop. Positive growth will be recorded only by strong international trade. The increase in registered unemployment rate will slow down slightly at 13.6%, while the inflation rate will remain at the level approximately the same, reaching 1.9%. In 2014, the Government will have to continue fiscal consolidation and privatisation in accordance with the Stability Programme in order to decrease both the budget deficit and public debt. Forecasts are accompanied by uncertainties that could reduce the currently expected growth rate. They mostly originate in the effects of government measures in meeting its commitments to fiscal consolidation.

7.2 Environmental impact on the performance of Zavarovalnica Triglav

In 2013, the operations of Zavarovalnica Triglav were marked by the continuing economic and financial crisis, which strongly affected policyholder habits. The effects of reduced household and corporate demand for some insurance products are described in detail in sections *3.3 Objectives achieved by Zavarovalnica Triglav in 2013* and *7.4 Gross written premiums*. The reaction of competitors to the exacerbated conditions of economic operation is strong. They particularly affect the Company's operations by reducing their premiums. Zavarovalnica Triglav is responding to the competition by introducing new sales approaches and placing new products, bonus programmes and promotional offers as well as by changing and adjusting the insurance terms and conditions, which consequently reduce the volume of written premiums. An additional loss of planned premium income resulted from the insurance portfolio selection and the intense measures taken to mitigate poorer insurance technical results in non-life insurance, manifested in a good claims ratio of the Company.

The Company's business results are heavily influenced by the situation on capital markets, as diverse financial investments represent the majority of the Company's total assets. Owing to significant or long-term decreases in the value of investments, permanent impairment of financial assets reached EUR 51.7 million.

The performance was also affected by individual mass loss events, consequences of wind storms with snow, frost, hail, and floods. The Company recorded six massive claims, amounting to EUR 14.5 million. The biggest mass loss event was caused by snow storms and frost that affected a great part of Slovenia in January, which resulted in EUR 6.1 million claims, particularly affecting one policyholder. At the end of March and at the beginning of April, flooding in the Prekmurje region resulted in more than 900 reported claims totalling EUR 682 thousand. In May, Central Slovenia and the Upper Savinja Valley were hit by a hail storm entailing over 1,850 reported claims with total damage of EUR 1.6 million. In July, wind storms in entire Slovenia caused over 5,700 reported claims worth EUR 3.8 million, and again in November resulting in some EUR 2.1 million of damage. Moreover, at the end of November and at the beginning of December, wind storms hit Western and Northern Slovenia, causing damage of nearly EUR 200 thousand.

Despite numerous negative factors which had a significant impact on operating conditions in 2013, successful performance in the reporting year indicates the efficacy of measures adopted by Zavarovalnica Triglav.

7.3 Insurance market and the position of companies in 2013

Some changes occurred in the global insurance market, since America (North and South America together) took the leading position. According to the latest official data of the reinsurance company Swiss RE (from May 2013) it won a 33.9% share of the global insurance market in 2012 or 1.7 percentage points more than in 2011. The share of Europe in the global insurance market, which used to lead in recent years, slightly shrank again and reached 33.3% of total insurance premium, which is 2.6 percentage points less than in 2012. Asia again strengthened its position: its market share grew by 0.9 percentage point and represented 29.2%. Africa modestly increased its role and accounted for 1.6% of total global insurance premium. On the contrary, Oceania's market share was reduced to 2.1% of the total.

According to the global insurance ranking for 2012 the Slovene insurance market was ranked 55th which is 5 ranks lower than in 2011. Although the Slovene market is 118-times smaller than the British insurance market, the largest in Europe, and it accounts for only 0.06% of the total global market (0.07% in 2011), it is nevertheless well-developed as shown by relative ratios. At the global level, Slovenia was again ranked 28th in premium per capita and 25th in insurance penetration (two ranks lower than in 2011).

Premium per capita and insurance penetration in Slovenia and some other European countries in 2012

	Premium per capita		Insurance penetration	
	(in USD)	World rank	(as a % of GDP)	World rank
Slovenia*	1,284	28	5.80	25
Austria	2,478	21	5.27	27
Croatia	348.4	47	2.69	50
Czech Republic	746.7	33	3.72	40
Great Britain	4,350	9	11.27	7
Switzerland	7,522	1	9.57	9
Turkey	145.9	62	1.37	72
Greece	520.3	37	2.36	53
Serbia	96	69	1.86	61
EU - geographic area	1,724	-	6.73	-
EU - 27	2,533	-	7.70	-

Source: Swiss RE, publication Sigma (No. 3/2013)

*Data on premium in Slovenia. Slovenian Insurance Association

The economic and financial crisis had a strong impact on the operations of insurance companies in Slovenia. A lower standard of living and a higher unemployment rate change consumer behaviour. The consumption of families and individuals is restricted to covering basic expenses; with all other costs, including insurance, following. Similar behaviour is also observed in companies. As clients they mostly decide for compulsory or other urgently needed insurance policies. Consequently, insurance companies earn lower insurance premium and adjust to the behaviour of their clients by changing their offerings. In 2013, several sales promotion campaigns and prize competitions were organised; partly involving various business partners, such as banks and merchants. Insurance companies introduced the majority of campaigns, new products and elements in car insurance, where price competitiveness is the highest.

Development of the Slovene insurance market

Premium per capita	EUR 999
Premium as a percentage of GDP (data for 2012)	5.8%
Insurance market growth index in 2013	95.6

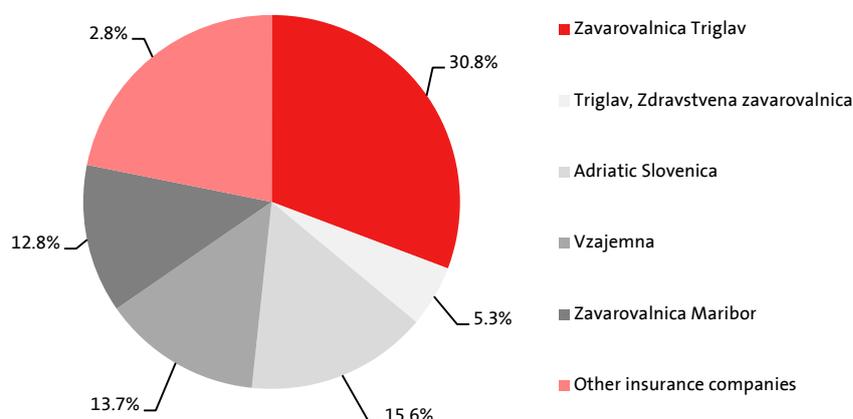
Source: Swiss RE, publication SIGMA (No. 3/2013), Slovenian Insurance Association

At the end of 2013, 14 insurance companies and 4 foreign branch offices, or one less than a year ago, operated in the Slovene insurance market. As at 1 October 2013, the insurance portfolio of KD živiljenja was transferred to Adriatic Slovenica. The insurance companies generated a total of EUR 1,964 billion in gross written insurance premiums, which is 4.4% less than in 2012. There were 17 traditional reinsurance companies, of which 10 composite and 7 companies specialised (in life, health, and non-life insurance). Together traditional insurance companies recorded EUR 1,962 billion in premium income of which non-life insurance accounted for almost 73% and the rest came from the life insurance segment. Life insurance premium went down by 10%, whilst a drop of 2% was recorded in non-life insurance. These data do not include insurance transactions directly conducted by the insurance companies from other EU member states (FOS) operating in Slovenia. Although the share of these transactions is growing, it is still negligible according to available data. Zavarovalnica Triglav directly operates in all 28 EU member states.

The market is characterised by a high degree of concentration. Four major insurers controlled 72.9% of the market of traditional insurance companies (70.7% in 2012). **Zavarovalnica Triglav** maintained the leading position with a 30.8% share, followed by Adriatic Slovenica whose share is almost twice smaller, was ranked second. Together with **Triglav, Zdravstvena zavarovalnica**, the Group held 36.1% of the market as at the end of the reporting period, which was 0.2 percentage point more compared to one year earlier. Predominantly foreign-owned insurance companies (Generali, Merkur, Grawe, Wiener Städtische, Allianz, Ergo branch office, Ergo živiljenjska zavarovalnica and Arag) recorded a total of EUR 211.9 million of insurance premium and expanded their market share from 10.1% in 2012 to 10.8%.

Zavarovalnica Triglav increased its share in life insurance market to 33.6%, which is by 1.3 percentage points more than in 2012. In the non-life insurance segment its share accounted for 29.7%, or 1.4 percentage points less than in 2012. The maintenance of the leading position has become increasingly demanding, since the difficult economic situation has been additionally aggravated by the aggressive price competition. When market concentration is high the competition is focused on the existing clients. To a great extent, maintaining the market position will depend on the speed of response to market changes.

The 2013 market share of traditional insurance companies in Slovenia



Source: Slovenian Insurance Association

7.4 Gross written premiums

Zavarovalnica Triglav booked a total of EUR 603.8 million in written insurance premiums or 6% less than in 2012. In addition to gross written premiums, it booked EUR 2.0 million in co-insurance premiums, or 1% more than in 2012.

The written premium structure remained the same with non-life insurance accounting for 70.3% and life insurance for 29.7%.

Gross written premium per insurance class in 2013

Insurance class	Gross written premium			Index		Structure
	2013	2012	2011	2013/2012	2012/2011	2013
Accident insurance	31,743,528	36,183,126	40,111,479	88	90	5.3%
Health insurance	0	0	0	0	0	0.0%
Comprehensive car insurance	98,923,647	108,291,760	121,432,435	91	89	16.4%
Real property insurance	122,458,654	126,677,779	136,050,289	97	93	20.3%
Motor liability insurance	99,900,722	111,525,660	124,713,349	90	89	16.5%
General liability insurance	29,601,460	29,983,506	29,226,748	99	103	4.9%
Credit insurance	21,165,261	19,837,754	20,303,284	107	98	3.5%
Other non-life insurance	20,786,446	21,302,545	22,176,512	98	96	3.4%
Non-life insurance	424,579,717	453,802,130	494,014,097	94	92	70.3%
Life insurance	87,779,232	85,209,421	87,585,033	103	97	14.5%
Unit-linked life insurance	76,720,215	85,162,447	93,679,475	90	91	12.7%
Capital redemption insurance	14,700,068	21,452,783	19,683,762	69	109	2.4%
Life insurance	179,199,515	191,824,651	200,948,270	93	95	29.7%
Total	603,779,231	645,626,781	694,962,367	94	93	100.0%

Note: The data on life insurance and capital redemption insurance for 2013 in 2012 are not comparable. In 2012, annuity pension insurance was a part of the capital redemption insurance class, whereas in 2013 it is covered by the life insurance class

7.4.1 Non-life insurance

The gross written premiums in non-life insurance totalled EUR 424.6 million, which was 6% less in nominal terms than the year before. The main reasons for the expected decrease in premiums are:

- aggressive competition among insurance companies, particularly in the motor vehicle insurance sector;
- impact of the persisting economic crisis:
 - decreased purchasing power of population and greater prudence of policyholders – both retail and corporate clients (policy degradation, lower insurance density, cancellation of insurance contracts);
 - several sales promotion activities and continued inclusion of policyholders in the Triglav Komplet bonus programme,
- continued efforts to mitigate the poor insurance technical results recorded in insurance of property and interests in property as well as in agricultural insurance. The resulting changes caused a decrease in written premiums and a simultaneous improvement of insurance technical results.

In **motor vehicle insurance**, that accounts for the largest share (32.9%) in the portfolio, EUR 198.8 million in premiums was recorded, i.e. 10% less than in 2012. In **motor liability insurance**, EUR 99.9 million of premiums were collected, recording a 10% drop, while in **comprehensive car insurance** EUR 98.9 million premiums were collected, representing a 9% decrease on 2012. Some reasons for a lower level of premium realisation were stated in the introduction to this section. Sales promotion activities and inclusion of policyholders in the Triglav Komplet bonus programme (*section 6.2.2*) resulted in attracting the attention of policyholders, retaining the existing and acquiring new ones, but they also decreased the prices of insurance products and the lower volume of in premium payments. In retail insurance, a lower volume of in premium payments was also a result of older and fewer vehicles owned by families, which is reflected in non-renewal, cancellation and reduced volume of purchased comprehensive car insurance. In corporate insurance, decreased premiums were substantially affected by the bankruptcies of large construction and transport companies and by fewer vehicles owned by companies.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), accounting for 20.3% in total written premiums, premiums of EUR 122.5 million were booked, representing a 3% decrease compared to the previous year. In fire and natural disaster insurance, a drop of 1% was recorded, while other damage to property insurance experienced a 5% premium decrease. The highest drop in premiums was posted in the following insurance sub-classes:

- earthquake insurance due to lower insured sum of a major policyholder and aggressive price competition of insurance companies;
- home insurance package for individuals (DOM) due to additional discount as a result of the Triglav Komplet bonus programme and decreased purchasing power of population and lower insurance density;
- machinery breakdown insurance due to the further portfolio clean-up and reduced scope of insurance coverage of large policyholders (lower insurance sum, balance sheet clean-up, etc.);
- animal insurance due to the cancellation of certain types of animal production (e.g. breeding animals reared by a large policyholder and fewer fattening pigs) and production with a small number of animals by natural persons, changes to insurance bases in animal producers of breeding cows and a strict compliance with the bonus–malus system;

- combined non-life insurance, which was mostly transformed into other insurance sub-classes, such as fire insurance of civil risks, fire insurance in the power industry and business interruption insurance, thus recording an increase in their premiums.

Solid sales results were achieved in fire insurance of civil risks, fire insurance in the power industry, construction insurance and machinery breakdown insurance in the power industry.

Accident insurance represented 5.3% of total written premiums or EUR 31.7 million in nominal terms. The decrease in accident insurance premiums (index 88) was a result of the developments in the motor vehicle insurance market, as more than a half of premiums in this insurance group arises from two insurance sub-classes taken out simultaneously with car insurance (the driver's bodily injury insurance or AO-plus insurance (index 79) and driver and passenger accident insurance (index 87)). The main reason for the decreased total AO-plus insurance premiums lies in a more than 20% premium decrease in mid-2012. Nevertheless, the growing unemployment rate and the poor state of the economy are the main reasons for lower group accident insurance premiums (index 94), the largest sub-class of accident insurance (40%).

General liability insurance represented 4.9 % of the total written premiums or EUR 29.6 million. In general liability insurance, premiums fell by 1%, predominantly as a result of lower written premiums from liability of attorneys-at-law insurance due to discontinued cooperation with a large policyholder and lower general liability insurance premiums due to the economic crisis, representing 74% of total written premiums of this insurance class (a reduced number of employed that represent a premium calculation basis, corporate bankruptcies, etc.). A high premium increase was recorded in liability of management and supervisory board insurance, product liability insurance and liability of medical doctors.

In **credit insurance** (3.5% of the total), premiums written amounted to EUR 21.2 million, representing a 7% growth. The results of most credit insurance sub-classes were solid, especially in payment card claims, financial gap insurance and other credit insurance. In the largest credit insurance sub-class, consumer loan insurance (representing a 64% share), written premiums increased by 9%.

Other non-life insurance (railway insurance, marine insurance, aircraft insurance, goods in transit insurance, aircraft liability insurance, marine liability insurance, suretyship insurance, miscellaneous financial loss insurance, legal expense insurance and assistance insurance) recorded EUR 20.8 million in premiums or 2% less over the preceding year. They accounted for 3.4% of total written premiums. This predominantly resulted from lower premiums written in goods in transit insurance, railway insurance and assistance insurance, whereas lower premiums in goods in transit insurance reflect harsh economic conditions, resulting in increased requirements of policyholders to reduce premiums, cancellations of insurance contracts and aggressive competition. The decreased premiums written in assistance insurance results from the lower premium of roadside assistance insurance. Good sales results were achieved in suretyship insurance, miscellaneous financial loss insurance and aircraft insurance.

7.4.2 Life insurance

In total, Zavarovalnica Triglav charged EUR 179.2 million in gross written premiums from **life insurance** contracts, which represents a 7% decrease on 2012. The main reasons for the decrease in premiums are described the previous sections, among them being mostly the aging of the life insurance portfolio (increased number of maturities), a deteriorated financial and economic situation and more prudent consumer behaviour when concluding long-term life insurance contracts. Tight economic conditions also impacted the increased number of surrenders and withdrawals.

Life insurance (traditional life insurance, pension insurance, annuity pension insurance, voluntary pension insurance) premiums stood at EUR 87.8 million, accounting for 49% of the total premiums in the life insurance class. The premiums were 3% higher than in 2012. Good sales results were achieved in annuity pension insurance, which in 2013 is considered a part of the life insurance class, whilst a year before it was a part of the supplemental voluntary pension insurance.

The premiums generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) totalled EUR 76.7 million, which was 10% less compared to the previous year. **Supplemental voluntary pension** insurance (capital redemption insurance) generated EUR 14.7 million or 8.2% of total life insurance premiums. Premiums dropped by 31% compared to the year before, although comparison with the same period last year is not realistic. In 2012, annuity pension insurance was a part of the capital redemption insurance class, whereas this year it is covered by the life insurance class.

In 2013, the new written premiums from instalment-based insurance totalled EUR 1.3 million, having increased by 8% over 2012. In one-off life insurance, total written premiums equalled EUR 8.2 million or 17% more than the year before. Most of the one-off life insurance premiums were generated by pension annuities from supplemental voluntary pension insurance (SVPI).

7.5 Gross claims paid

Gross claims paid (excluding loss adjustment costs) remained at approximately the same level as the year before (index 100) and totalled EUR 415.0 million.

Gross claims paid (excluding loss adjustment costs) by insurance class in 2013

Insurance class	Gross claims paid			Index		Structure
	2013	2012	2011	2013/2012	2012/2011	2013
Accident insurance	13,046,847	14,333,408	16,543,182	91	87	3.1%
Health insurance	0	0	0	0	0	0.0%
Comprehensive car insurance	75,177,449	78,086,686	84,463,145	96	92	18.1%
Real property insurance	59,057,069	63,073,403	61,756,912	94	102	14.2%
Motor liability insurance	61,274,615	62,935,251	74,724,405	97	84	14.8%
General liability insurance	17,908,848	14,087,009	16,772,216	127	84	4.3%
Credit insurance	13,191,018	13,547,163	12,954,393	97	105	3.2%
Other non-life insurance	12,105,509	11,953,624	11,182,733	101	107	2.9%
Non-life insurance	251,761,355	258,016,544	278,396,985	98	93	60.7%
Life insurance	92,008,771	89,430,423	83,545,897	103	107	22.2%
Unit-linked life insurance	50,173,446	37,578,482	26,370,827	134	143	12.1%
Capital redemption insurance	21,038,059	28,629,201	24,258,129	73	118	5.1%
Life insurance	163,220,276	155,638,107	134,174,853	105	116	39.3%
Total	414,981,632	413,654,651	412,571,838	100	100	100.0%

Note: The data on gross claims paid in life insurance class and in capital redemption insurance for 2013 and 2012 are not comparable. In 2012, annuity pension insurance was a part of the capital redemption insurance class, whereas in 2013 it is covered by the life insurance class.

7.5.1 Non-life insurance

The comparison of growth rates between claims and insurance premiums in **non-life insurance** shows that claims grew at a rate of 4 index point higher than insurance premiums. In **non-life insurance**, total gross claims paid amounted to EUR 251.8 million or 2% less than the year before. The number of reported loss events decreased by 4.5%, and a number of unsettled claims at the 2013 year-end dropped as well. The profit level in 2013 was also affected by major loss events, which is described in greater detail in *Section 7.2 Environmental impact on the performance of Zavarovalnica Triglav*.

The gross claims paid for **motor vehicle insurance** amounted to 32.9% of all claims settled. In 2013, EUR 136.5 million in total claims was recorded, i.e. 3% less than in the previous year. The decrease was a result of fewer reported claims due to improved road traffic safety and fewer insurance policies. In **comprehensive car insurance** claims paid amounted to EUR 75.2 million or 4% less than in 2012 (18.1% of total gross claims paid). With EUR 61.3 million or 14.8% of total gross claims booked, **motor liability insurance** decreased by 3% in nominal terms.

In **real property insurance** (fire and other property insurance), total claims paid amounted to EUR 59.1 million or 6% less than the year before. The 10% rise in gross claims paid in fire insurance and natural disaster insurance is the consequence of a large payment of claim to a policyholder due to an ice and snow storm in January. Gross claims from other damage to property insurance experienced a 14% decrease.

A high 27% gross claims growth was recorded in **general liability insurance** as a result of the payment of two large claims to policyholders in the product liability insurance and construction insurance sub-classes. Gross claims paid amounted to EUR 17.9 million, i.e. 4.3% of total claims.

Gross claims paid in **credit insurance** amounted to EUR 13.2 million or 3% less than the year before. This drop was mainly caused by decreased claims in the largest insurance sub-class – consumer loan insurance (55% share in credit insurance), which fell by 12%. On the contrary, a high increase was recorded in overdraft insurance and domestic trade credit insurance claims, mainly due to the financial and economic crisis.

A 9% decrease in gross claims paid was recorded in the **accident insurance** class, equalling EUR 13.0 million. The decrease in claims in this insurance class was mostly due to the drop in claims paid in the two biggest insurance sub-classes: AO-plus insurance and group accident insurance (together, they account for 81% of total claims in this insurance class), as a result of reduced number of reported claims.

Gross claims from **other non-life insurance** rose by 1% over the preceding year, which was mostly a result of more claims in roadside assistance insurance, aircraft insurance, miscellaneous financial loss insurance and aircraft liability insurance (due to major claims paid). With regard to other insurance classes, the claims paid were lower than the year before.

7.5.2 Life insurance

Gross claims paid in life insurance totalled EUR 163.2 million and were 5% higher compared to the previous year. Claims in the life insurance group accounted for 39.3% of total claims paid or 1.7 percentage points more than a year earlier. The increase in claims paid from life insurance was caused by maturities due to the aging of the portfolio and surrenders, mostly as a result of the economic crisis.

The bulk of all claims settled is accounted for by **life insurance** (traditional life insurance, pension, annuity pension insurance and voluntary pension insurance), which reached EUR 92.0 million, i.e. 3% more compared to the previous year. A high 34% increase in claims paid was recorded in **unit-linked life insurance**, where claims paid amounted to EUR 50.2 million. Gross claims paid in **capital redemption insurance** (supplemental voluntary pension insurance) decreased by 27%. However, comparison with the previous year is not realistic as in 2012 annuity pension insurance, which is now a part of life insurance, was not accounted for.

7.6 Gross operating expenses

Gross operating expenses remained approximately at the same level as the year before (index 100), reaching EUR 161.3 million. The growth of operating expenses was 6 index points higher than the growth of gross written premiums. Operating expenses accounted for 26.7% of gross written premiums, which was 1.8 percentage points more than in 2012.

Acquisition costs (fees and charges) increased by 6% mainly due to sales campaigns and totalled EUR 19.3 million. Due to large-scale investments in IT, depreciation charges amounted to EUR 10.1 million, increasing by 15%. Labour costs, representing the bulk of total expenses (55.5%), fell by 1% and equalled EUR 89.5 million. Costs of services provided by natural persons other than sole proprietors equalled EUR 2.0 million, representing an increase of 5% from the year before. Other operating expenses amounted to EUR 40.3 million, decreasing by 4% compared to 2012.

Gross operating expenses in non-life insurance experienced a 1% increase to EUR 127.3 million. Their share in gross written premiums was 30.0%. Operating expenses in life insurance decreased by 3%, reaching EUR 34.0 million. They accounted for 19.0% of gross written premiums.

Acquisition costs decreased by 0.6 percentage point. In total gross operating expenses, broken down by functional groups, acquisition costs accounted for 59.5%. Loss adjustment costs accounted for 12.5% (12.8% in 2012) and asset management costs for 1.7% (2.2% in 2012). Other operating expenses represented 26.3%, having increased by 1.3 percentage points.

Gross operating expenses by nature in 2013

Operating expenses by nature	Gross operating expenses			Index		Structure
	2013	2012	2011	2013/2012	2012/2011	2013
Acquisition costs (by nature)	19,342,036	18,305,679	19,013,601	106	96	12.0%
Depreciation of operating assets	10,120,894	8,819,073	6,589,262	115	134	6.3%
Labour costs	89,490,981	89,989,713	91,658,809	99	98	55.5%
- wages and salaries	67,053,812	66,623,332	66,988,903	101	99	41.6%
- social securities and pension insurance costs	11,151,543	11,377,667	11,294,059	98	101	6.9%
- other labour costs	11,285,626	11,988,713	15,849,905	94	76	7.0%
Costs of services provided by natural persons other than SPs together with pertaining taxes	1,962,550	1,871,262	1,765,421	105	106	1.2%
Other operating expenses	40,348,992	41,957,593	44,813,590	96	94	25.0%
- costs of entertainment, advertising, trade shows	10,086,394	10,551,146	11,799,643	96	89	6.3%
- costs of material and energy	4,522,038	4,895,177	4,518,150	92	108	2.8%
- maintenance costs	7,109,126	6,817,466	6,100,830	104	112	4.4%
- reimbursement of labour-related costs	3,479,594	3,872,283	3,980,464	90	97	2.2%
- costs of intellectual and personal services	2,029,052	1,843,919	2,080,381	110	89	1.3%
- non-income-related costs, excluding insurance	1,625,011	1,799,319	1,874,058	90	96	1.0%
- costs of transport and communication services	2,771,131	2,905,142	2,936,076	95	99	1.7%
- costs of insurance premiums	1,315,810	1,341,042	1,368,959	98	98	0.8%
- payment transaction costs and banking services	2,112,331	3,099,269	3,130,177	68	99	1.3%
- rents	2,995,276	2,687,949	2,573,623	111	104	1.9%
- costs of services of professional training	833,497	823,218	765,919	101	107	0.5%
- other costs of services	1,469,733	1,321,665	1,211,250	111	109	0.9%
Total	161,265,453	160,943,321	163,840,683	100	98	100.0%

Gross operating expenses by insurance class in 2013

Insurance class	Gross operating expenses			Index		Structure
	2013	2012	2011	2013/2012	2012/2011	2013
Accident insurance	9,919,710	10,591,655	11,075,645	94	96	6.2%
Health insurance	0	0	0	0	0	0.0%
Comprehensive car insurance	26,472,691	26,399,267	27,236,890	100	97	16.4%
Real property insurance	42,500,351	43,713,612	43,410,553	97	101	26.4%
Motor liability insurance	27,849,092	25,779,320	27,331,801	108	94	17.3%
General liability insurance	8,961,794	8,218,351	8,221,853	109	100	5.6%
Credit insurance	4,621,280	4,377,848	4,466,691	106	98	2.9%
Other non-life insurance	6,954,425	6,823,553	6,092,223	102	112	4.3%
Non-life insurance	127,279,344	125,903,607	127,835,656	101	98	78.9%
Life insurance	16,819,293	15,542,483	14,398,076	108	108	10.4%
Unit-linked life insurance	15,165,567	17,251,397	19,357,353	88	89	9.4%
Capital redemption insurance	2,001,250	2,245,834	2,249,598	89	100	1.2%
Life insurance	33,986,109	35,039,714	36,005,027	97	97	21.1%
Total	161,265,453	160,943,321	163,840,683	100	98	100.0%

7.7 Risk equalisation

Zavarovalnica Triglav equalised 89% of the risks within its own equalisation capacities. The Group was able to equalise risks that exceeded its own equalisation capabilities by reinsurance and, to a lesser extent, by co-insurance arrangements. With Triglav's own equalisation capacities, claims were covered with the current annual inflow of technical premium by insurance class and the insurance technical provisions formed.

7.7.1 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured parties. As at 31 December 2013, Zavarovalnica Triglav allocated EUR 1,959.3 million to gross insurance technical provisions. The total amount of gross provisions decreased by 2% compared to the same period of 2012, with provisions for non-life insurance decreasing by 6% and provisions for life insurance increasing by 1%.

Provisions by type as at 31 December 2013 compared to the same day of the preceding year:

- **Gross provisions for unearned premiums** decreased by 6% and reached EUR 188.3 million. Unearned premium from non-life insurance amounted to EUR 187.9 million (index 94), while unearned premium from life insurance totalled EUR 429 thousand, which was 6% more than one year earlier.
- **Gross provisions for outstanding claims** decreased by 5% and amounted to EUR 510.1 million. Claims provisions from non-life insurance totalled EUR 490.8 million (index 94) and those from life insurance EUR 19.3 million (index 100). A drop in claims provisions is primarily a result of the Company's decreased exposure and favourable development of loss events in 2013. In addition to the recorded gross claims provisions in the amount of EUR 162.6 million and claims provisions for co-insurance of EUR 1.2 million, gross claims provisions of EUR 317.5 million were formed for incurred but not reported claims. Provisions for loss adjustment costs totalled EUR 38.7 million, while provisions for expected subrogations reduced the gross claims provisions by EUR 9.8 million.
- **Mathematical provisions** stood at EUR 1,244.1 million, representing a 1% increase over last year. Of the total amount of mathematical provisions, EUR 654.5 million originated from the long-term business fund backing life insurance, EUR 151.4 million from the long-term

business fund backing SVPI, EUR 17.9 million from the long term business fund backing SVPI, i.e. annuities, and EUR 420.3 million from the long-term business fund backing unit-linked life insurance. The main reason for higher mathematical provisions is an increase in the provisions for unit-linked life insurance, which is the result of an increase in the value of investments linked to the unit-linked life insurance assets.

- **Provisions for bonuses and discounts** decreased by 11% to EUR 15.0 million.
- **Other insurance technical provisions** totalled EUR 1.7 million or 23% less than in 2012, primarily due to the decrease in provisions for unexpired risks, the value of which is based on net claims and expenses by individual insurance class. The improvement in these results caused a decrease in provisions.

Gross insurance technical provision as at 31 December 2013

	Gross insurance technical provisions		Index
	31 Dec. 2013	31 Dec. 2012	2013/2012
Unearned premium	188,286,777	200,453,389	94
Mathematical provisions	1,244,116,610	1,231,565,049	101
Claims provisions	510,090,992	538,904,153	95
Provisions for bonuses and discounts	15,040,488	16,958,869	89
Other insurance technical provisions	1,737,337	2,269,292	77
Total	1,959,272,204	1,990,150,752	98

7.7.2 Reinsurance

Reinsurance cover for Zavarovalnica Triglav is provided by the reinsurance company Triglav Re, while certain risks are co-insured with other insurance companies.

In 2013, optimum coverage terms and conditions were achieved in all reinsurance and co-insurance contracts.

In 2013, the Company allocated EUR 66.3 million of reinsurance and coinsurance premiums to external equalisation, which was 4% less than in 2012. Reinsurance premiums accounts for 11.0% of total gross written premiums. A reinsurers' share of gross claims settled of EUR 24.8 million (index 124) was received from reinsurance and coinsurance.

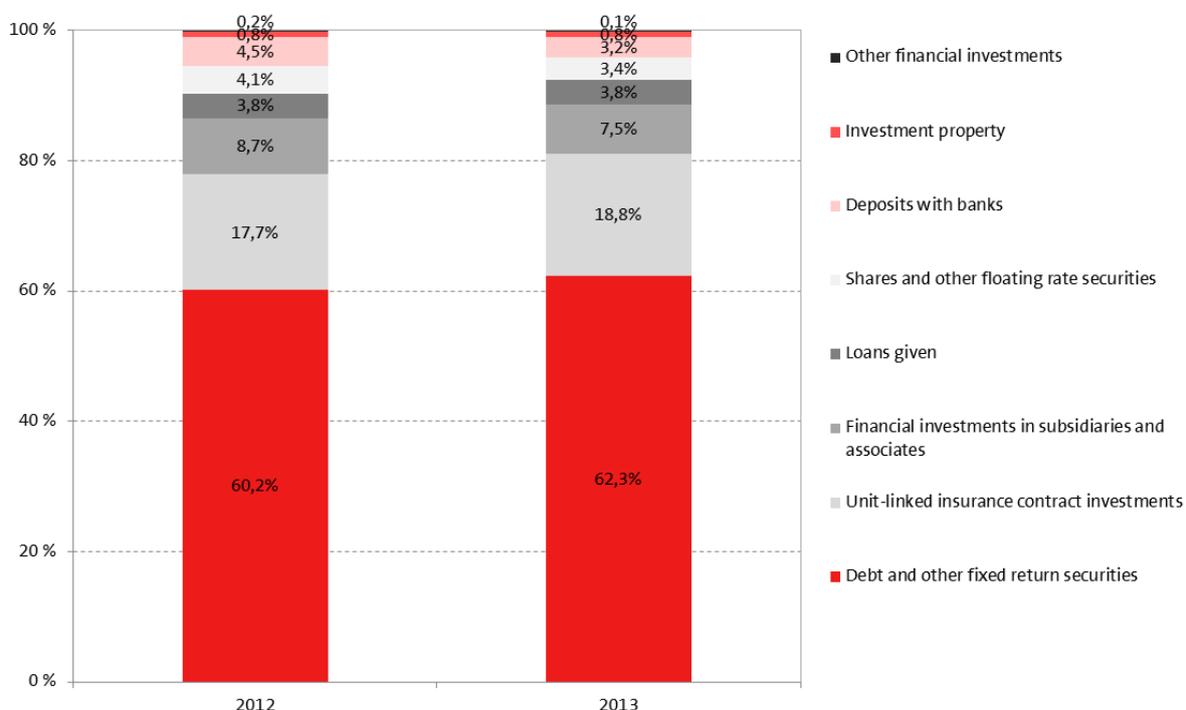
7.8 Structure of financial investments

Financial assets, investments in subsidiaries and associated companies and investment property as at 31 December 2013 stood at EUR 2,225.0 million, which represents a 2% decrease compared to the previous year. Their share in total assets grew by 0.3 percentage point, reaching 88.3%.

Financial assets in Zavarovalnica Triglav as at 31 December 2013 and 31 December 2012

	Financial investments		Index	Structure
	31 Dec. 2013	31 Dec. 2012	2013/2012	31 Dec. 2013
Investment property	18,067,610	19,344,982	93	0.8%
Financial investments in subsidiaries and associates	169,416,049	198,384,257	85	7.5%
Shares and other floating rate securities	77,433,178	94,737,492	82	3.4%
Debt and other fixed return securities	1,403,101,609	1,377,839,944	102	62.3%
Loans given	85,517,221	87,305,203	98	3.8%
Deposits with banks	71,943,722	102,081,820	70	3.2%
Other financial investments	3,019,766	4,167,319	72	0.1%
Derivative financial instruments	665,166	289,435	230	0.0%
Unit-linked insurance contract investments	422,849,370	406,502,788	104	18.8%
Total	2,252,013,691	2,290,653,239	98	100.0%

Structure of financial assets of Zavarovalnica Triglav as at 31 December 2013 and 31 December 2012



The tables show certain changes in investment grade structure that occurred in 2013, as Zavarovalnica Triglav implemented its strategy of maintaining a high credit rating. **Debt and other fixed-return securities** representing 62.3% of the total accounted for the bulk of total financial investments. At the 2013 year-end, they reached EUR 1,403.1 million (index 102).

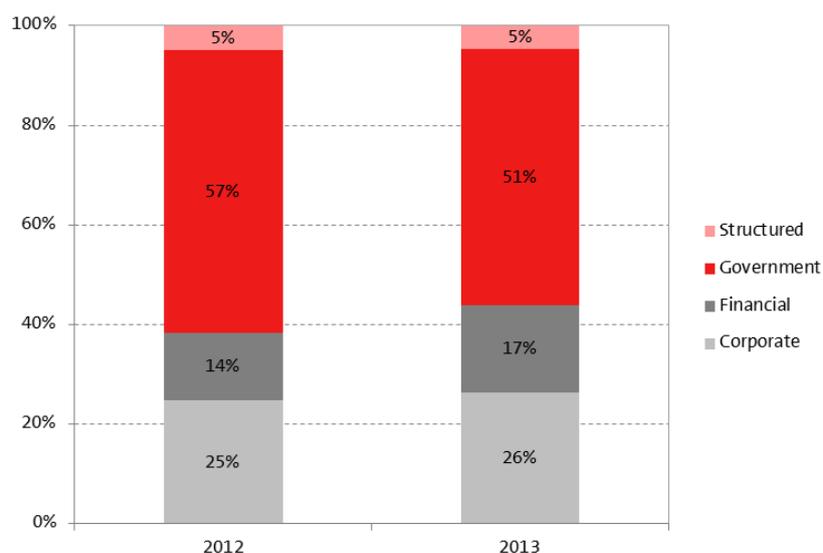
Government bonds representing 51% continued to account for the bulk of total fixed-return debt securities. Compared to 2012, their share decreased by 6 percentage points (2012: 57%). In total debt and other fixed-return securities the shares of corporate bonds (26%) and financial bonds (17%) increased. The percentage of financial bonds grew mainly on account of insurance bonds with the highest rating. A higher percentage of corporate bonds in total bonds stems from the generally better credit quality of European corporate bond issuers and consequent continued downward trends in credit spreads. The share of structured bonds remained unchanged and was 5%.

Debt securities of Zavarovalnica Triglav by issuer sector in 2012 and 2013 (by non-life insurance and life insurance segment)

Debt securities	Non-life			Life			Total		
	31 Dec. 2012	31 Dec. 2013	Index	31 Dec. 2012	31 Dec. 2013	Index	31 Dec. 2012	31 Dec. 2013	Index
Corporate	193,804,710	174,077,036	90	147,638,106	197,547,506	134	341,442,816	371,624,542	109
Financial	61,803,555	110,183,297	178	125,173,507	133,685,132	107	186,977,062	243,868,429	130
Government	305,751,863	258,651,691	85	476,756,634	463,336,423	97	782,508,497	721,988,114	92
Structured	17,565,918	15,287,450	87	49,345,651	50,333,074	102	66,911,569	65,620,525	98
Total	578,926,046	558,199,475	96	798,913,898	844,902,135	106	1,377,839,944	1,403,101,609	102

Note: Unit-linked insurance investments data excluded.

Structure of debt securities of Zavarovalnica Triglav by issuer sector (excluding unit-linked insurance contract investments) in 2012 and 2013

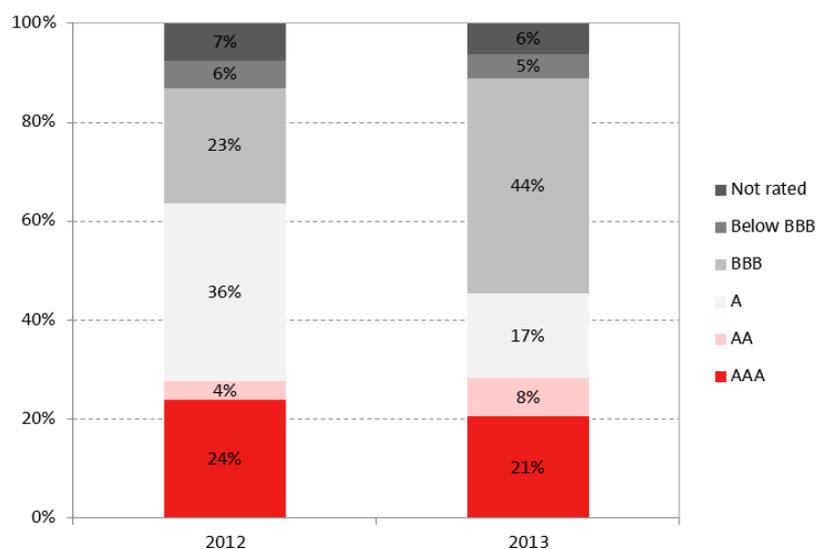


Debt securities of Zavarovalnica Triglav by issuer credit rating in 2012 and 2013 (by non-life insurance and life insurance segment)

Debt securities	Non-life			Life			Total		
	31 Dec. 2012	31 Dec. 2013	Index	31 Dec. 2012	31 Dec. 2013	Index	31 Dec. 2012	31 Dec. 2013	Index
AAA	155,230,307	155,512,859	100	173,987,017	134,956,569	78	329,217,324	290,469,428	88
AA	16,075,082	51,501,400	320	35,621,741	54,647,078	153	51,696,823	106,148,478	205
A	186,446,043	93,315,144	50	310,322,701	147,550,710	48	496,768,744	240,865,854	48
BBB	143,001,614	194,446,321	136	177,971,275	416,110,248	234	320,972,889	610,556,569	190
Below BBB	36,959,098	30,167,716	82	39,269,113	38,769,998	99	76,228,211	68,937,714	90
Not rated	41,213,902	33,256,034	81	61,742,051	52,867,533	86	102,955,953	86,123,567	84
Total	578,926,046	558,199,475	96	798,913,898	844,902,135	106	1,377,839,944	1,403,101,609	102

Note: Unit-linked insurance investments data excluded.

Structure of debt securities of Zavarovalnica Triglav by issuer credit rating (excluding unit-linked insurance contract investments) in 2012 and 2013



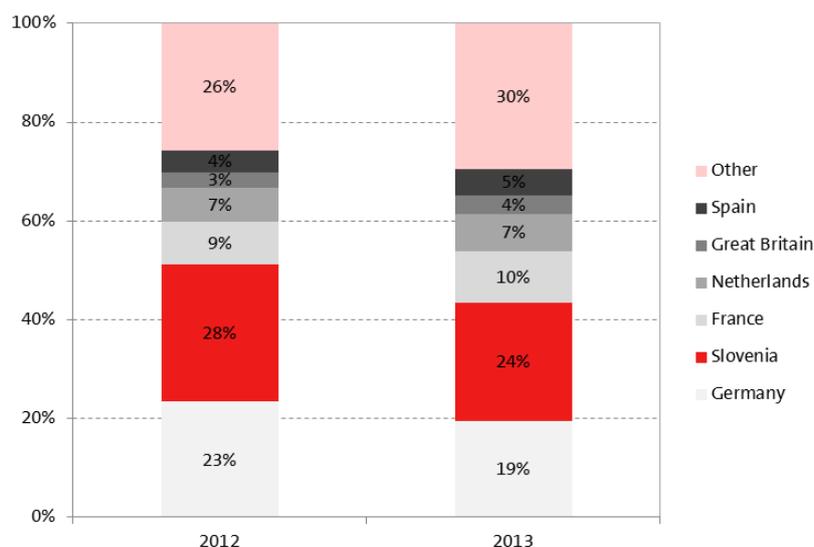
In line with the adopted strategy, in recent years the exposure of Zavarovalnica Triglav to bonds of Slovene issuers was decreased. As at the end of 2013, it equalled 24%, decreasing by 4 percentage points compared to the 2012 year-end (28%).

Debt securities of Zavarovalnica Triglav by issuer's country in 2012 and 2013 (by non-life insurance and life insurance segment)

Debt securities	Non-life			Life			Total		
	31 Dec. 2012	31 Dec. 2013	Index	31 Dec. 2012	31 Dec. 2013	Index	31 Dec. 2012	31 Dec. 2013	Index
Germany	152,259,301	125,136,414	82	170,527,972	148,256,026	87	322,787,273	273,392,440	85
Slovenia	155,416,047	92,933,255	60	228,013,341	244,605,161	107	383,429,388	337,538,415	88
France	63,952,059	70,786,633	111	54,702,266	75,585,974	138	118,654,325	146,372,607	123
Netherlands	45,401,064	56,165,778	124	49,017,333	48,040,147	98	94,418,397	104,205,925	110
Great Britain	19,121,679	26,023,145	136	25,125,477	27,170,153	108	44,247,156	53,193,298	120
Spain	16,034,070	23,904,782	149	43,624,845	50,286,269	115	59,658,915	74,191,051	124
Other	126,741,826	163,249,468	129	227,902,664	250,958,404	110	354,644,490	414,207,873	117
Total	578,926,046	558,199,475	96	798,913,898	844,902,135	106	1,377,839,944	1,403,101,609	102

Note: Unit-linked insurance investments data excluded.

Structure of debt securities of Zavarovalnica Triglav by issuer's country (excluding unit-linked insurance contract investments) in 2012 and 2013



Unit-linked insurance contracts investments amounted to EUR 422.8 million as at the end of 2013. Compared to the 2012 year-end, they experienced a 4% increase, accounting for 18.8% of total financial assets.

Financial investments in subsidiaries and associates and investments in shares stood at EUR 246.8 million, having decreased by 16% over 2012. **Financial investments in subsidiaries and associates** fell by 15%, totalling EUR 169.4 million and representing a 7.5% share of total assets. Lower value of financial investments in subsidiaries and associates is mainly the result of permanent impairments of these investments. Financial investments in subsidiaries and associates amounted to EUR 159.8 million (index 86) and 9.6 million (index 75), respectively. **Investments in shares and other floating rate securities** also went down (index 82). Reaching EUR 77.4 million, they accounted for a 3.4% share of the total financial assets.

Equity investments of Zavarovalnica Triglav by geographic area in 2012 and 2013

Equity investments	Non-life			Life			Total		
	31 Dec. 2012	31 Dec. 2013	Index	31 Dec. 2012	31 Dec. 2013	Index	31 Dec. 2012	31 Dec. 2013	Index
Slovenia	239,576,131	204,157,583	85	28,925,277	21,509,007	74	268,501,408	225,666,590	84
Developed markets	5,230,020	5,209,384	100	10,931,916	8,547,032	78	16,161,936	13,756,415	85
Developing markets	2,770,181	2,000,645	72	3,702,743	3,755,369	101	6,472,924	5,756,014	89
Balkans	1,327,997	1,019,180	77	657,495	651,028	99	1,985,492	1,670,208	84
Total	248,904,328	212,386,792	85	44,217,431	34,462,435	78	293,121,760	246,849,227	84

Loans given declined by 2% over the previous year and amounted to 85.5, accounting for a 3.8% share. **Deposits with banks** (which account for 3.2% of the total) decreased by 30% to EUR 71.9 million. **Investment property** stood at EUR 18.1 million and represented 0.8% of total assets, having decreased by 7%. **Other financial investments** stood at EUR 3.0 million, representing a 0.1% share of the total (index 72). **Derivative financial instruments** increased by 130% to EUR 665 thousand (accounting for only 0.03%).

8. FINANCIAL RESULT OF ZAVAROVANICA TRIGLAV IN 2013

- Despite tight operating conditions, Zavarovalnica Triglav ended the 2013 business year with a net profit of EUR 48.3 million and recorded a 9.6% return on equity.
- Combined ratio in non-life insurance, which shows profitability of operations, was 85.3%.
- Return on financial investments totalled EUR 39.3 million.

Despite tight operating conditions that marked the business year, Zavarovalnica Triglav ended 2013 with a profit. Profit before tax amounted to EUR 59.6 million or 9% less than in the preceding year. Net profit decreased by 4% to EUR 48.3 million. Net return on equity stood at 9.6%, having decreased by 1.1 percentage points compared to the preceding year.

Combined ratio in non-life insurance, which shows the profitability of operations, was 85.3% (81.4% in 2012). Any value of this ratio below 100 means, that the non-life insurance portfolio as the core business (excluding return on investments) is earning a profit.

8.1 Premium income, claims incurred and operating expenses

Net premium earned (calculated on the basis of gross written insurance and co-insurance premiums, reduced by the reinsurers' share and adjusted by the change in gross unearned premiums taking into account the reinsurers' share in unearned premiums) amounted to EUR 548.6 million or 8% less than in 2012. Net non-life and net life premium earned decreased by 9% and 7% respectively. Gross written premiums from reinsurance and co-insurance operations totalled EUR 66.3 million, representing a 4% decrease compared to 2012. Net unearned premium stood at EUR 9.2 million, representing a 50% drop compared to the previous year.

Net claims incurred (gross claims increased by loss adjustment costs, reduced by the reinsurers' and co-insurers' shares and subrogated receivables, adjusted by the change in gross claims provisions taking into account the reinsurers' and co-insurers' shares in these provisions) decreased by 2% and totalled EUR 370.7 million. Net claims incurred from non-life insurance decreased by 6%, whereas net claims incurred from life insurance rose by 5%. The reinsurers' and co-insurers' shares of gross claims increased compared to 2012 by 24% and totalled EUR 24.8 million. The change in gross claims provisions was EUR –24.0 million, having increased by 19% compared to the preceding year.

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 138.3 million and were 1% higher than in 2012. Acquisition costs amounted to EUR 96.0 million (index 99), whereas other operating expenses equalled EUR 42.3 million (index 106).

8.2 Income and expenses from financial assets

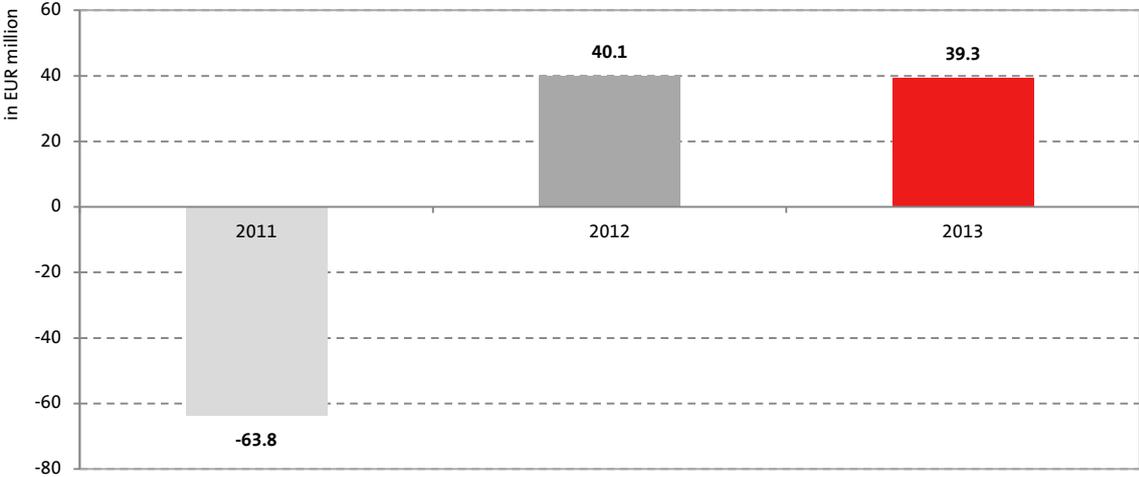
Income from financial assets increased by 16% to EUR 167.3 million. Income from financial assets in associates reached EUR 7.3 million (index 289). Income from other financial assets remained approximately at the same level as the year before, reaching EUR 112.6 million. Net unrealised gains on unit-linked life insurance assets climbed by 68% to EUR 47.4 million. Interest income of EUR 63.6 million accounted for the largest share of financial assets. Realised gains on disposals amounted to EUR 27.2 million, fair value gains from financial assets totalled EUR 21.7 million, whereas dividend income reached EUR 6.5 million. Other financial income equalled EUR 1.0 million.

Financial expenses increased by 23%, amounting to EUR 128.0 million. Expenses from financial assets in associates totalled EUR 26.6 million (index 190), while expenses from other financial

assets equalled EUR 67.6 million. Net unrealised losses on unit-linked life insurance assets increased substantially and reached EUR 33.8 million (in 2012 EUR 374 thousand). The main portion of financial expenses is represented by permanent impairment of EUR 51.7 million, an 8% decrease compared to 2012. The portfolio investments of Zavarovalnica Triglav were permanently impaired primarily due to the situation and developments in the Slovene banking sector. Moreover, Zavarovalnica Triglav had to recognise an impairment loss on the investment in the Triglav INT subsidiary due to deteriorated economic conditions and the situation in South-East Europe, affecting the underperformance of certain Triglav Group subsidiaries in comparison to the planned.

Return on financial investments represents the difference between income and expenses from financial assets and amounted to EUR 39.3 million, decreasing by 2% compared to 2012. A lower return was mostly the result of high permanent impairment of financial investments and a lower return on long-term business fund backing unit-linked life insurance.

The return on financial investments of Zavarovalnica Triglav in the period from 2011 to 2013



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

Change in other insurance technical provisions reached EUR –555 thousand. Change in mathematical provisions totalled EUR –23 thousand, whilst in other provisions it equalled EUR –531 thousand, primarily due to the decrease in provisions for unexpired risks, the value of which is based on net claims and expenses by individual insurance class. The improvement in these results caused a decrease in provisions.

Change in insurance technical provisions for unit-linked insurance contracts equalled EUR 15.4 million due to an increase in price of fund units. Expenses for bonuses and discounts amounted to EUR 5.4 million (index 71).

Other insurance income totalled EUR 15.3 million, having decreased by 48%. **Other income** increased by 16% to EUR 7.6 million. **Other insurance expenses** equalled EUR 13.3 million (index 42), whereas **other expenses** reached EUR 8.6 million (index 78).

Income statement for 2013 – according to IFRS

	2013	2012	Index
Net premium income	548,622,311	596,818,667	92
- gross written premium	605,758,390	647,591,877	94
- ceded written premium	-66,332,481	-69,169,119	96
- change in unearned premiums	9,196,402	18,395,908	50
Income from financial assets	167,336,928	143,980,876	116
Income from financial assets in associates	7,344,545	2,540,584	289
- interest income	2,183,420	1,773,249	123
- dividends	4,525,425	750,904	603
- fair value gains	0	0	0
- realised gains on disposals	632,059	0	0
- other financial income	3,642	16,431	22
Income from other financial assets	112,611,938	113,159,477	100
- interest income	61,366,943	66,976,057	92
- dividends	2,009,605	1,749,633	115
- fair value gains	21,743,072	16,903,685	129
- realised gains on disposals	26,518,051	26,203,738	101
- other financial income	974,267	1,326,365	73
Net unrealised gains on unit-linked life insurance assets	47,380,445	28,280,816	168
Other income from insurance operations	15,252,351	29,457,651	52
- fees and commission income	11,038,252	24,208,197	46
- other income from insurance operations	4,214,099	5,249,454	80
Other income	7,589,359	6,535,404	116
Net claims incurred	370,654,940	376,579,593	98
- gross claims settled	419,397,804	416,700,797	101
- reinsurers' and co-insurers' share	-24,791,992	-20,054,072	124
- changes in claims provisions	-23,950,871	-20,067,131	119
Change in other insurance technical provisions (excluding unit-linked)	-555,109	-6,736,775	8
Change in insurance technical provisions for unit-linked insurance contracts	15,433,207	49,999,757	31
Expenses for bonuses and discounts	5,386,018	7,605,842	71
Operating expenses	138,326,564	136,837,206	101
- acquisition costs	95,983,106	96,740,329	99
- other operating expenses	42,343,458	40,096,877	106
Expenses from financial assets and liabilities	128,000,114	103,907,826	123
Expenses from financial assets and liabilities in associates	26,631,747	14,046,803	190
- interest expense	0	0	0
- fair value losses	0	0	0
- realised loss on disposals	0	0	0
- permanent impairment of financial assets	26,624,575	14,017,150	190
- other expenses from financial assets and liabilities	7,172	29,653	24
Expenses from other financial assets and liabilities	67,579,264	89,486,907	76
- interest expense	2,224,646	2,625,596	85
- fair value losses	20,256,152	17,640,835	115
- realised loss on disposals	14,405,172	22,249,251	65
- permanent impairment of financial assets	25,088,856	42,448,404	59
- other expenses from financial assets and liabilities	5,604,438	4,522,821	124
Net unrealised losses on unit-linked life insurance assets	33,789,102	374,116	
Other insurance expenses	13,349,557	31,985,406	42
Other expenses	8,611,250	10,976,575	78
Profit before tax	59,594,408	65,637,168	91
Income tax expense	-11,303,942	-15,244,994	74
Net profit for the accounting period	48,290,466	50,392,174	96

Financial result ratios

	2013	2012	2011
Return on equity	9.6%	10.7%	9.5%
Claims ratio	55.4%	53.2%	55.8%
Expense ratio	29.9%	28.3%	27.3%
Combined ratio	85.3%	81.4%	83.0%
Ratio between gross operating expenses and gross written premium	26.6%	24.9%	23.5%

9. FINANCIAL STANDING OF ZAVAROVALNICA TRIGLAV IN 2013

- As at 31 December 2013, balance sheet total of Zavarovalnica Triglav amounted to EUR 2,551.4 million.
- At the end of reporting period, total value of equity reached EUR 499.8 million.

9.1 Equity and liabilities

The total value of equity as at 31 December 2013 amounted to EUR 499.8 million or 2% less than the previous year. The share of equity in the balance sheet total increased by 0.1 percentage point compared to 2012, reaching 19.6%. The share capital of EUR 73.7 million was divided into 22,735,148 ordinary shares. As a result of decreased value of available-for-sale financial assets, as at the reporting date, fair value reserve at EUR 35.4 million, having decreased by 23% compared to the 2012 year-end. Share premium amounted to EUR 53.4 million, while reserves from profit totalled EUR 259.5 million. Reserves from profit include legal and statutory reserves in the amount of EUR 4.7 million, credit risk equalisation reserves of EUR 30.6 million and other reserves from profit of EUR 224.2 million, the latter having increased by EUR 23.2 million. As at 31 December 2013, **accumulated profit** for the year was EUR 77.8 million (index 79), including net profit for the year and net profit brought forward of EUR 52.7 million (index 72). Net profit brought forward decreased by EUR 45.5 million due to dividend payments and increased by EUR 25.4 million due to the retained net profit from the previous year. Net profit for the year disclosed in the balance sheet totalled EUR 25.1 million, which was EUR 23.2 million less than net profit disclosed in the income statement, as the Company used part of the net profit to form other reserves from profit. According to the Companies Act, the Management Board of Zavarovalnica Triglav may allocate net profit to other profit reserves, however only up to one half of the net profit remaining after statutory allocations.

As at 31 December 2013, **subordinated liabilities** totalled EUR 30.0 million, having decreased by 23% over the 2012 year-end, since the bonds bearing the ZT01 ticker fell due. They accounted for 1.2% of balance sheet total.

On the liabilities side, **gross insurance technical provisions** decreased by 2% to EUR 1,959.3 million as at 31 December 2013. In balance sheet total, their share increased by 0.3 percentage point over the previous year, from 76.5% to 76.8%. As at 31 December 2013, mathematical provisions amounted to EUR 1,244.1 million, which was 1% higher than at the end of the previous year. Provisions for gross unearned premiums shrunk by 6%, gross claims provisions by 5% and other insurance technical provisions by 13%. Insurance technical provisions are discussed in greater detail under *Section 7.7.1*.

Financial liabilities increased by 39% in comparison with the end of 2012, amounting to EUR 1.3 million or only 0.1% of balance sheet total.

Operating liabilities as at the 2013 year-end totalled EUR 22.8 million or 13% below the figure reported one year earlier. In balance sheet total, they accounted for 0.9%, which is 0.1 percentage point less than in 2012. Liabilities from direct insurance operations dropped by 7% to EUR 11.6 million. In addition, liabilities from co-insurance and reinsurance operations fell by 18% to EUR 11.1 million.

Other liabilities decreased by 4%. As at the end of reporting period, they stood at EUR 29.2 million, representing a 1.1% share of total assets.

9.2 Assets

As at 31 December 2013, financial assets stood at approximately the same level as in 2012 (index 100), amounting to EUR 2,064.5 million. Their share in total assets grew by 1.3 percentage points, reaching 80.9%. Unit-linked insurance assets amounted to EUR 422.8 million and financial investments to EUR 1,641.7 million. In total financial investments, EUR 173.5 million was accounted for by deposits and loans, EUR 197.1 million by investments held to maturity, EUR 1,135.4 million by investments available for sale and EUR 135.7 million by investments recognised at fair value through profit/loss. The structure of financial assets is discussed in greater detail under *Section 7.8*.

Financial investments in subsidiaries and associates fell by 15%, totalling EUR 169.4 million and accounting for 6.6% of total assets. Lower value of financial investments is mainly the result of permanent impairments of these investments. Financial investments in subsidiaries and associates amounted to EUR 159.8 million (index 86) and 9.6 million (index 75), respectively.

Investment property stood at EUR 18.1 million and represented 0.7% of total assets, having decreased by 7%.

Receivables as at 31 December 2013 were 4% higher compared to the 2012 year-end and equalled EUR 102.0 million. They accounted for 4.0% of total assets. Receivables from direct insurance operations amounted to EUR 63.3 million (index 90), receivables from co-insurance and reinsurance operations totalled EUR 9.1 million (index 111), other receivables equalled EUR 16.7 million (index 135) and current tax receivables EUR 12.9 million (index 174).

As at 31 December 2013, **insurance technical provisions transferred to reinsurance contracts** amounted to EUR 68.6 million, which was 9% less than one year earlier. Assets from reinsurance contracts from claim provisions totalled EUR 54.0 million, while unearned premium equalled EUR 14.7 million.

Property, plant and equipment amounted to EUR 64.3 million and accounted for 2.5% of total assets. **Intangible assets** equalled EUR 52.6 million, accounting for 2.1% of total assets.

Cash and cash equivalents equalled EUR 5.0 million (index 219), whilst **other assets** totalled EUR 1.7 million (index 78). **Deferred tax receivables** were 65% lower as at the 2013 year-end, amounting to EUR 5.1 million.

Balance sheet as at 31 December 2013 – according to IFRS

	31 Dec. 2013	31 Dec. 2012	Index	Structure 2013	Structure 2012
Total assets	2,551,395,325	2,603,060,213	98	100.0%	100.0%
Intangible assets	52,638,444	53,298,272	99	2.1%	2.0%
Property, plant and equipment	64,302,130	66,300,323	97	2.5%	2.5%
Deferred tax receivables	5,051,465	14,638,478	35	0.2%	0.6%
Investment property	18,067,610	19,344,982	93	0.7%	0.7%
Investments in subsidiaries	159,778,726	185,617,295	86	6.3%	7.1%
Investments in associates	9,637,324	12,766,962	75	0.4%	0.5%
Financial assets	2,064,530,031	2,072,924,001	100	80.9%	79.6%
Financial investments	1,641,680,661	1,666,421,213	99	64.3%	64.0%
- loans and deposits	173,477,782	222,777,533	78	6.8%	8.6%
- held to maturity	197,096,116	199,277,500	99	7.7%	7.7%
- available for sale	1,135,406,507	1,144,343,784	99	44.5%	44.0%
- investments recognised at fair value	135,700,257	100,022,396	136	5.3%	3.8%
Unit-linked insurance assets	422,849,370	406,502,788	104	16.6%	15.6%
Reinsurers' share of insurance technical provisions	68,643,350	75,391,557	91	2.7%	2.9%
Receivables	102,006,043	98,274,364	104	4.0%	3.8%
- receivables from direct insurance operations	63,302,197	70,291,060	90	2.5%	2.7%
- receivables from reinsurance and co-insurance operations	9,140,990	8,243,477	111	0.4%	0.3%
- current tax receivables	12,912,838	7,403,575	174	0.5%	0.3%
- other receivables	16,650,018	12,336,252	135	0.7%	0.5%
Other assets	1,740,121	2,225,894	78	0.1%	0.1%
Cash and cash equivalents	5,000,081	2,278,084	219	0.2%	0.1%
Equity and liabilities	2,551,395,325	2,603,060,213	98	100.0%	100.0%
Equity	499,790,208	507,657,101	98	19.6%	19.5%
- share capital	73,701,392	73,701,392	100	2.9%	2.8%
- share premium	53,412,884	53,412,884	100	2.1%	2.1%
- reserves from profit	259,486,919	236,286,919	110	10.2%	9.1%
- fair value reserve	35,362,843	46,049,906	77	1.4%	1.8%
- net profit/loss brought forward	52,735,703	72,813,826	72	2.1%	2.8%
- net profit/loss for the year	25,090,466	25,392,174	99	1.0%	1.0%
Subordinated liabilities	29,956,713	38,721,260	77	1.2%	1.5%
Insurance technical provisions	1,538,939,112	1,585,250,868	97	60.3%	60.9%
- unearned premiums	188,286,777	200,453,389	94	7.4%	7.7%
- mathematical provisions	823,783,519	826,665,165	100	32.3%	31.8%
- claims provisions	510,090,992	538,904,153	95	20.0%	20.7%
- other insurance technical provisions	16,777,825	19,228,161	87	0.7%	0.7%
Insurance technical provisions for unit-linked insurance contracts	420,333,091	404,899,884	104	16.5%	15.6%
Employee benefits	8,459,095	7,994,891	106	0.3%	0.3%
Other provisions	570,449	934,334	61	0.0%	0.0%
Other financial liabilities	1,337,704	962,561	139	0.1%	0.0%
Operating liabilities	22,779,490	26,135,315	87	0.9%	1.0%
- liabilities from direct insurance operations	11,643,628	12,519,990	93	0.5%	0.5%
- liabilities from reinsurance and co-insurance operations	11,135,863	13,615,325	82	0.4%	0.5%
Other liabilities	29,229,462	30,503,998	96	1.1%	1.2%

10. CASH FLOW STATEMENT

- **Positive cash flow from investing activities.**
- **Negative cash flows from operating activities and financing activities.**

The cash flow from operating activities of Zavarovalnica Triglav was negative and equalled EUR –2.8 million, whereas in the previous year it was positive and amounted to EUR 36.7 million. A negative cash flow from operating activities is mostly a result of a drop in net written insurance premium, increased receivables from the Podvin subsidiary, current tax receivables and payment of the principal from ZT01 subordinated bonds.

Cash flow from investing activities amounted to EUR 52.2 million, whereas in 2012 it was negative at EUR –20.8 million. In 2013, a positive cash flow from investing activities arose primarily from lower net cash outflows for the purchase of non-current investments, the decrease of which significantly surpassed the negative change in net cash flow from short-term investments. At the same time, net cash flow from investments in subsidiaries and associates was significantly higher in 2013.

Cash flow from financing activities was negative and reached EUR –46.6 million (index 262). The main reasons were higher cash outflows from dividends paid, having increased by EUR 28.8 million over the preceding year. Bond interest payments totalled EUR 2.2 million. The closing balance of cash and cash equivalents amounted to EUR 5.0 million, above the 2012 figure by 119%.

Summary cash flow statement

	2013	2012	Index
A. Operating cash flow			
Income statement items	22,942,093	38,334,466	60
Changes in net current assets - operating balance sheet items	-25,759,059	-1,652,238	
Operating cash flow	-2,816,966	36,682,228	
B. Cash flows from investing activities			
Cash inflows from investing activities	2,283,760,286	2,297,616,438	99
Cash outflows from investing activities	-2,231,578,416	-2,318,408,592	96
Total cash flow from investing activities	52,181,870	-20,792,154	
C. Cash flows from financing activities			
a. Cash inflows from financing activities	0	0	0
b. Cash outflows from financing activities	-46,642,908	-17,828,844	262
c. Total cash flow from financing activities	-46,642,908	-17,828,844	262
D. Opening balance of cash and cash equivalents	2,278,084	4,216,855	54
E. Net cash flow for the period	2,721,995	-1,938,770	
F. Closing balance of cash and cash equivalents	5,000,080	2,278,085	219

11. RISK MANAGEMENT

- The design of the Company's risk management systems allows the Company to create a competitive edge and added value and by focusing on risk while also catering for profitability.
- The Company has a conservative risk culture and attitude, and uses state-of-the-art tools for comprehensive risk management.

The core business of an insurer is taking on the risks of business partners in exchange for an insurance premium. Risk management therefore represents a key element of corporate governance, business processes and employee guidelines in Zavarovalnica Triglav. In addition to insurance risks, the Company is faced with other risk types, such as financial, operational and strategic risk.

An integrated risk management system:

- defines the appetite for individual risk types in line with the adopted strategy;
- allows for verification as to whether lines of defence effectively include all major risks;
- enables the early identification, measurement and management of all risk types on a preventative basis;
- defines and ensures constant monitoring of the Company's risk exposure, which is evaluated according to risk appetite;
- implements a risk management system in compliance with Solvency II requirements;
- creates a favourable environment for the development of a risk management culture in line with the Company's business strategy.

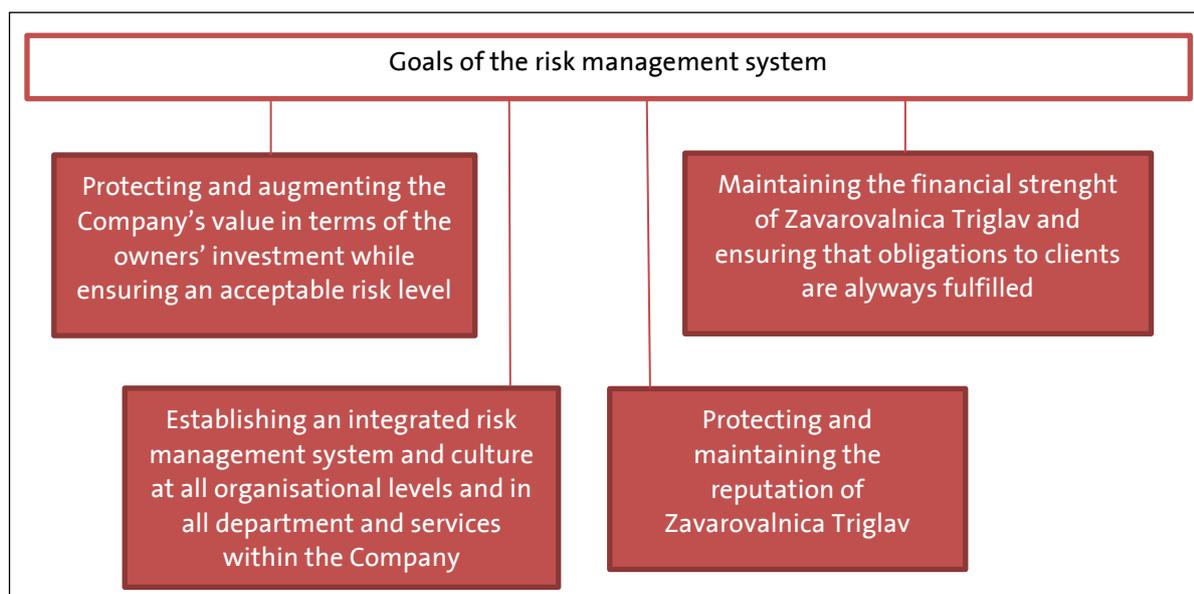
Risk management is further discussed in *Section 4 of the accounting part of the Annual Report*.

11.1 Main characteristics of the risk management system

The development and implementation of the risk management system pursue the following objectives:

- establishing an economic capital model for managing the Company's assets and liabilities that will serve as a basis for more efficient capital allocation while also ensuring due consideration of the defined risk appetite, profitability needs and regulatory capital requirements;
- providing an integrated and effective risk management process that is in line with the strategy and entails a clear segregation of duties and responsibilities while also complying with limits that help maintain an appropriate risk level in accordance with the Company's risk appetite;
- providing adequate capital, liquidity and profitability levels, ensuring that the Company is able to meet its obligations even if extreme risks should materialise;
- supporting decision making, based on thorough insight into the risks and their effects and consequences;
- providing safety and satisfaction for investors, employees, clients and all other stakeholders;
- raising awareness and spreading the risk management culture within the Company.

Key goals of the risk management system



11.1.1 Process in structure of the integrated risk management system

The established processes and the structure of the risk management system allow for a reliable identification and evaluation of regular and potential risk events as well as the selection of appropriate activities, such as risk aversion, limitation, reduction or acceptance.

The tenets of Zavarovalnica Triglav risk management system are defined in the following documents:

- Declaration on risk appetite;
- the Risk Management Strategy adopted in the framework of the Business Strategy;
- the Risk Management Policy; and
- the Risk Register.

The declaration on risk appetite defines the level of risk and the potential loss arising from this risk that the Company is able to accept in the course of its business operations without jeopardizing the attainment of its business and strategic goals. Zavarovalnica Triglav strives for an optimum ratio between accepted risk and generated profit, which is why the limits of acceptable risk exposure are defined in accordance with the long-term strategic goals of the Company and the annual business plans drafted on the basis of the long-term business strategy.

The scope of risk management activities is defined in the Risk Management Policy which serves as the basis for the development of methods and management processes applied to individual risk categories.

In order to further limit excessive exposure, specific comprehensive risk exposure limits are defined for every key portfolio, accompanied by additional limits for individual risk types.

The Company's policies and internal rules specify, which is the most suitable course of action to be followed in case an unacceptable risk arises:

- adoption of measures for risk prevention and risk aversion;
- reduction of current risks by applying pre-defined limits and control procedures and partial risk acceptance; or

- transfer of unwanted risk to other business partners, such as reinsurance companies and retrocessionaires.

A system of three lines of defence for successful and effective long-term risk management

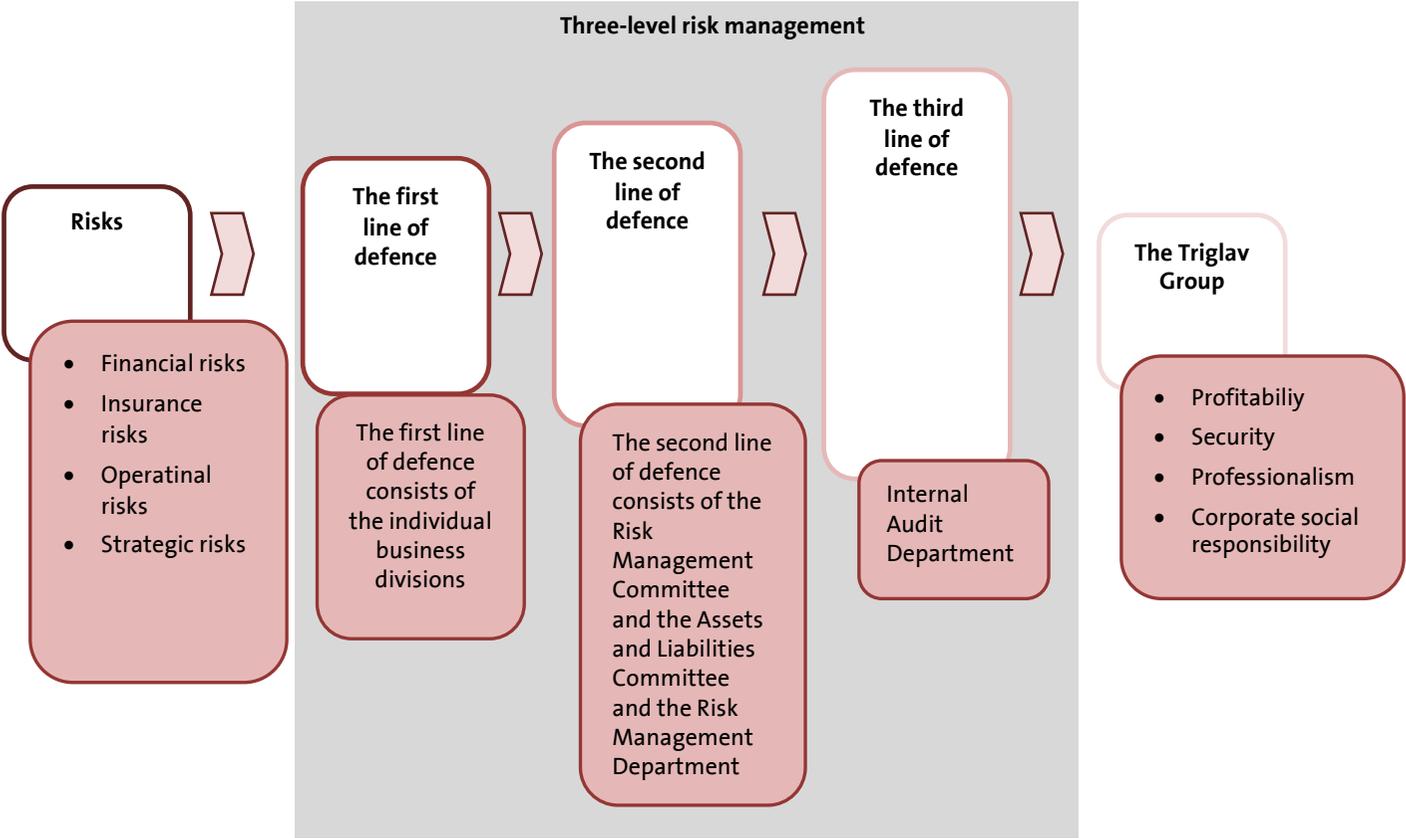
- **First line of defence:** The basic responsibility for active risk management lies with individual business divisions. They are also responsible for the effective functioning of internal controls and the implementation of business activities within the set limits and policies and in accordance with strategic objectives.
- **Second line of defence:** The second line of defence consists of the Risk Management Committee, the Assets and Liabilities Committee (ALCO) and the Risk Management Department. The two committees supervise the functioning of the integrated management system and proper communication. Each of the two committees includes at least one Management Board member, at least one member of the Risk Management Department, and the selected executive directors and directors of departments.

The Risk Management Department draws up a risk management framework (methodologies used for risk identification, measurement and management, minimum requirements for the internal control system, development of assets and liabilities management models, setting investment policy limits and operational risk limits, and verifying compliance with the risk management framework). The Director of the Risk Management Department, who is directly accountable to the Management Board, is also a member of the Risk Management Committee and the chairman of the ALCO.

The compliance function actively verifies the compliance of operations with applicable legislation and advises divisions and the Management Board on all relevant issues in this regard; it regularly monitors the Company's compliance with applicable legislation, develops activities for the prevention of money laundering and the financing of terrorism and monitors the implementation of these activities.

- **Third line of defence:** The Internal Audit Department regularly tests the effectiveness and reliability of the internal control environment and processes in accordance with regulatory requirements. Furthermore, it periodically evaluates the quality of the risk management system.

Risk management chart



The risk management process entails clearly defined competences, duties and responsibilities:

Management Board of Zavarovalnica Triglav	<ul style="list-style-type: none"> • Defines the Risk Management Strategy, the Risk Management Policy and risk appetite in line with the business strategy of the Triglav Group. • Approves the Risk Management Policy. • Approves individual components of the risk management system. • Approves the internal documents related to risk management.
Risk Management Committee	<ul style="list-style-type: none"> • Gives preliminary approval to the Management Board's decisions relating to individual components of the risk management system, including the target risk exposure. • Defines risk management standards. • Defines risk management and risk assessment methodologies for all risk categories. • Defines operational risk exposure limits and monitors the operational risk exposure levels. • Monitors the implementation of IT security policies. • Monitors the implementation of the compliance system. • Monitors the outsourcing risk exposure levels.
Assets and Liabilities Committee (ALCO)	<ul style="list-style-type: none"> • Gives preliminary approval to the Management Board's draft decisions relating to assets and liabilities management. • Approves investment policies for individual long-term business funds and assets backing liabilities. • Gives preliminary approval to the Management Board's decisions relating to bonus allocations to the insurers. • Monitors risk exposures arising from assets and liabilities management. • Monitors changes in the external environment relating to assets and liabilities management (e.g. changes concerning measurement methods, the regulatory environment, external reporting).
Risk Management Department	<ul style="list-style-type: none"> • Develops the risk management systems of Zavarovalnica Triglav and its subsidiaries, including the methodologies, processes, models and framework of the internal control system. • Regularly carries out risk analyses and reports on exposure levels to the Management Board. • Drafts the Management Board's decisions on risk reduction. • Coordinates preparations for Solvency II. • Provides operational support to the Risk Management Committee and the ALCO. • Promotes good practices in the risk management culture through workshops, seminars, etc.
Business segments	<ul style="list-style-type: none"> • Actively manage risks in their business segments by adhering to the set limits and strategic guidelines. • Develop internal controls required in accordance with the requirements of the internal control framework. • Cooperate with the Risk Management Department in risk analyses and/or model development.

11.1.2 Added value of the risk management system

Zavarovalnica Triglav has a conservative risk culture and attitude towards risk, which is managed comprehensively, using state-of-the-art tools. Risk management allows the Company to create added value and a competitive edge by benefiting from early and continuous risk identification. Efficient and prudent risk taking and risk management also enhance the Company's financial strength.

All business departments and services apply clear criteria, limitations and a system of internal controls to monitor their operation. Interaction between risks is subject to in-depth analysis, control and reporting.

Added value of the Zavarovalnica Triglav risk management system



Up-to-date and transparent information is exchanged at all risk management levels. Clear and transparent information flows both top-down and bottom-up as well as within every level. This process is supported by IT systems compatible with the risk management system, which allows for a unified system of internal controls.

Thanks to this comprehensive approach, the operations of the Company are more transparent, stable and secure.

11.1.3 Risk management at the level of the Triglav Group

The risk management system at Group level is adequate, efficient and proportional to the structure, nature, volume, complexity and risk level of operations of individual subsidiaries and compliant with regulatory requirements. The system takes account of the differences in risk, depending on the country of operation, the specificities of the business environment of each company and the impact of the risks of any individual company on other Group members and the Group as a whole.

The system is structured by hierarchy. By adopting internal acts, Zavarovalnica Triglav and Triglav INT regulate the governance of subsidiaries by nominating decision-makers and defining their competences and responsibilities, management processes and other activities related to the management of subsidiaries (including regular reporting and audit). They also monitor the operations and development of subsidiaries with regard to risk management through supervisory boards. The cooperation, culture, policies and regulations in the area of subsidiary management foster the exchange of information, know-how and best practices between the members and relevant bodies of the Group.

Thanks to the appropriate organisation and centralisation of functions in the Group, the Triglav Group is also able to monitor concentration risks to which it pays particular attention.

Despite its complex structure and demanding overall tasks, the Triglav Group has managed to establish an effective and, most importantly, reliable risk management system. In doing so, it has brought together both concepts typical of such systems:

- risk management at Group level; and

- centralised risk management.

11.2 Capital and capital adequacy management

The primary goal of capital management is to guarantee that the Company maintains the required and suitable capital adequacy level, while also generating an appropriate profit in relation to risk for its owners. In 2013 as well as in previous years, the Company's capital has been at an adequate level and its capital adequacy ratios have continued to increase.

As required by applicable legislation, the Company regularly measures the amount of available capital to make sure it is in line with the regulatory capital requirements for individual insurance companies and for the Group. Capital adequacy is also monitored on the basis of the model of the rating agency Standard & Poor's (hereinafter: S&P) and on the basis of the Directive 2009/138/EC of the European Parliament and of the Council (Solvency II). The efficient use of own capital sources is guaranteed through a system of exposure limits, capital allocation and strategic planning. The goals of capital management in relation to each abovementioned capital model are explained below.

11.2.1 Regulatory requirements for capital adequacy

The level of available capital of an insurance company and particularly its fluctuation can be affected by a number of factors. These include the structure and nature of services, premium volume, assets and liabilities, market interest rates and other capital market parameters. Zavarovalnica Triglav maintains a surplus of available capital exceeding the capital requirements of its core business and covering potential losses. This surplus provides a high level of protection against losses due to unforeseen unfavourable events. In addition to current capital adequacy, the Company also monitors compliance with planned capital levels and capital adequacy. This allows it to detect any influences from the environment affecting capital adequacy and to ensure the optimum capital allocation.

As in previous years, Zavarovalnica Triglav complied with the regulatory capital adequacy requirements throughout 2013. As at 31 December 2013, the minimum required capital to available capital ratio in non-life insurance was 362% (compared to 323 as at 31 December 2012). On the same day, the minimum required capital to available capital ratio in life insurance was 183% (compared to 168 as at 31 December 2012).

See also *Section 4.2.1. of the accounting part of the Annual report.*

11.2.2 Capital adequacy of the financial conglomerate

Until December 2013, the Triglav Group, Abanka Vipava and its subsidiaries formed a financial conglomerate. Up to the termination of ownership as shareholder in Abanka Vipava d.d., the Group monitored the capital adequacy of the conglomerate in accordance with the EU Directive on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and the relevant laws of the Republic of Slovenia.

11.2.3 Rating agency capital adequacy

Decisions concerning capital management are also based on the capital models underpinning credit rating. Capital adequacy is a crucial element in credit rating. The credit rating of the Triglav Group is evaluated by the rating agencies S&P and A.M. Best. As a rule, the capital adequacy requirements under the S&P model are higher than those prescribed by the applicable legislation.

Credit rating is discussed in greater detail in Section 5.8 *Credit rating of the Triglav Group and Zavarovalnica Triglav*.

Credit ratings of Zavarovalnica Triglav, the Triglav Group and Pozavarovalnica Triglav Re as at 31 December 2013

	Standard & Poor's	A.M. Best
Triglav Group	Financial strength rating »A-« / stable medium-term outlook	
Zavarovalnica Triglav d.d.	Financial strength rating »A-« / stable medium-term outlook	Financial strength rating »A-« and issuer credit rating »A-« / stable medium-term outlook
Pozavarovalnica Triglav Re d.d.	Financial strength rating »A-« / stable medium-term outlook	Financial strength rating »A-« and issuer credit rating »A-« / stable medium-term outlook

11.3 Overview of key risks faced by Zavarovalnica Triglav

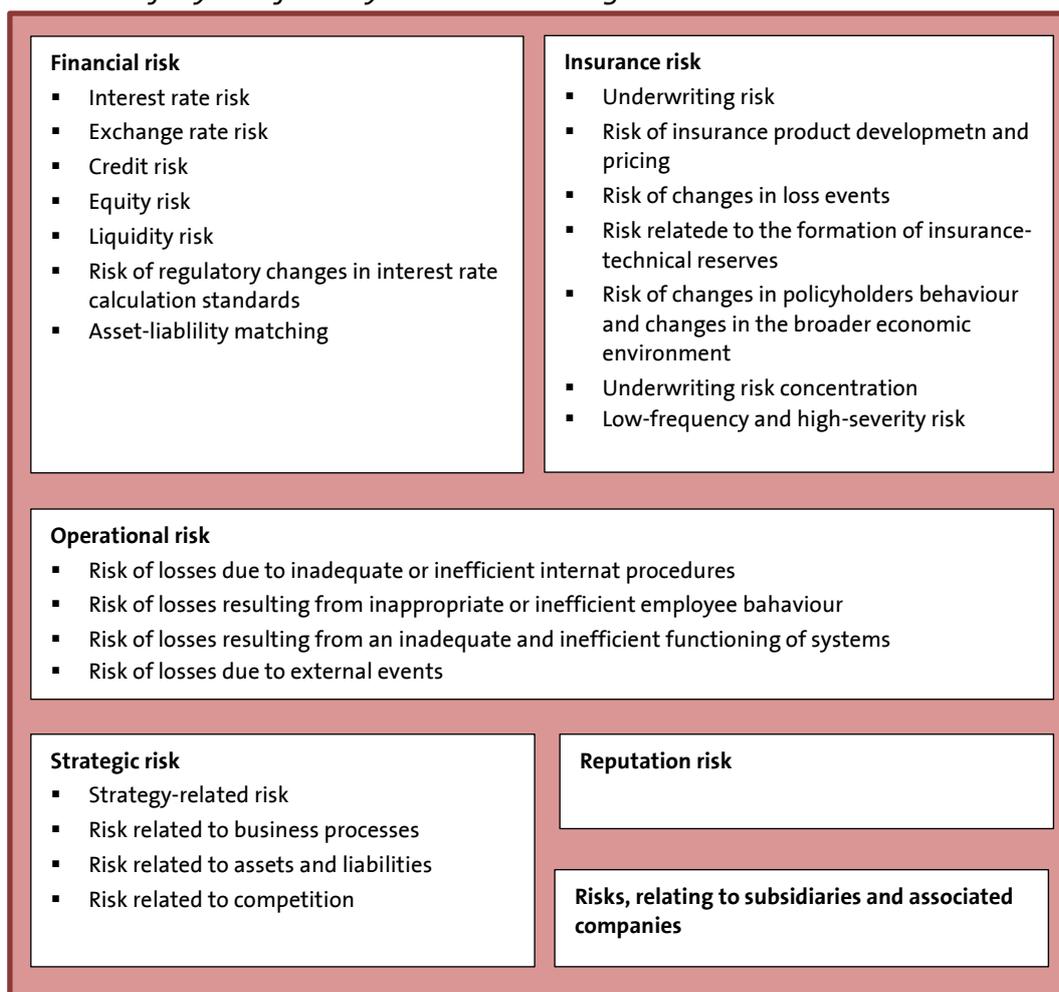
The most significant and extensive among the risk types managed by Zavarovalnica Triglav are insurance and financial risks. The Company is also exposed to operational risk, strategic risk, reputation risk and risk related to subsidiaries and associated companies.

Zavarovalnica Triglav evaluates the materiality of individual risk types using the methods defined in the Risk Management Policy. The results of risk assessments for 2013 show that the following risk can be classified as material:

- premium and reserve risk in non-life insurance;
- catastrophe risk in non-life insurance;
- premium and reserve risk in health insurance;
- catastrophe risk in health insurance;
- lapse risk in life insurance;
- expense risk in life insurance;
- catastrophe risk in life insurance;
- interest rate risk;
- equity risk;
- credit risk;
- real property risk;
- credit spread risk;
- concentration risk;
- operational risks.

The chart below shows the key risks faced by Zavarovalnica Triglav, followed by a detailed description of how each risk type is managed.

Overview of key risks faced by Zavarovalnica Triglav



11.4 Financial risk

In the management of long-term business funds and assets backing liabilities, in reinsurance operations and in all funding operations undertaken as part of capital management, the Company is exposed to the following financial risks:

- equity risk and interest rate risk,
- credit risk, and
- liquidity risk.

The investment policies of individual long-term business funds and assets backing liabilities take into account the nature and characteristics of the Company's liabilities and aim for an optimum asset diversification and optimum return.

The Company's investment policies are based on analyses of the sources of risk and returns, i.e. on the assessment of the relationship between risk and return for the main asset management categories (long-term business funds, assets backing liabilities, own resources). Investment policies are regularly updated and adapted to trends and changes on financial markets, which ensure that the Company's investment policies reflect the relationship between risk and return and are consistent with the vision and strategic objectives of the Triglav Group (return on equity, risk appetite). In 2013, the investment policies of the Company were updated and adapted to market trends in order to optimise its portfolio with a view to achieving lower

capital requirements while providing more security and higher portfolio profitability and avoiding any mismatches with the Company's liabilities.

Further details on financial risk assessment can be found in *Section 4.3 of the accounting part of the Annual report*.

11.4.1 Market risks and assets-liability management in insurance portfolios

In assets and liabilities management, the Company is most exposed to interest rate risks resulting from mismatches in the maturity of assets and liabilities as well as equity risk. To a lesser extent, the Company is also exposed to the risk of potential regulatory changes in the minimum standard for the calculation of the applicable technical interest rate for evaluating mathematical provisions for the existing insurance portfolio.

The aim of market risk management is to ensure an appropriate profitability of the investment portfolio while maintaining an acceptable level of risk defined in terms of risk appetite.

Among other things, the exposure to market risks is determined by the net balance of assets and liabilities. The Company monitors and manages market risks by applying several techniques, such as optimum strategic asset allocation with regard to the nature of liabilities and the effect of the external economic environment, regular monitoring of the current ratios of long-term business funds and assets backing liabilities, regular monitoring of capital adequacy on the basis of models and hedging against certain risks with derivative financial instruments. The Company's life insurance portfolio includes unit-linked insurance policies, where most of the financial risk is borne by the policyholders; however, the very nature of these insurance policies and policyholders' views entail a reputation risk exposure.

One of the central tools used for managing market risk lies in portfolio diversification which is applied to the entire portfolio of Zavarovalnica Triglav (this includes diversification across various industries, across different types of securities as well as across issuers of geographically diverse origin). Appropriate and advanced investment policies (*described in Section 11.4*) are another tool for successful market risk management. The application of pre-set limits allows the Company to optimize its portfolio with a view to minimising capital requirements and (market) risk while attaining the target profitability guaranteeing the fulfilment of all obligations and generating a surplus return. Furthermore, the Company also conducts a range of different stress tests, sensitivity analyses and cash-flow matching, which serve as a basis for the elaboration of investment policies.

The goal of the asset-liability management process is to ensure an optimum return on assets with respect to the nature of insurance liabilities. Regulatory requirements currently in force make insurance liabilities insensitive to the fluctuations of market parameters. Therefore, the process of optimising asset-liability management takes into account the static nature of insurance liabilities as an input parameter and aims at improving investment policies by optimising the ratio between the market sensitivity of the balance sheet and the return on assets. To the extent permitted by applicable legislation, this process also incorporates the results of other capital adequacy measurement models (Standard & Poor's, Solvency II).

By means of this optimisation process, investment policies are determined for long-term business funds and assets backing liabilities, specifying the strategic asset allocation for every portfolio. These policies are approved by the Assets and Liabilities Committee, which also regularly monitors the current ratios for all long-term business funds and assets backing liabilities.

11.4.2 Interest rate risk

Interest rate risk is the risk of changes in market interest rates affecting the value of interest-sensitive assets, as well as the risk that interest-sensitive assets and interest-sensitive liabilities reach their maturity at different times at different values.

Interest rate risk is managed by undertaking a thorough analysis of the credit ratings of security issuers for each investment. For the purpose of interest rate risk management, the Company also uses sensitivity analyses of interest rate risk which is applied to all financial assets exposed to interest rate risk.

In the case of interest-sensitive assets yielding coupons in the period up to maturity, Zavarovalnica Triglav is also exposed to reinvestment risk.

A detailed presentation of interest rate risk including a sensitivity analysis can be found in *Section 4.3.2 of the accounting part of the Annual report*.

11.4.3 Equity risk

Zavarovalnica Triglav manages the equity risk of securities in its portfolio through exposure limits as well as through geographical and sectorial investment diversification. It invests most of its assets within the European Union, and spreads its investments to other geographic areas in order to hedge the risks and the profitability of its equity portfolio. To a large extent, the portfolio consists of debt securities and this diversification results in a slightly lower equity risk. Another important factor affecting any investment decision is the liquidity of shares.

Details on the exposure to equity risk are discussed in *Section 4.3.3 of the accounting part of the Annual report*.

11.4.4 Liquidity risk

The risk or threat of a liquidity mismatch, i.e. the mismatched maturity of assets and liabilities, may cause liquidity problems or a shortage in liquidity needed to settle due liabilities. The aim of liquidity risk management is to ensure that at any point in time, the Company has sufficient liquid assets available to settle all outstanding obligations in due time.

Liquidity risk is offset against the volume of highly liquid securities and the regular monitoring of projected and actual cash flows from assets and liabilities. In order to obtain additional liquidity when needed, the Company makes use of a number of credit lines with domestic and foreign banks.

Liquidity risk is further discussed in *Section 4.3.4 of the accounting part of the Annual report*.

11.4.5 Foreign exchange risk

The Company's exposure to foreign exchange risk is minor, as most of its assets are denominated in euros.

In terms of the foreign exchange risk structure, the highest exposures are to the currencies of the countries of the former Yugoslavia, which in total represent no more than 1.8% of the portfolio. Despite the limited exposure, the Company manages foreign exchange risk using derivatives.

11.4.6 Credit risk

The Company's main exposure to risk of loss due to a counterparty's failure to meet its obligations arises from debt security holdings and insurance operations (reinsurance credit risk, credit risk of default on receivables from insurance operations). The aim of credit risk management is to establish procedures for minimising the likelihood of loss resulting from a debtor's financial difficulties.

Zavarovalnica Triglav manages its exposure to credit risk through a system of exposure limits. In order to guarantee a timely and suitable response to any adverse developments in the financial markets, the Company's exposures to individual issuers and changes in their credit ratings are subject to constant monitoring.

The aim of credit risk management is to achieve an optimum diversification of the credit portfolio and the target credit rating. For Zavarovalnica Triglav, the target average portfolio credit rating is 'BBB', which is still an investment grade rating.

For further details on credit risk, see also *Section 4.3.6 of the accounting part of the Annual report*.

11.5 Insurance risk

The risks in this category are associated with insurance perils arising from individual insurance classes and specific work processes related to performing insurance operations. These risks are inherent in the process of risk underwriting, i.e. in the assumption of risk, in the development of insurance products and their pricing, as well as in changes in loss events, in the allocation of insurance technical provisions, in changes in policyholders' behaviour and in changes in the broader economic environment. The main objective of insurance risk management is to achieve and maintain a high quality of the insurance portfolio that provides for stable and sound operations while also generating maximum returns.

The primary responsibility for the active management of underwriting risk lies with departments that are involved in core business activity. Clearly structured competences and powers include the segregation of duties, underwriting limits and an authorisation system. Furthermore, insurance risks are managed using a set of actuarial techniques applied in product pricing and allocations of insurance technical provisions. The Company also conducts regular performance monitoring, verifications of insurance technical provisions and optimisation of reinsurance schemes. Insurance risk is also managed through the establishment of an appropriate internal process for evaluating capital requirements for insurance risk.

Reinsurance is one of the basic hedging tools used for managing underwriting risk. Insurance companies within the Triglav Group are cosignatories of a joint reinsurance contract according to which net retained lines are based on the tables of maximum net retained lines of Zavarovalnica Triglav. Annual reinsurance schemes include:

- calculated retained lines by individual class of insurance
- table of maximum coverage based on retained lines; and
- procedures, bases and criteria for establishing the highest probable loss arising from individual risks underwritten.

The choice of suitable reinsurers depends to a great extent on their credit rating, enabling more stable business operations for the Company, which are reflected in more stable cash flows.

11.5.1 Underwriting risk concentration

The aim of underwriting risk concentration management is to establish procedures for reducing risk and limiting losses arising from underwriting risk concentration at the level of Zavarovalnica Triglav.

The concentration of underwriting risk is managed by adequate re-insurance schemes, used as the basis for the tables of maximum net retained lines. Underwriting risk concentration occurs due to the concentration of an insurance operation in a geographic area, an industry or an insurance peril. It may also occur as a result of a correlation between individual insurance classes. Even a single event in a business segment or industry may have a material impact on re-payment capacity.

Particular attention is paid to events with a low frequency and a high impact, such as storms, hail and floods. Over the previous five years, Zavarovalnica Triglav sustained an average of two major natural disasters a year, which triggered reinsurance policies covering natural events. Past events have shown that the reinsurance scheme is suitable, as the Company has been able to discharge its obligations arising from insurance contracts without exposure to increased liquidity or capital adequacy risk.

Based on the experience from previous years, an increase in the frequency of such high impact disasters is expected and the Company's reinsurance schemes are being modified accordingly.

Over the past years, Zavarovalnica Triglav has actively adapted its business to climate change by tailoring its products and exercising greater prudence in the process of risk underwriting.

See also Section 4.5.1 of the accounting part of the Annual report.

11.5.2 Geographical and sectorial concentration

The business operations of Zavarovalnica Triglav are concentrated in the Republic of Slovenia and a minor part of its business activities is located in the neighbouring EU countries. The Company also provides "fronting" services, ceding most of the business to other insurers.

Based on past experience, the Company believes that suitable reinsurance cover is provided for all potential risk concentrations.

In terms of business segments, the Company's primary focus is motor vehicle insurance, with motor liability insurance accounting for the largest share in this insurance class. As motor liability insurance is characterised by high risk dispersion, this segment does not entail any underwriting risk concentration. However, a potential threat of segment concentration does exist in comprehensive car insurance. This insurance risk is suitably covered by catastrophe reinsurance coverage, which has previously proven to be adequate.

As one of the three insurance companies in Slovenia to offer supplemental health insurance, with a 20.9% market share, Zavarovalnica Triglav is exposed to concentration risk. Furthermore, it is also one of two reinsurers in the country, holding 42.6% of the market (data for first three quarters of 2013). The concentration risk arising from the reinsurance portfolio is managed through geographical diversification of risk arising from transactions outside the Triglav Group and with adequate retrocession for transactions related to the Group. Supplemental health insurance risk, however, is well dispersed, so there is no exposure to underwriting risk concentration in this segment.

11.5.3 Low-frequency and high-severity risks

Reinsurance protection against earthquakes and other natural disasters is adequately arranged, given the high level of potential claims in the Republic of Slovenia. Thus far, no earthquake of catastrophic proportions has been recorded.

A potentially catastrophic loss occurrence could arise from the nuclear peril that Zavarovalnica Triglav has assumed from the Slovenian Nuclear Pool. Such a loss occurrence is characterised by an extremely low frequency, as no major loss event has been reported in 25 years, and a low or zero-rate correlation with other potential liabilities arising from the same loss event.

For further details on these risk types, see *Section 4.5.2 of the accounting part of the Annual report*.

11.6 Operational risk

Operational risk is defined as the risk of loss due to:

- inadequate or inefficient internal procedures (disruption of work procedures, client complaints, lack of reliable information for the management, disruptions to business continuity, improper cost management, poor change management, inconsistent or incomplete process documentation, etc.);
- inappropriate or inefficient employee behaviour (inadequate human resource management, key staff turnover, lack of know-how and skills, inappropriate employee attitude, etc.);
- inadequate and inefficient functioning of systems (obsolete software and/or infrastructure, lack of documented audit trails in software, inadequate control of system operability, etc.)
- fraud (details on fraud risk are provided in the following section); or
- external events (changes in legislation, natural disasters, competition, fraud, etc.).

The efficient management of the above risks requires efficient and high quality internal controls, which is a priority of the Company.

For detailed explanations on operational risk, see *Section 4.6 of the accounting part of the Annual report*.

11.6.1 Fraud risk management

In general, insurance companies have a large potential exposure to insurance fraud. The Triglav Group has a zero-tolerance policy against fraud. In Zavarovalnica Triglav, fraud prevention, detection and investigation is comprehensively managed at by a specialised department (Fraud Prevention, Detection and Investigation Department, hereinafter: FPDID) that reports directly to the Management Board. Services specialising in fraud also exist in Triglav Group subsidiaries abroad.

The FPDID deals with all types of fraud, which mostly manifests itself as the following types of conduct:

- unlawful appropriation of insurance company property;
- acts of corruption;
- falsification of accounts.

The FPDID operates in accordance with the guidelines of leading international anti-fraud organisations such as the Association of Certified Fraud Examiners and the International Association of Insurance Supervisors (ICP 27). FPDID employees have the appropriate expertise and certificates (e.g. CFE – Certified Fraud Examiner).

Regular fraud risk assessments and targeted controls allow the FPDID to identify existing risks and deficiencies in the system of key internal controls. Based on these findings, more efficient internal controls are designed in cooperation with other departments and other relevant recommendations are drafted.

The use of an advanced IT-solution that monitors key fraud indicators and notifications received via the fraud suspicion reporting line enable the Company to detect high-risk cases or transactions. These are investigated by analysts in the Fraud Analysis Centre who also turn to detectives, investigators, forensics and other experts for expertise. The findings of these investigations serve as a basis for proposing appropriate measures and making recommendations for systematic improvements.

The tasks of the FPDID also entail:

- design and keeping of registers and regular testing of key fraud indicators and key internal controls;
- fraud risk-related due diligence audits in takeover procedures and candidate selection processes;
- participation in the drafting of the Code of Good Business Practices of the Triglav Group (see *Section 12.3*);
- maintaining and ensuring the operation of the hotline for notifying suspicions of fraud and fraud-related assistance;
- organising fraud-related education and training for Triglav Group employees;
- record-keeping on the increased fraud risk of individuals;
- drafting reports on conducted investigations and reporting on key findings of investigations into individual cases;
- reporting to the Management Board (quarterly) and the Audit Committee of the Supervisory Board (semi-annual) on the implementation of the annual work programme; reporting to the Risk Management Committee (semi-annual) on the register of key internal controls, the testing of these controls and the materialised fraud risks;
- drafting and implementation of the strategy for fraud prevention, detection and investigation in the Triglav Group;
- providing expertise and assistance in the field of fraud prevention, detection and investigation to companies within the Triglav Group;
- implementation of the tasks of the Anti-Money Laundering and Counter-Terrorism Financing Compliance Officer in relation to the subsidiaries of the company Triglav INT d.d.

In 2013, the FPDID conducted two targeted controls, one focusing on the handling of confidential information and business secret handling and disclosure to the general public and a second one in the field of procurement of property, plant, equipment, material and services. The FPDID prepared a project proposal for the implementation of an advanced IT-solution for fraud detection and investigation in subsidiary insurance companies of the Triglav Group. In cooperation with the Compliance Office, the FPDID has started drafting the Triglav Group Code of Good Business Practices (for further details, see *Section 12.3*). In 2013, 527 cases of suspected fraud were investigated in Zavarovalnica Triglav, of which 214 cases of fraud were confirmed (an increase of 44% compared to 2012). In Triglav Group insurance companies abroad, 139 cases of suspected fraud were investigated, of which 105 cases of fraud were confirmed. For further details on good business practices, see *Section 12.3*.

11.7 Strategic risk

Zavarovalnica Triglav pays a great deal of attention to the management of strategic risk, as it can significantly affect the attainment of strategic goals. Strategic risk is identified and addressed at the very beginning of strategic planning. This approach was also applied when drafting the updated Triglav Group strategy for the period 2013-2017. The strategies of individual Group members are aligned with one another and with the strategy of the Triglav Group.

Strategic risk is monitored via internal controls, the competences and responsibilities of all bodies involved in strategic risk management are clearly defined. The Company monitors indicators related to the broader economic environment, the implementation of strategic goals and the compliance with capital requirements using state-of-the-art models and tools and good business practice.

Sources of strategic risk



Strategy

The Strategy of Zavarovalnica Triglav as part of the Triglav Group clearly defines objectives, tools and implementation processes. The strategy follows trends in the industry and reflects regulatory and legal developments as well as the micro- and macro-environments. Good business results achieved in spite of the economic crisis and effects of unpredictable weather and other events show that the implementation of the strategy has been successful and efficient in counteracting strategic risk.

Business processes

Integrated internal controls enacted to monitor operational and other risks (see *Section 11.6*) foster better employee decision-making and implementation and thus facilitate the attainment of insurance company and Group goals.

Assets and liabilities

Due to the nature of its operations, Zavarovalnica Triglav employs a variety of different methods to monitor its assets and liabilities. The Company has progressively established a high quality asset and liabilities management system that encompasses the active monitoring of liabilities, premium inflow, the state of real property, investments and developments in financial and other markets.

Competition

RISK TYPE	LEVEL	SITUATION
Buyer risk	Medium	The Company is affected by changes in consumer behaviour due to the influence of the economic situation on their purchasing power and due to technological development that is affecting the provision of information and resulting in new consumer behaviour models.
Supplier risk	Low	Enables transparency of the procurement process and suppliers. Zavarovalnica Triglav is focused not only on procurement-related cost effectiveness, but also on transparency and due implementation of procurement processes.
Competition risk	Medium	Zavarovalnica Triglav is successfully facing intensive competition, as proven by its market share.
Product risk	Low	By designing new and upgrading existing products, analysing competitive products and making a portfolio selection in line with its strategic orientation, the Triglav Group is continuously improving its product portfolio, creating increasingly attractive and high quality products.
Regulatory risk	Low	For a long period of time, Zavarovalnica Triglav has been preparing for the Solvency II Directive and phase 2 of the IFRS 4.

11.8 Reputation risk

Reputation risk consists in the possibility of external or internal events undermining stakeholder confidence in the insurance company. Reputation risk can be the result of a number of factors, ranging from the inability to provide a sufficiently high standard of product and service quality to unethical business practice, failure to attain the set financial objectives, employee strike, causing environmental pollution, to acts of unfair competition, any of which can have a detrimental effect on the reputation of the entire sector.

The key to efficient reputation risk management lies in a robust system of corporate governance which is supported by the following activities:

- collecting and analysing client feed-back;
- monitoring media reporting on the insurance company, including the social media;
- management of Company public relations;
- management of investor relations;
- due diligence in ensuring compliance with applicable legislation and management of relations with supervisory bodies and agencies;
- continuous monitoring of business, economic, social and regulatory trends that might be the source of future risk;
- management of stake-holder relations.

11.9 Risk related to subsidiaries and associated companies

Risk related to subsidiaries and associated companies is managed through a clearly defined corporate governance system and strategic planning of the business activities of subsidiary and associated companies, including their financial goals, which are coordinated with the development strategy of the Triglav Group. Zavarovalnica Triglav also exercises its influence as owner via the management and supervisory bodies of individual Group members, ensures the transfer of minimum business standards in relevant business segments, monitors and manages concentration risk at Group level and monitors and manages transactions between individual Group members. In the assessment and evaluation of risk at Group level, Zavarovalnica Triglav applies the principle of final exposure (the so-called "look-through principle").

The tasks and responsibilities for managing risk related to subsidiaries and associated companies are divided between the Management Board of Zavarovalnica Triglav, the Management Board of Triglav INT, the Subsidiary Management Division, the Legal Office and other business divisions within Zavarovalnica Triglav.

12. SUSTAINABLE DEVELOPMENT IN ZAVAROVALNICA TRIGLAV

- The corporate compliance policy was amended and sub-committee for ethical issues established.
- The internal and external awareness about the harmful effect of insurance frauds was increased and more than 90 additional fraud indicators established.
- Vse bo v redu, zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti (Everything will be alright – Institute of Zavarovalnica Triglav for corporate social responsibility) was established and opened first intergenerational centre in Slovenia "To Triglav to Change the World" (Na Triglav spreminjat svet).
- Adverse effects on the environment were mitigated and public awareness raised.

12.1 Sustainable Business and Corporate Social Responsibility

The long-term dimension of our development was discussed in the process of amending the development strategy, into which social, economic and environmental influence of the company activity was integrated. Zavarovalnica Triglav and the Triglav Group view their corporate social responsibility as the tenet of sustainable development.

By examining the influence of the Company's activities on the environment the key sustainable development aspects reported on in the previous and this section were identified.

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

Economic impact	<ul style="list-style-type: none"> ▪ Economic performance ▪ Indirect economic impacts 			
Environment	<ul style="list-style-type: none"> ▪ Energy ▪ Waste and water management ▪ Transport 			
Social aspects	Traineeships and dignified work <ul style="list-style-type: none"> ▪ Employment ▪ Safety and health at work ▪ Education and training ▪ Employment complaint procedures 	Human rights <ul style="list-style-type: none"> ▪ Investment ▪ Non-discrimination ▪ Human rights complaint procedures 	Company <ul style="list-style-type: none"> ▪ Local communities ▪ Anti-corruption behaviour ▪ Protection against unfair competition ▪ Compliance 	Product liability <ul style="list-style-type: none"> ▪ Product and service labelling ▪ Marketing communication ▪ User privacy ▪ Compliance

Information on sustainable development

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Key guidelines and objectives of the 2013 Corporate Social Responsibility Strategy

Key objectives and implemented results in 2013

OBJECTIVES 2013	STATUS	RESULTS 2013
<ul style="list-style-type: none"> Maintenance of a stable credit rating. 	Achieved.	<ul style="list-style-type: none"> Zavarovalnica Triglav maintained a stable »A-« credit rating.
<ul style="list-style-type: none"> Drafting and implementing the Code of Conduct of the Triglav Group. 	Partly achieved.	<ul style="list-style-type: none"> Implement workshops with the Triglav Group employees. The Triglav Group Code of Conduct has been drafted. It shall be published in the first half of 2014 in parallel with conducting the workshops for the employees.
<ul style="list-style-type: none"> Supporting activities and goals of the Ethos group. 	Achieved.	<ul style="list-style-type: none"> Specialised departments of Zavarovalnica Triglav actively participated in this field.
<ul style="list-style-type: none"> Establishing at least 100 additional key fraud indicators. 	Partly achieved.	<ul style="list-style-type: none"> More than 90 additional key fraud indicators were established. In total there are 130 in use.
<ul style="list-style-type: none"> Training and communication on health promotion in the framework of the Triglav.smo project. 	Achieved.	<ul style="list-style-type: none"> In all regional regional units of Zavarovalnica Triglav preventive measurements of cholesterol, blood pressure and body weight were conducted (760 employees participated) and breathing exercise workshops for managing stress at the workplace. At 12 regional units the Nordic Walking workshops were successfully conducted.
<ul style="list-style-type: none"> At least 10% membership of employees in the Triglav Sports Club as encouragement for a healthy free-time life style of the employees. 	Achieved.	<ul style="list-style-type: none"> The Triglav Sports Club has 538 members representing almost 23% of the employees.
<ul style="list-style-type: none"> Launch of intranet in Zavarovalnica Triglav. 	Not achieved.	<ul style="list-style-type: none"> The project was temporarily halted due to other priority activities.
<ul style="list-style-type: none"> Implementing measures for zero tolerance to discrimination, harassment or mobbing at the workplace. 	Achieved.	<ul style="list-style-type: none"> Measures for protecting dignity at the workplace are available to the employees in order to provide fast and active resolution of situations involving situations and feelings related to intolerance, discrimination or mobbing.
<ul style="list-style-type: none"> Organisation of at least one event to educate the general public about the insurance sector. 	Partly achieved.	<ul style="list-style-type: none"> The guidelines and the tender documentation are prepared for selecting the partner to implement the project.
<ul style="list-style-type: none"> Improving accessibility in at least 5% of the sales points. 	Achieved.	<ul style="list-style-type: none"> An analysis was conducted and improvements made at sales points and the web page regarding the accessibility of services of physically disabled, the hearing-impaired, and the visually impaired persons. The report is in <i>Section 6</i>.
<ul style="list-style-type: none"> Application of the measure of corporate socially responsible conduct in the process of supplier selection. 	Achieved.	<ul style="list-style-type: none"> A questionnaire on corporate socially responsible conduct is used in the process of selecting supplier.
<ul style="list-style-type: none"> Integration of the culture of road safety in communication activities. 	Achieved.	<ul style="list-style-type: none"> The awareness of primary school students about the significance of road safety is raised in partnership with the insitutute "I still drive but I don't walk". The Triglav mascot Watch Out Doggy helps educating children about the road safety in the framework of the project Children of Triglav – Safe on Roads.
<ul style="list-style-type: none"> Implementation of at least 10 preventive actions for children with the mascot Watch Out Doggy within the project Children of Triglav – Safe on Roads. 	Achieved.	<ul style="list-style-type: none"> At the beginning of September the mascot Watch Out Doggy visited 55 primary schools in Slovenia.
<ul style="list-style-type: none"> At least 10 percent of the employees participating in volunteering work and activities. 	Achieved.	<ul style="list-style-type: none"> In the event of Triglav Group employees meeting – "Our Day" 1,038 or over 43% of the employees contributed for a hot meal for children from socially underprivileged families at the primary school Koper. They volunteered to reform and make playgrounds (the project "Children of Triglav – Carefree at Play, in Harmony with Nature", and We give back to the society. In the Christmas period food and toiletries were given to children from 150 families.
<ul style="list-style-type: none"> Take at least 3,000 children to the ski jumping event in Planica. 	Achieved.	<ul style="list-style-type: none"> Over 3,300 children were taken to the ski jumping event in Planica.
<ul style="list-style-type: none"> Organisation of the Triglav Run with at least 1,000 active participants. 	Achieved.	<ul style="list-style-type: none"> Over 1,000 active participants took part in the second Triglav Run at Brdo pri Kranju.
<ul style="list-style-type: none"> Participation in the project "Children of Triglav – Carefree at Play, in Harmony with Nature" by renovating at least three playgrounds. 	Achieved.	<ul style="list-style-type: none"> Two playgrounds (kindergarten Mežica and primary school Stražišče) were rennovated, and 4 playgrounds built anew (Golo, Škrljje, Visoko, Zapotok).

OBJECTIVES 2013	STATUS	RESULTS 2013
<ul style="list-style-type: none"> ▪ Installing waste sorting bins in all business units that allow individual disposal of waste fractions. ▪ Making biodegradable waste bags available in at least 20 new mountain huts. 	Achieved.	<ul style="list-style-type: none"> ▪ Waste sorting bins are installed in all regional and business units that allow individual disposal of waste fractions.
<ul style="list-style-type: none"> ▪ Decreasing energy product consumption in the Ljubljana Regional Unit by a minimum of 5%. 	Not achieved.	<ul style="list-style-type: none"> ▪ Biodegradable waste bags were provided to 20 new mountain huts. They are available in almost 60 mountain huts and cottages in Slovenia.
<ul style="list-style-type: none"> ▪ Preparing and launching of the implementation of at least 5 measures for reducing greenhouse gas emissions. 	Achieved.	<ul style="list-style-type: none"> ▪ Heating and cooling convectors were replaced in June only on one business facility (Regional Unit Ljubljana). The energy consumption is lower by 3%. ▪ All employees in Zavarovalnica Triglav have their own coffee cup, in the coffee machine there is a button "without cup" available. In addition, three regional units have bicycles for the employees. Water at meeting at the Headquarters is served in pitchers. In one building of the Ljubljana Regional Unit the convectors for heating / cooling of offices were replaced. Electronic ordering of material and services was introduced.
<ul style="list-style-type: none"> ▪ Implementation of at least one green insurance product. 	Achieved.	<ul style="list-style-type: none"> ▪ An analysis of conditions and effects of the green insurance product is underway.

Key guidelines and objectives of the 2014 Corporate Social Responsibility Strategy

Key guidelines and objectives of the 2014 Corporate Social Responsibility Strategy

GUIDELINE		OBJECTIVES 2014
Management of the organisation	<ul style="list-style-type: none"> ▪ Credit rating. 	<ul style="list-style-type: none"> ▪ Maintenance of stable credit rating.
Fair business practice	<ul style="list-style-type: none"> ▪ Implementation of the Declaration on Fair Business. ▪ To increase the amount of work in cases of suspected fraud detected by key fraud indicators. ▪ Continuing with activities in the anti-corruption working group operating under the auspices of the UN Global Compact Slovenia. 	<ul style="list-style-type: none"> ▪ Drafting and implementing the Code of Conduct of the Triglav Group. ▪ Increase the number of processed cases detected by key fraud indicators by at least 100%. ▪ Active participation and support to the program UNGC for increasing fair business practice standards.
Recruitment and work practices	<ul style="list-style-type: none"> ▪ Using preventive measures to contribute to healthy working conditions. ▪ Employee training. 	<ul style="list-style-type: none"> ▪ Training and communication on health promotion in the framework of the Triglav.smo project ▪ Better accessibility to knowledge by putting in practice new web training courses. ▪ Each employee has the possibility to take part in at least one training.
Human rights	<ul style="list-style-type: none"> ▪ Zero tolerance for discrimination, harassment or mobbing at the workplace. 	<ul style="list-style-type: none"> ▪ Continuation of implementing measures of zero tolerance for discrimination, harassment or mobbing at the workplace.
Responsibility to clients and suppliers	<ul style="list-style-type: none"> ▪ Insurance education. ▪ To make the services of the insurance company available to the disabled people. 	<ul style="list-style-type: none"> ▪ Launch of the insurance education campaign. ▪ Designation of the sales point accessibility for various types of disability. ▪ Implement at least one measure aimed to improve access to insurance services.
Engagement in the community and its development	<ul style="list-style-type: none"> ▪ Child safety in traffic. ▪ Volunteering of the employees in local communities. ▪ Continuation of the Triglav Generations in Planica drive. ▪ 3rd Triglav Run. 	<ul style="list-style-type: none"> ▪ Organisation of at least 10 prevention campaign for children with the Watch Out Doggy mascot in the framework of the Children of Triglav – Safe on Roads ▪ At least 10% employees as active volunteers ▪ Take at least 3,000 children to the ski jumping event in Planica of those for at least 100 children with special needs; raising awareness of the participants regarding environmental responsibility. ▪ Organisation of the Triglav Run with at least 1,000 active participants; implementation of at

GUIDELINE		OBJECTIVES 2014
	<ul style="list-style-type: none"> ▪ Continuation of the "Children of Triglav – Carefree at Play, in Harmony with Nature" project. ▪ Prevention activity promotion. 	<ul style="list-style-type: none"> ▪ least one measure for mitigating the environmental impact of the event ▪ Participation in the renovation of at least 2 playgrounds ▪ Designing an application for warnings regarding dangerous points at home.
Mitigating adverse effects on the environment	<ul style="list-style-type: none"> ▪ Waste management. ▪ Let's Clean the Mountains and Hills. ▪ Reducing greenhouse gas emissions. 	<ul style="list-style-type: none"> ▪ Awareness campaign among the employees regarding correct waste sorting. ▪ Upgrading waste sorting bins at the headquarters of regional units. ▪ Cooperation with at least one organisation in addition to the Alpine Association of Slovenia. ▪ At least one activity aimed at the elderly and children. ▪ To build and maintain an active fan community of the Triglav Group in social media. ▪ Raising awareness of the employees regarding rational energy consumption. ▪ Implementation of a pilot relating to central document printing. ▪ Implementing at least one additional measure for mitigating adverse effects on the environment. ▪ Carbon footprint calculation for at least three headquarters of the Triglav Group subsidiaries.

Framework objective: Good practices of and guidelines for corporate social responsibility will be transferred to subsidiaries.

Awards and prizes

In 2013, the companies of the Triglav Group received the following awards and prizes in different areas:

- **European Excellence Award 2013:** the in-house newsletter "Obzornik" was ranked among five best European publications for employees.
- **Best Annual Report:** the Slovene financial daily Finance, in cooperation with the Finance Business Academy, honoured Zavarovalnica Triglav with an award for the best annual report amongst financial institutions for 2012 in terms of reporting on sustainable development and reporting on communication.
- **TOP 10 Training and Education Management:** for the fifth consecutive year, the Company has received an award for companies that invest the most in knowledge, education and training of their employees and that do so using a systemic approach (the award is granted by Planet GV and the Sofos Institute of Training Management).
- **WEBSI 2013 Award:** the second place for the i.Triglav online branch in the commercial websites category, the Triglav Toča hail warning application in the mobile applications category, and the "Let's Clean the Mountains and Hills" campaign in the socially corporate responsible projects category.
- **POMP 2013:** Award for the content marketing for Obzornik international in the category the best in-house medium.
- **ARC Awards 2013:** the golden award for the 2011 Annual Report from the International Annual Report Competition (ARC) Awards, honouring outstanding achievement in annual reports
- **Trusted brand 2013:** for the seventh consecutive year, Zavarovalnica Triglav was at the top of the list of the most trusted insurance companies in Slovenia.
- **EMerald Excellence 2013:** The recipients of the awards are the "Let's clean the mountains" project in the social media programs category, and "New Dimensions" project - designed

for the Triglav Group Annual Report 2011 and commissioned by Zavarovalnica Triglav - in the multi-audience category.

- **The advertiser of the year 2012:** award given by the Slovenian Advertising Chamber at the Slovenian Advertising Festival.
- **Best financial expert of 2012:** the President of the Management Board Matjaž Rakovec was awarded the title of best financial expert as selected by the publishing house Založba Kapital.
- **Gold Quill:** the award given for communication excellence by the International Association of Business Communicators (IABC) for the annual Reports of Zavarovalnica Triglav and the Triglav Group for 2011.
- **Gold Quill:** the regional European award of the International Association of Business Communicators EMERALD Award for the campaign "Let's Clean the Mountains and Hills".

Commitments to external initiatives

The Company complies with the Insurance Code of the Slovenian Insurance Association that lays down the basic standards of professional business practice in the Triglav Group.

In accordance with its guidelines for social responsibility, Zavarovalnica Triglav supports initiatives fostering business practices that are ethically, environmentally, socially and economically sustainable in the long term.

It also follows the recommendations of the Slovene Consumers' Association for improving financial literacy, notably by strengthening its e-business. Last year the i.Triglav web application and the entire web page www.triglav.si were again upgraded (transparency of insurance policies, a simple and unified access to insurance services, a wide range of advice). Quick response to client problems is crucial. More emphasis is put on providing information about preventive activities for risk reduction in the counselling section (safe skiing, advice on cycling, fire protection etc.).

In the area of compliance Zavarovalnica Triglav takes an active part in the initiative Ethos, the working group within the UN Global Compact Slovenia. It was among the first Slovenian signatories of the Declaration on fair business practices which binds it to raise the awareness regarding the significance of fair business practices at the national level (influence on the competitiveness and social welfare) and the implementation of the compliance programs modelled after international practices and standards of fair practice (more in *12.3 Fair Business Practice*). Zavarovalnica Triglav representatives took an active part at both public presentations of the Fair Business Conduct Declarations in 2013.

Membership in associations

The Company is an active member in several industry associations and economic groupings and other associations, including the Slovenian Insurance Association, the Chamber of Commerce and Industry of Slovenia, the Marketing Association of Slovenia, the Public Relations Society of Slovenia, the Ethos anti-corruption working group operating within the UNGC Slovenia, the Institute for the Development of Social Responsibility (IRDO), The social responsibility network of Slovenia (MDOS), the Association of Employees' Councils of Slovenian Companies, the Supervisors Association of Slovenia, and the American Chamber of Commerce of Slovenia. Subsidiaries outside Slovenia are members of industry associations and economic groupings in their relevant countries.

Report parameters

A step forward was made in the reports for 2013 by providing even more integrated information on the economic, social and environmental aspects of business operations in sections other than Sustainable Business. Financial and non-financial aspects of business operations are presented by means of measurable indicators and a comprehensive review of operations.

The International Financial Reporting Standards (IFRS) and the international sustainability reporting guidelines drafted by the **Global Reporting Initiative G4 (GRI)** are adhered to by the Company by following the specific guidelines for the financial sector. Data are collected by business divisions of the parent company, which, as the entity in charge of reporting, also reports on all aspects of sustainable development. Monitoring of indicators pursuant to the GRI guidelines has been introduced also to subsidiaries, whereby effectiveness is higher in the area of social impact. In the document corporate communication predominantly pertains to the parent company.

The reporting on sustainable development is a part of the annual reports. It refers to the individual business and calendar year. The drafting of the report is done by specialised departments, stakeholders have not been included in the process so far. The most recent report was published in 2012 pursuant to the GRI G3.1 guidelines. Data on the calculation methodology for individual indicators are given in the text and the notes, when relevant. There have been no significant changes in the data provided in previous reports that have affected the current state of affairs, individual smaller changes are explained in the notes.

A decision about a comprehensive external evaluation of the sustainable reporting has not yet been made, it is intended to be made in the future.

In 2013, the external examiner within the project European Green Office analysed the Company's activities relating its attitude towards the environment and issued a certificate regarding the progress in mitigating adverse effects on the environment.

12.2 Key stakeholders

Key stakeholder groups and corporate governance

The mission of the Triglav insurance group and parent company is building a safer future. Financial security of its clients is the aim of its products and services and is based on the financial stability and profitability of its business operations. In the long term they can be achieved only by recognizing the interests of key shareholders and their integration into the operations and achievement of the Group's mission.

The key stakeholder groups of Zavarovalnica Triglav are defined in the Corporate Social Responsibility Strategy, which specifies active cooperation with each individual stakeholder group. Based on the business strategy and the corporate social responsibility strategy, the cooperation with individual stakeholder groups is specified in annual plans for individual functional areas and departments, such as Human Resource Management, Insurance Sales, Marketing Department, Insurance Marketing and Distribution Division, Risk Management, Legal Office, Compliance Office, Claims Division, Accounting Division, Strategic Planning and Controlling Department, Finance Division, etc.).

The identified key shareholders are: the employees, investors, existing and potential clients, regulators, media, suppliers, non-governmental organisations in the field of prevention,

sustainable development and local communities. In 2013, special attention was paid to an active and open relationship with them. The interests of the Company's shareholders have been taken into account in developing the business operations of the Company, whereby the key tenet is a comprehensive and two-way communication.

Communication took place at several levels and included a wide spectrum of the Triglav Group activities. It comprised regular and active management of relations with the employees, media, and the financial public at the corporate and product level.

In managing relations with clients their satisfaction is examined, praise and complaints by clients are actively managed, focus groups are studied etc. Communication with individual groups of stakeholders takes place in person and in writing, the Company actively participates in different local and national associations.

In line with the business strategy the reputation of the Triglav Group in the stakeholder environment was strengthened, while high communication standards were transferred from the parent company to subsidiaries in line with the Triglav Group Communication Code.

Relations with shareholders, investors and other financial public are disclosed in section 5 *Share capital and shareholders of Zavarovalnica Triglav*, section 5.6 *Communication with investors*. Client communication is included under section 12.7.1, communication with suppliers under section 12.8., and relations with local communities under section 12.9 *Responsibility to the social environment*.

12.3 Fair business practice

Zavarovalnica Triglav as a member of the Slovenian United Nations sustainable development associations – UN Global Compact Slovenia and the signatory of the Declaration on Fair Business has anti-corruption clause in all contracts surpassing the value of EUR 10,000.

The compliance system is in place for regular monitoring and adjusting to any changes in the legal environment, to provide technical support to services, departments, and subsidiaries.

In 2013, the Compliance Policy was amended and approved in November by the Supervisory Board. Its key new feature is the establishment of the Ethics Subcommittee following international good practice in the area of compliance and integrity. The subcommittee that shall start working in 2014 will take position to ethical dilemmas in providing compliance and protecting the company reputation. By other policy amendments higher standards of the compliance system operation are provided. They refer to a higher level of the compliance function independence, more in-depth reporting on compliance, including reporting to the Supervisory Board. By increasing the scope of the compliance function in the insurance sector the business functions representing the second defence line against risks (see also section 11. *Risk Management*) are strengthened, in addition the rights and interests of the insured, policy holders and beneficiaries are protected. Such policy shall facilitate the establishment of the compliance function at the level of the Triglav Group and the upgrading of the management system in line with the European directive *Solvency II*. The establishment of the solvency function at the Triglav Group level is one of the key tasks for 2014, the first consultation of the Group on compliance was organized in 2013.

On the basis of the Code of Good Business Practice the system for direct reporting of non-compliance functions, whereby contacts are provided of competent human resource and legal departments, the department for the prevention, detection and investigation of fraud, and the compliance department. By taking this route the Compliance Office in 2013 received two

notices. The majority of non-compliance instances are detected by regular monitoring of compliance, the submitted notices and complaints, and the control procedures and incident examination. In 2013, the implementation of 11 compliance recommendations was monitored and 5 compliance examination procedures performed.

Three requests were obtained for information on own personal data pursuant to the Personal Protection Act (ZVOP-1). On the basis of two notices submitted to the Information Commissioner, the investigation was launched. An internal support mechanism for a more detailed monitoring of this complaint group is being prepared. In 2013, the Company did not receive any decision for the violation of personal protection data, other sanctions were also not imposed.

Regarding compliance in 2013 the first e-training on the protection of personal data was conducted for all employees, of which 89% successfully completed the course. The training material encouraged many to ask additional questions and use mentorship when learning.

In 2013, 87% of all employees in Zavarovalnica Triglav took part in at least one training regarding human rights and related procedures that are important for the insurance business. In total 3,638 training hours on human rights policy were organized.

Zero tolerance to discrimination in relationships among employees and with the clients has been put in place, which is reported on in *section 12.4*. Suspicions of fraud are dealt with in the continuation.

Fraud risk

The fraud risk managed by the Fraud Prevention, Detection and Investigation Department (SPORP) is reported in the section Risk management under *section 11.6.1* The register of fraud scheme facilitates regular monitoring of fraud exposure considering the findings of the Fraud Prevention, Detection and Investigation Department examinations and focus, the change of key internal controls and results of testing. A comprehensive assessment of this risk is conducted in Zavarovalnica Triglav every two years, the next one is planned for 2014. There were 98 fraud schemes comprising corruption risks identified. For 8 schemes the inherent risk was assessed as high, for 38 as medium, for 40 schemes as low and for 12 as very low. For inherently high risks in 2012 and 2013 recommendations were adopted regarding key internal controls put in place to provide a low corruption risk for the remaining part.

In 2013, the fraud risk for the companies in the Triglav Group was assessed, the assessment is expected to be finished in 2014.

Communication and training for anti-corruption policy and procedures

In 2013, the Company started to raise awareness of fraud harm, including corruption risks among the employees of Zavarovalnica Triglav. An intranet page dedicated to fraud issues was put in place, data were disseminated about the telephone line for reporting fraud suspicion (internet, intranet, in-house newsletter, posters etc.). The employees were informed about the policy of zero tolerance to fraud and the Fraud Prevention, Detection and Investigation Department, the project Ambassadors of honesty was launched. At workshops in all regional units of Zavarovalnica Triglav 143 persons or 6% of all employees took part, including all managerial staff.

Out of all employees, 98% noticed the awareness activities, of which 94% assessed them as adequate, while 77% of employees learnt to use the application for anonymous reporting of fraud suspicions. Instructions were issued for the protection against retaliatory measures of

those reporting fraud in good faith (identity protection, high security of notice, immediate assistance in the case of direct threats, assistance to specialised departments in the case of illegal retaliatory measures, monitoring of reporters). The instructions envisage additional measures of transfer to other equal posts, free legal assistance, assistance in reporting to the police and prosecution authorities, and special security measures. The employees were informed about the instructions in the internal publications.

The Fraud Prevention, Detection and Investigation Department and the Compliance Department prepared draft Code of Good Business Practice for the Triglav Group. At 13 workshops employees from the majority of the Triglav Group companies took part. Special workshops were organized for directors of regional units, representatives of specialised departments and members of the Executive Group Manager's team.

Examples of corruption and measures taken

The Fraud Prevention, Detection and Investigation Department in 2013 dealt with 23 cases where corruption risks were detected in relation to Zavarovalnica Triglav. In 5 cases the fraud suspicions were confirmed. Depending on the nature of established fraud, the Management Board adopted adequate measures. In three cases the employment of the responsible persons was terminated, in one case a warning was issued prior the termination of the employment contract, in one case a criminal complaint was filed, while in one case a proposal for the licence withdrawal for insurance agent was submitted to the Insurance Supervision Agency.

In the Triglav Group the Fraud Prevention, Detection and Investigation Department took part in dealing with 3 large cases where corruption suspicions were detected. In 2 cases criminal proceedings were launched against the competent persons, in all discussed cases recommendations were adopted for establishing key internal controls.

The value of all contributions to political parties by recipients, the lobbying policy

Due to an over 25 share of state ownership in the equity, Zavarovalnica Triglav is prohibited from financing political parties pursuant to the Political Parties Act.

12.4 Human resources management / Recruitment and work practices

The human resources management policy is the basis for managing the relations and adopting decisions about the employees in Zavarovalnica Triglav and is based on the company values. It focuses on the employees as individuals contributing to the culture of the Triglav Group with their efforts, knowledge and loyalty.

Strategic guidelines for human resources management

Strategic guidelines in the field of human resources management are based on the fundamental objectives of Zavarovalnica Triglav and the Triglav Group. The focus is on the employees upgrading their technical knowledge professional skills and sharing them with colleagues. The Company puts its employees' ability to achieve their professional and personal goals at the top of its agenda. The motivation and high professional skills of the employees are of key importance for the implementation of the Triglav Group's objectives.

- The number and composition of employees were adjusted to the renovation and optimization of business processes, special emphasis was put on the development and retention of key and perspective members of staff.

- Employment flexibility in the Triglav Group was promoted and the unification of the human resource management processes strengthened to put it in line with the organizational culture of the Group.
- The best available human resources were employed. First steps were made to establish own evaluation centre for the employment selection.
- An inter-generational cooperation system was designed and the strategy of managing senior employees developed.
- Innovative proposals by the employees were successfully promoted and encouraged.
- The culture of creativity and cooperation was promoted (workshops, team building events, projects Triglav.smo, family-friendly company, health promotion), and the system of awards and non-monetary motivation upgraded.
- Regular measurement of organisation atmosphere was conducted and adequate measures taken.

Recruitment policy

The recruitment policy based on the company values dictates a sound selection of best human resources in the case of new employments, carefully selected and determined career and personal goals, nurturing of talent, professional skills and motivation of the employees. The development potential of the Triglav Group provides opportunities to both the young and experienced experts.

Absenteeism

The rate of absenteeism in Zavarovalnica Triglav continues to drop. In comparison to the previous year it dropped by 0.06 percentage points and was 0.44 percentage points below the national level reported for the Republic of Slovenia (data for January-September 2013). The absenteeism rate amounted to 2.46% for men and 4.55% for women.

Temporary absence from work due to illness or injury is measured by the number of lost working days in a year. By law, sickness benefits are divided into two categories: those reimbursed by the employer (medical leave up to 30 days) and those reimbursed by the Health Insurance Institute of Slovenia (ZZZS) (medical leave longer than 30 days, sick-nursing, accompanying a sick person). In comparison to 2012, the share of work days lost due to sick leave reimbursed by Zavarovalnica Triglav decreased by 0.01 percentage points, while the share of work days lost due to sick leave reimbursed by the Health Insurance Institute of Slovenia was by 0.04 percentage point lower.

Absenteeism rates in Zavarovalnica Triglav and Slovenia by year and type of sick leave

Year			in %	
	Paid by Zavarovalnica Triglav	Reimbursed by ZZZS	Rate of absenteeism in Zavarovalnica Triglav	Rate of absenteeism in Slovenia ⁽¹⁾
2008	2.34	2.05	4.39	3.69
2009	2.36	1.74	4.10	4.00
2010	2.23	1.58	3.81	4.17
2011	1.98	1.73	3.71	4.19
2012	1.90	1.66	3.56	4.06
2013	1.89	1.62	3.50	3.94 ⁽²⁾

⁽¹⁾Source: Health Insurance Institute of Slovenia – sick leave database

⁽²⁾Data from January to September 2013

Staff turnover

Staff turnover decreased from 4.6% in 2012 to 3.2% in 2013. Anew were recruited 47 employees, while 79 left. Both trends continued. Among leavers, the main reason was the retirement of staff in the oldest age group (above 56 years of age), and among newly employed the majority were between 26 and 30 years old. In contrast to the previous year, men prevailed both among newly recruited employees (59.6%) and leavers (55.7%).

Number of leavers and newcomers in Zavarovalnica Triglav in 2013 by their age

Age group	Newcomers		Leavers	
	Number	as a %	Number	as a %
20–25	6	12.8	1	1.3
26–30	15	31.9	16	20.3
31–35	6	12.8	10	12.7
36–40	8	17.0	8	10.1
41–45	7	14.9	6	7.6
46–50	3	6.4	4	5.1
51–55	2	4.3	8	10.1
56 and over	0	0.0	26	32.9
Total	47	100.0	79	100.0

Number of leavers and newcomers in Zavarovalnica Triglav in 2013 by gender

Gender	Newcomers		Leavers	
	Number	as a %	Number	as a %
Men	28	59.6	44	55.7
Women	19	40.4	35	44.3
Total	47	100.0	79	100.0

12.4.1 Recruitment and employee structure

As at 31 December 2013, there were 2,373 employees in Zavarovalnica Triglav or 32 less than the year before. The average total years of work of the employees amounted to 21.20 years, while the average years of work only in Zavarovalnica Triglav totalled 15.35 years.

Recruitment activities were carried out according to the recruitment plan and in line with the business and strategic objectives, with an emphasis on integrated cost management.

Number of employees in Zavarovalnica Triglav as at 31 December 2013

As at 31 Dec. 2013	Number of employees	Difference
2007	2,496	+ 19
2008	2,507	+ 11
2009	2,514	+ 7
2010	2,441	- 73
2011	2,400	- 41
2012	2,405	+ 5
2013	2,373	- 32

The number of full-time employees was 2,277 (96.0%) or approximately as many as in 2012, while 96 (4.0%) were part-time employees.

Employees in Zavarovalnica Triglav as at 31 December 2013 by employment type (full-time, part-time)

Type of employment	2013		2012		2011	
	Number	Percentage	Number	Percentage	Number	Percentage
Part-time	96	4.0	92	3.8	90	3.8
Full-time	2,277	96.0	2,313	96.2	2,310	96.3
Total	2,373	100.0	2,405	100.0	2,400	100.0

The number of fixed-term employees in Zavarovalnica Triglav was 59 (2.5%), while 2,314 employees (97.5%) were in permanent employment. The share of fixed-term employees decreased by 2.5 percentage points.

Employees in Zavarovalnica Triglav as at 31 December 2013 by employment type

Type of employment	2013		2012		2011	
	Number	Percentage	Number	Percentage	Number	Percentage
Fixed-term	59	2.5	121	5.0	86	3.6
Permanent	2,314	97.5	2,284	95.0	2,314	96.4
Total	2,373	100.0	2,405	100.0	2,400	100.0

The educational structure continued to improve. The number of employees with higher education or university degrees, as well as with masters or doctoral degrees, increased while the number of staff with only secondary school education or less decreased.

Employees of Zavarovalnica Triglav as at 31 December 2013 by level of education

Level of education	2013		2012		2011	
	Number	Percentage	Number	Percentage	Number	Percentage
Level I-IV	175	7.4	186	7.7	213	8.9
Level V	986	41.6	1,035	43.0	1,067	44.5
Level VI	351	14.8	340	14.1	313	13.0
Level VII	771	32.5	770	32.0	747	31.1
Masters and PhD	90	3.8	74	3.1	60	2.5
Total	2,373	100.0	2,405	100.0	2,400	100.0

In the groups up to 40 years of age, the share of employees decreased, whereas the share of employees above 56 years of age increased. The average age of persons employed in Zavarovalnica Triglav is slightly higher than in previous years, i.e. 44.35 years (43.61 years in 2012).

Employees of Zavarovalnica Triglav as at 31 December 2013 by age

Age group	2013		2012		2011	
	Number	Percentage	Number	Percentage	Number	Percentage
From 20 to 25	16	0.7	19	0.8	31	1.3
From 26 to 30	133	5.6	177	7.4	183	7.6
From 31 to 35	267	11.3	290	12.1	349	14.5
From 36 to 40	398	16.8	429	17.8	428	17.8
From 41 to 45	454	19.1	439	18.3	477	19.9
From 46 to 50	457	19.3	449	18.7	416	17.3
From 51 to 55	373	15.7	370	15.4	351	14.6
56 and over	275	11.6	232	9.6	165	6.9
Total	2,373	100.0	2,405	100.0	2,400	100.0

In terms of gender, the employee structure shows no significant changes over the longer time period and is comparable to the gender ratio in the Slovene general population.

Employees of Zavarovalnica Triglav as at 31 December 2013 by age

Gender	2013		2012		2011	
	Number	Percentage	Number	Percentage	Number	Percentage
Men	1,159	48.8	1,175	48.9	1,171	48.8
Women	1,214	51.2	1,230	51.1	1,229	51.2
Total	2,373	100.0	2,405	100.0	2,400	100.0

As at the end of the year, 2,217 or 93.4% of all staff were employed under the collective agreement. The remaining 6.6% are top management with individual agreements (156 employees).

Benefits are the same for both regular full-time employees and temporary or part-time employees.

The share of women in top management of Zavarovalnica Triglav reached 22.2% (24.1% in 2012) and in middle management 41.2%. The share of women in the Management and Supervisory Boards was 7.7%. The basic salary for women was equal to that of men in all staff categories, locations and activities. In Slovenia, the Equal Opportunities for Women and Men Act (Official Gazette of the RS, No 59/02 and 61/07 – ZUNEO-A) is in force, and a draft revised act is still under discussion. According to the Labour Force Survey results (source: Statistical Office of the Republic of Slovenia), in Q3 2012 the salaries of women compared to the salaries of men were lower by 4.6%, on average¹.

Violations on grounds of discriminations

In 2013, no formal cases of discrimination were recorded in Zavarovalnica Triglav, whereas one report was filed by a subsidiary employee in line with the Code of Good Business Practices of Zavarovalnica Triglav.

The number of complaints and reports filed with respect to human rights and cases solved through formal complaint procedures

¹ The average monthly gross salary of women with a low education level was lower than that of men with the same education level by 13.5%, of women with secondary education by 10.6% and of women with tertiary education by 18.4%, on average.

Being aware of the employer's responsibility to provide a safe and healthy work environment, the Company was bound by the Code of Good Business Practices of Zavarovalnica Triglav and by the Rules on Protecting Employees' Dignity at Work. Activities for identifying conflict situations were encouraged; however, no formal procedures due to unwanted conduct were initiated in 2013 in line with the Rules. Success in personal relationships is a result of intensive prevention activities and conflict resolution in its earliest stages.

12.4.2 Staff training and development

12.4.2.1 Training

Professionalism of employees is a condition for the implementation of strategic objectives of the Triglav Group, thus training is mainly focused on improving the competences of individual employee groups. In 2013 efforts were made for every employee to participate in at least one form of training. Employees were trained in line with job needs and the development process. Staffing structure by gender corresponded to the general staffing structure of the Company.

In cooperation with educational institutions and external lecturers, many in-house training courses were organised. In addition, in-house specialists and supervisors held lectures, even though there were slightly fewer in-house courses organised than in 2012. In contrast, the number of external training courses increased.

Zavarovalnica Triglav implemented the adopted personnel plans and invested in the development of its scholarship holders. High school and university students were enabled to gain work experience. The Company cooperated with schools and university departments and ensured the transfer of practical knowledge and experience to young people. The number of trainees was adapted to recruitment needs.

Partial or full funding of work study was provided to nearly 10% of employees. The number of employees involved in work study was again slightly lower than in previous years, but many employees successfully completed their studies.

Number of training participants in Zavarovalnica Triglav in 2013, 2012 and 2011

Type of training	2013	2012	2011	Index	
				2013/2012	2012/2011
Scholarship	23	27	28	85	96
Work study	226	252	253	90	100
Probationers	10	14	14	71	100
Work experience	34	48	57	71	84
External training	536	450	503	119	89
In-house training	9,526	9,806	9,150	97	107
Total	10,355	10,597	10,005	98	106

The majority of training courses was accounted for by specialist insurance topics, focusing on strengthening sales and communication skills. Sales staff took part in the Sales Academy programme, while training of managers continued in the Management School. Several managers also participated in individual coaching. Apart from that, in-house group courses in foreign languages and IT were held. Over 2,000 employees obtained basic training in personal data protection through e-learning.

Number of functional training hours in 2013, 2012 and 2011

	2013	2012	2011	Index	
				2013/2012	2012/2011
Total number of functional training hours	63,458	75,045	75,373	85	100
Number of hours of in-house training	55,424	67,680	66,139	82	102
Number of hours of external training	8,034	7,365	9,234	109	80
Number of functional training hours per employee	27	31	31	87	100

Numerous professional consults organised by business divisions of the parent company, three-week specialised in-house training in the parent company and the 2nd Triglav International Business Academy are some of the educational forms used for strengthening knowledge transfer among Triglav Group employees.

Many external colleagues also participated in the Company's training programmes. A lot of interest was primarily expressed in the training programme to obtain a licence to perform insurance operations.

Training was carried out cost-efficiently. Compared to 2012, the training costs were slightly lower, also on account of fewer participants.

Training costs of Zavarovalnica Triglav in 2013, 2012 and 2011

	2013	2012	2011	Index	
				2013/2012	2012/2011
Total*	1,286,069	1,412,347	1,295,396	91	109
Costs per employee	542	587	540	92	109
Costs per participant	124	133	129	93	103

*Data include both direct (scholarships, grants, tuition fees, work study costs, probationer pay and payments to external and in-house trainers) and indirect training costs (travel expenses in Slovenia and abroad, subsistence and overnight stay allowances related to training).

12.4.2.2 Management by objectives and annual development interviews

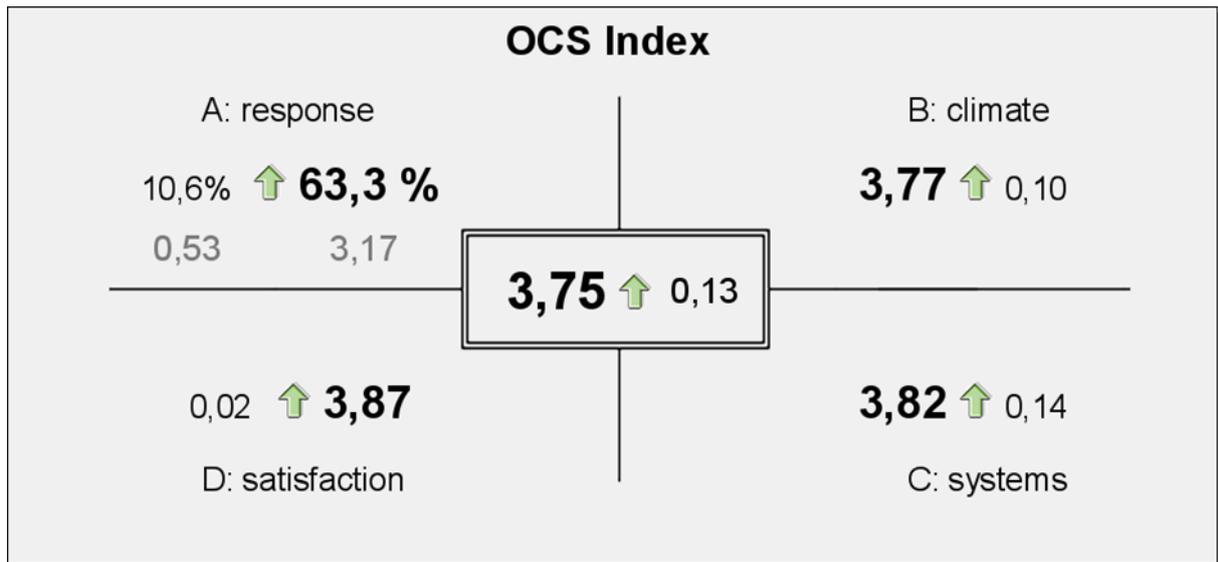
All employees were included in the management-by-objectives system, except insurance agents and call centre clerks (who, due to the nature of their work, are subject to other forms of remuneration), i.e. 70% of all employees. The management-by-objectives system is implemented by using the CIVODEU software application. At the annual interviews, the employees, in cooperation with their superiors, set their objectives for the current business year, which they monitor and update through interviews every three months. Such monitoring and feedback are essential for a personal relationship between a superior and their employee, which contributes to better performance.

12.4.2.3 Measurement of organizational climate

The results of organisational climate measurement are explained using four basic indexes, i.e. responsiveness, organisational climate, management and development systems, and satisfaction, which were combined into an aggregate OCS index.

According to the results of the sixth consecutive organisational climate measurement, all four indexes are improving. Responsiveness to the survey, which equalled 63.3% and was higher by 10.6 percentage points compared to 2012, improved the most. Consequently, the aggregate OCS index increased, totalling 3.75, which is 0.13 point more than in 2012 and by 0.21 point higher than in 2011.

Organisational climate in Zavarovalnica Triglav



Employees of Zavarovalnica Triglav (similar as in 2012) positively assessed stability and performance and expressed their loyalty to the Company. They are also of the opinion that the Company has a clear mission and vision and is one of the most successful companies in Slovenia. Positive improvement trends can be seen in the assessment of training possibilities, while the scores of the management-by-objectives system and work performance assessment significantly improved.

Therefore, the challenges for improvement remain approximately the same as the previous year: quality, clarity and reality of the set goals and their coordination among organisational units. However, there are challenges for improvement with respect to mutual cooperation (between divisions and co-workers) and communication, which received a low score. There is also room for improvement in both the remuneration system and career development.

Together with the results of the survey, measures for improvement adopted by the Management Board were presented to the employees. So as to improve the organisational climate, the Human Resource Management Division met for the first time with the heads of organisational units, in which the score was below Company average.

In the Triglav Group, an organisational climate survey is conducted every two years and was therefore not performed in 2013. During the last measurement in 2012, the OCS index equalled 3.65 or slightly more than in 2011. The challenges remain similar to those in the parent company, the key advantages being a positive attitude and strong loyalty of employees.

12.5 Safety and health at work

In the effort to continually improve safety and health at work, great importance is placed on preventive actions. The Company's long-term goal is to provide a safe work environment free from injuries, health damage and psychosocial risks.

Numerous activities were carried out to enhance the culture of safety. Educational materials were prepared, practical training in disaster management was organised for employees, and personal protective equipment and first aid measures were provided. Defibrillators at individual locations were included in the AED national database and the latest guidelines in

ergonomics were followed, ensuring the related safety in providing safe work conditions (also see Section 6.2.4 Investment in real property and equipment).

Fire safety

Efforts were directed towards achieving a high level of fire safety, which is why prevention measures, among others, are aimed at:

- carrying out regular training and raising employee awareness,
- performing regular annual on-site fire safety inspections in compliance with legal requirements.

Support for employees in the event of workplace violence

For the exercise of the employees’ right to safe and healthy work, a plan of prevention measures was prepared in the case of a third party assault or workplace violence within the company. So as to identify these issues, a reporting system and a system for dealing with such incidents were developed.

Provision of safety at work conditions

Safe work conditions and employee safety at all organisational levels are ensured by active participation of employees in the safety and health at work process. Support provided by in-house specialists for safety and health at work as well as fire safety is complemented by close cooperation with local coordinators of all regional units.

Safety and health at work are regulated in the Safety Statement, including a risk assessment, where risks by job groups and threats are specified as well as periodic medical check-ups. The Safety Statement is adopted with the consent of the Works Council and based on a prior opinion from representative trade unions at the employer.

Injuries at work

In 2013, the Company registered 14 work-related injuries. Due to changes in legislation, as of 2013 commuting accidents are no longer deemed as work accidents, which is why the total number of all accidents decreased. Most injuries at work occurred in the group of insurance agents and appraisers who work in the field. There were no fatal injuries.

Injuries at work in 2013, 2012 and 2011

	2013		2012		2011		Index	
	Number	Percentage	Number	Percentage	Number	Percentage	2013/2012	2012/2011
At work	14	100.0	8	34.8	17	70.8	175	47
On business trips	0	0.0	2	8.7	1	4.2	0	200
Commuting to/from work	0	0.0	13	56.5	6	25.0	0	217
Total	14	100.0	23	100.0	24	100.0	61	96

In accordance with the legislation, the Company reports all dangerous occurrences that caused or could cause:

- pecuniary loss,
- a threat to employee’s health or life, or
- an accident which would render an employee unfit for work.

In 2013 one dangerous occurrence was recorded. Sliding glass doors came off the hinges and shattered upon hitting the floor. No one was injured, there was only some material damage.

As an employer, the Company is required to report every discovered occupational disease to the Labour Inspectorate of the Republic of Slovenia. Thus far no occupational diseases were identified.

Lost work days due to injuries at work in 2013, 2012 and 2011

	2013	2012	2011	Index	
				2013/2012	2012/2011
Lost work days due to injuries at work	103	365	485	28	75

12.6 Care for employee satisfaction

The "Harmony of Life and Work: Triglav.smo" Project contributes to the well-being and personal health of employees, thus boosting their satisfaction, loyalty and creativity. In the project, which mostly included lectures on preserving health, a part of activities within the "Family-Friendly Enterprise" first certificate was incorporated. In 2013, employees were familiarised with relaxation techniques for reducing stress. As many as one third of employees participated in the prevention measurements of risk factors (measurements of blood sugar and cholesterol levels, etc.). In addition, lectures on a healthy lifestyle were held at all regional units.

In the brochure "Good Day, Health", external specialists presented in their articles the key impacts on the quality of life of every individual (healthy diet and exercise, raising awareness of exposure to psychosocial risks, demonstration of physical exercises). Nordic walking courses organised at regional units encouraged the employees to participate in a simple but healthy exercise.

Art exhibitions of talented employees and travelogues became an integral part of the *Triglav.smo* project. Special morning events to greet the changing seasons and a visit of Santa Claus for children are well received by the employees.

"Family-Friendly Enterprise" certificate

Zavarovalnica Triglav has been the holder of the "Family-Friendly Enterprise" first certificate (hereinafter: FFE) since the end of 2012. This is a voluntary commitment to a set of measures for easier reconciliation of work and family life. How the employees deal with this in their everyday life is regularly monitored within the framework of annual organizational climate measurement.

The measures include more intensive training of managers for the reconciliation of work and family life of employees, to be upgraded with the management standards. At the beginning of 2014, flexible working hours with late arrival to work and child bonus time (transitioning of children into kindergarten after maternity leave) were introduced as well as one additional day off work for parents of first graders on the first school day. By amending the Collective Agreement, additional extraordinary leave in the case of a child's stay at hospital was made possible (more below). The managers' attitude toward employees balancing work and family is evaluated and special attention is paid to employees resuming work after a long period of absence (return from maternity leave or long-term sick leave). Regular communication with employees on FFE topics is performed via various internal channels. Furthermore, employees receive a good wishes card on the birth of their child and a Happy Birthday card.

Additional benefits for employees

All employees are given the following insurance advantages:

- for all employees, group accident insurance premiums are paid;
- favourable insurance terms are available for additional accident insurance to employees and their family members;
- additional accident insurance is provided for all business trips;
- after one year of employment, all employees may opt for supplemental voluntary pension insurance and voluntary pension insurance.

Zavarovalnica Triglav pays 89.8% of its employees a supplemental pension insurance premium amounting to 4% of their gross salary.

Parental leave or part-time work in 2013

	Women	Men	Total
Maternity leave, child care leave	103	5	108
Father's leave of 15 days (in the period up to the child's age of six months)	0	39	39
Father's leave of 75 days (up to the child's age of three years)	0	5	5
Option to work part-time	28	0	28

All employees (of either gender) who used parental leave had the right to resume work or their position.

Return to work and retention rate after using parental leave in 2013

	Women	Men	Total
The number of employees who returned to work after parental leave	103	49	152
The number of employees who returned to work after parental leave (by gender) and who stayed employed in the Company after 12 months	103	49	152
Return rate after parental leave	100%	100%	100%
Retention rate after parental leave	100%	100%	100%

In certain circumstances, employees can also take unpaid leave in agreement with their superiors. In 2013, six employees took short unpaid leave.

As many as 109 employees took a day off work on the first school day and 17 employees took paid leave to care for a close family member in the total duration of 61 days.

Cooperation with employees – trade union

In Zavarovalnica Triglav, three representative trade unions are organised, with which a special agreement was concluded. Before adoption, every act specifying the rights and obligations of workers is submitted to the trade unions to give their opinion. Mutual collaboration is well regulated.

In line with the Worker Participation in Management Act and the Agreement on Worker Participation in Management, the Company informs the Works Council of any changes in Company's operations at least 10 days prior to adopting such a decision.

Care for employees outside working hours

Various forms of social and sports activities are available to employees to actively spend their free time. Already traditional events include the Triglav Group Day – Our Day, Sports Games of Financial Organisations (ŠIFO) and gatherings with retired Triglav employees. Very popular are

also the fairly new organisations – the Mountaineering Association and the Sports Association. In 2013, the set goal was achieved as more than 10% of employees were members of the Triglav Sports Association.

12.7 Responsibility to clients and suppliers

12.7.1 Clients

To achieve long-term and sustainable relationships with policyholders, emphasis is put on transparent, intelligible and accessible insurance products. The Company follows these guidelines already in the development phase of insurance products and sales channels (see *Section 6. Development and sales activities*), taking into account the needs of policyholders and international trends. In *Section 6*, the expansion of online range of insurance products and services and the operation of the i.triglav web application are presented.

Policyholders place special importance on insurance services in case of a loss event or insurance claim. The Group keeps to the principle of fair and fast loss adjustment. To report claims whenever and wherever, a mobile application was introduced. Such applications are also suitable for prevention activities, as evidenced by the applications Triglav Toča (Triglav Hail) for hail alerts and Gorski priročnik (Mountaineering Guide) (more details are provided in *Section 12.9.1*).

Measuring client satisfaction

Complaints and compliments are regularly analysed and resolved according to previously defined procedures, which also serve as the basis for introducing improvements and corrective measures as well as the basis for further activities in customer care and for increasing customer satisfaction. In 2013, 1,502 claims were recorded or 2% less compared to the previous year. The majority of complaints were made with respect to the content (85.4%), complaints related to non-life insurance accounted for 63.8% of all complaints, 33.8% referred to life insurance and 2.4% to other segments. The most common reason for filing a complaint related to life insurance was the amount of insurance benefits, while with respect to non-life insurance most complaints were filed against the decision of the Company that there were no grounds for the payment of damages or insurance benefits. In the reporting year, 14.7% of total resolved complaints were founded and 12.6% were partly founded. Apart from that, 62 compliments were received.

So as to determine client satisfaction and behaviour, the surveys Insurance Monitor (international research conducted on an annual basis since 2000, the last one included 18 countries), "Purchasing Factors for Individual Insurance Products" and "Mystery Shopper" were used. All were carried out in 2013.

Communication with clients

Sales officers are the first point of contact with Triglav, not only when buying insurance policies but also when seeking information on claim procedures. Their education and training are presented in *Section 6. Development and sales activities*, including direct marketing campaigns for upgrading existing insurance policies and informing policyholders of benefits.

Clients can receive information on insurance products, various services and claims procedures by calling the toll free number 080 555 555 or, if they need roadside assistance, a special hotline 080 2864 (+386 2222 2864 for calls from abroad). The www.triglav.si web portal is becoming an increasingly important communication channel, which features a user-friendly

and simple way to become acquainted with Triglav's products and services, safely buy insurance products, report claims, manage policies or find advice. The website provides internet-literate clients with reduced mobility with equal accessibility to Triglav's range of products. In all information materials, the Company strives for simplicity and transparency that enable the easy understanding of its financial products (the internet, printed media or audio-video contents).

The i.triglav web application is continually upgraded, enabling the users an overview of all concluded insurance policies and related events.

12.8 Suppliers

Centralised procurement processes in Zavarovalnica Triglav provide for greater cost efficiency, better negotiating positions, and the uniform implementation and transparency of the processes.

Criteria for supplier selection

Five obligatory criteria are considered when selecting suppliers and examining bids: price, corporate social responsibility, average premium in the past three years, loss ratio and capital ties. Other criteria that depend on the type of transaction (references, previous experience, etc.) are also taken into account.

No special training or benefits for suppliers were provided in 2013, as it was not necessary to do so due to the nature of supply.

Efforts are made to include as many local (regional) suppliers as possible in the procurement process for the needs of regional units. Due to the characteristics of Zavarovalnica Triglav's operations and the wide dispersion of regional units, local suppliers cannot be included in certain procurements for the needs of central areas (e.g. office supplies), while in some places their inclusion is not reasonable because of the quality of procurement conditions.

Communication with suppliers

For certain types of procurement or particular locations, the Company appointed persons responsible – administrator, who the suppliers can contact in case of any inquiries, complaints or other issues connected with the delivery of materials or services. The manner of communication with suppliers in Zavarovalnica Triglav is determined in advance and agreed with every supplier separately.

Verification of suppliers with regard to appropriate work practices, environmental protection, social impact and respect of human rights

Supplier verification is performed in the process of obtaining bids (tender), where all invited suppliers complete a questionnaire about their corporate social responsibility. The latter also includes questions on recruitment policies and the work environment (discrimination in employment, safety and health at work, provision of mandatory work practice/internship to students, etc.) and environmental protection (waste sorting, electronic commerce).

Enabling fair competition

Zavarovalnica Triglav was not informed of any legal actions filed against the Company before the Slovenian Competition Protection Agency with respect to unfair competition.

The Company's conduct regarding fair competition is rooted in the Protection of Competition Act and the Prevention of Restriction of Competition Act. The competitiveness of suppliers is checked in public tenders and random offers. In this way, prices are controlled and price rigging by suppliers is prevented. Agreements with Zavarovalnica Triglav include provisions on conflict of interest prevention and anti-corruption clauses. All agreements contain a clause specifying an agreement administrator who is responsible for the observance and implementation of contractual provisions.

Remuneration of insurance agencies and their sales staff

Zavarovalnica Triglav sells its services through contracted points of sale, such as insurance agents and brokers, roadworthiness test providers, leasing agencies, car sellers, tourist agencies (non-life insurance), specialised agencies and banks (life insurance). Contracted partners are carefully selected. The precondition for signing a contractor's agreement is the authorisation to perform insurance operations in accordance with the Insurance Act.

Attractive terms and conditions and an inclusive attitude are the basis for quality relationships with external sales network partners. In addition to stimulating remuneration (fees), the Company places great importance on competitive products, effective business processes, training courses and programmes, and invitations to social events (more in *Section 6*).

12.9 Responsibility to social environment

One of the ways in which Zavarovalnica Triglav implements its corporate social responsibility is by cooperating with and participating in the development of the local environment and the wider community.

12.9.1 Prevention activities

Promotion of prevention activities and mitigation of various risks are part of the fundamentals of corporate social responsibility in insurance business, which has more than a century of tradition in the Triglav Group. Principles and development guidelines are laid down in the Rules on Prevention and Suppression Activities of Zavarovalnica Triglav.

The amount of funds allocated to the prevention of damage and hazards is determined in the percentage of insurance premiums for every insurance separately. In 2013, a total of EUR 1.7 million or 6% less than the preceding year was allocated to prevention activities of Zavarovalnica Triglav, partly reflecting the trend in total written premiums. The funds were spent mostly on improving traffic and fire safety.

Amount of funds allocated for prevention activities in 2011, 2012 and 2013



Prevention activity projects

Within the framework of the traditional accompanying of first graders to school, Zavarovalnica Triglav donated 22,000 yellow neckerchiefs for safer participation of children in traffic. In more than 55 elementary schools in 12 Slovene towns, Triglav's mascot Watch Out Doggy accompanied elementary school children on their way to school and taught them the rules of road safety as well as reminded the drivers to be extra careful.

In cooperation with the Slovenian Traffic Safety Agency and Mladinska knjiga, an art contest entitled "The Road is not a Pretzel" (Cesta ni presta) was organised, in the scope of which children drew their route to school. Before the start of the school year, Slovene nursery schools were invited to participate in the contest and 80,000 children were presented with reflective Watch Out Doggy tags. Artworks from more than 100 nursery schools were entered into contest. As many as 50 rewarded nursery schools received 1,250 reflective vests for the safe participation of children in traffic during walks and trips.

In the partnership with the "I still drive, but I don't walk" Institute (Še vedno vozim, vendar ne hodim), awareness of secondary school students was raised on the importance of traffic safety. Members of the Institute are car accident victims, who present the significance of prevention activities through their own experience. By testing the Fatal Vision goggles, pupils had the chance to experience how various degrees of drunkenness affect our senses, thus gaining the experience in a safe environment.

In cooperation with the Safe Journey (Varna pot) and "I still drive but I don't walk" institutes, children's road safety workshops were organised at the safe driving range accompanied by policemen and the Watch Out Doggy mascot.

At the Vranksko Safe Driving Centre, 28 workshops in safe driving were held for new drivers. The Safe Driving Days were attended by 1,164 drivers from all Slovenia. With the support of safe driving instructors, young drivers gained significant experience in simulated situations that could prevent road accidents, injuries and material damage. After passing the safe driving training, young drivers receive a discount on the extra charges payable on car insurance for young drivers.

To increase safety and reduce damage to the Ljubljana Jože Pučnik Airport, Triglav supported the ecological study of birds at the airport and the surroundings, conducted by the Knowledge Society and Values of Nature Foundation.

By investing in fire safety, the Company assists in maintaining and purchasing the equipment of fire brigades, upgrading fire protection systems in companies and installing fire alarms and burglary protection systems.

Triglav funded the filming of a documentary on safe alpine skiing entitled "Proper Skiing Techniques – Safe Skiing!" (Smučaj pravilno – smučaj varno!) and, as for many years now, co-financed the purchase of water rescue equipment for Slovene bathing sites. Automatic defibrillators for saving lives in case of a heart attack were installed in all regional units' head offices in Slovenia.

The mobile application Triglav Toča (Triglav Hail) provides free information on hail alerts for the entire Slovenia, based on the data from the Slovenian Environment Agency. Its main features are up-to-date information, interactivity and personalisation.

For increased safety of visitors to the mountains, the mobile application Gorski priročnik (Mountaineering Guide) was upgraded for use on smartphones. The application was developed within the framework of the "Let's Clean the Mountains and Hills" Drive, providing advice on safe visit to the mountains and tips and information in crisis situations. It is available as a free download at www.ocistiomogore.si.

12.9.2 Sponsorships and donations

To ensure greater transparency and efficiency, Zavarovalnica Triglav continued its policy of allocating funds of sponsorships and donations through calls for tender. In 2013, four open calls for tender for sponsorships and donations were published on www.triglav.eu via an online application, attracting 3,025 applications. A total of 29.1% of all applications were accepted. The partners responded very positively to the system for allocating funds of sponsorships and donations, launched in 2012.

Zavarovalnica Triglav supports the development of non-profit organisations, associations and clubs active in sport, culture, education, health care, humanitarian projects and other socially responsible activities. Sponsored projects are rewarded through partnership cooperation and efforts are made to promote sustainable activities.

The sponsorship and donation applications received via the online application are reviewed and evaluated based on pre-defined criteria. The projects with the highest point score and complying with the Company's identity and its corporate social responsibility strategy are selected.

Sponsorship and donation funds

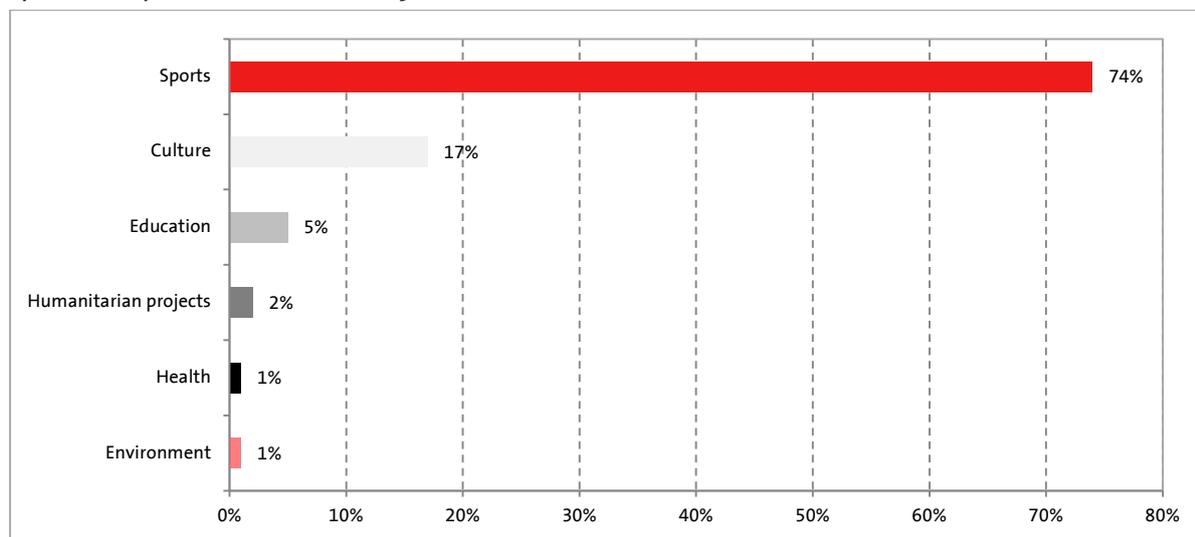
In 2013, Zavarovalnica Triglav allocated EUR 3.2 million for sponsorships, or 2% less than the previous year, and EUR 190 thousand for donations. The largest portion of these funds was granted to sports and recreational activities, followed by partnerships in culture, education, humanitarian activities, health care and environmental protection.

Amounts for sponsorships and donations in 2011 – 2013

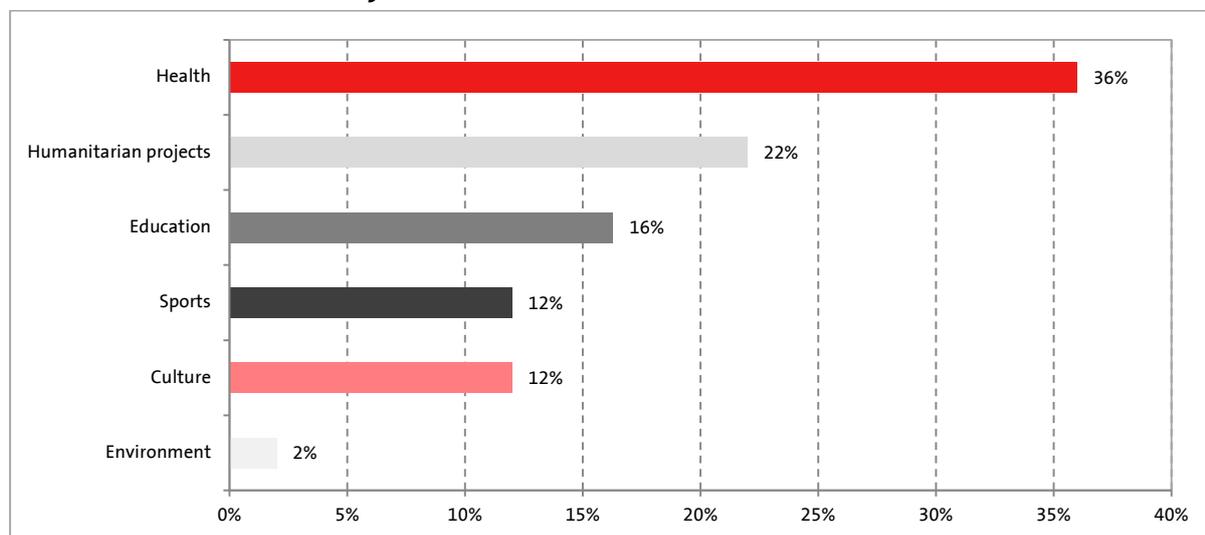
	2013	2012	2011	Index	
				2013/2012	2012/2011
Sponsorships	3,168,186	3,225,862	3,984,572	98	81
Donations*	189,820	296,723	336,023	64	88

*Donations also include the investment of Zavarovalnica Triglav in the form of start-up capital for the Zavod Vse bo v redu (Institute "Everything Will Be Alright", equalling EUR 100 thousand. The Institute carries out socially responsible activities.

Sponsorship structure in 2013 by sector



Donation structure in 2013 by sector



Major sponsorships and donations

Sports

Sport is a traditional and a very important recipient of the Company's sponsorship activities, enabling Slovene athletes to achieve top-notch results. Support is provided to both top-level athletes and the development of sports activities in a regional environment.

The Triglav Group supported the European basketball championship – EuroBasket 2013 with the first joint marketing campaign "Thousands of Fans, One Insurer" (Nešteto navijačev, ena

zavarovalnica), increasing the popularity of basketball and sport in all its markets. Long-term partnerships connect the Company with the Union Olimpija and Krka Novo Mesto basketball clubs, the ACH Volley and Salonit Anhovo volleyball clubs, the Celje and Trimo Trebnje handball clubs, the Ajdovščina Women's Handball Club and many other local clubs. In addition, support was provided to the Puconci Women's Volleyball Club for the training of young volleyball players.

Zavarovalnica Triglav is a loyal sponsor of the Ski Association of Slovenia and the golden sponsor of the Slovene Nordic skiing and biathlon teams. For more than 25 years, the Company has provided the opportunity for Slovene pupils to watch the World Cup Ski Jumping final in Planica. In 2013, more than 3,300 children were taken to the final in Planica, joined by the residents of the Dobrna Training, Work and Care Centre and 12 large families.

Partnership cooperation was continued with the snowboarder Žan Košir and the Novinar Sports Club, providing support to the skier Saša Farič. Support also went to the Ski Jumping World Cup Ladies in Ljubno and to the traditional Vitranc Cup in Kranjska Gora. In cooperation with the Albatros Disabled Athlete Association, support has been provided to the disabled skier Gal Jakič for several years. The Company's many other partnerships are also of a long-term nature, such as cooperation with the Ice Hockey Federation of Slovenia, the Adriatic Water Polo League and the Adria Mobil, Rog and Sava Kranj cycling clubs, to which support is provided at the largest cycling races, e.g. Tour of Slovenia and the Franja Marathon.

In 2013, the Company cooperated with Hribovski tekači Sports Club (Hill Runners) and the ultra-marathon runner David Kadunc.

The subsidiaries of the Triglav Group also support numerous sports activities in their environments.

Cooperation with local communities

Prevention activities aimed at providing support to fire brigades and traffic safety constitute an important part of the Company's cooperation with the local environment as well as participating in cultural, educational and humanitarian projects.

Below are presented the initiatives, in which Zavarovalnica Triglav's employees took an active role.

Corporate volunteering of Zavarovalnica Triglav's employees

Initiative	Employee volunteering
"Children of Triglav – Carefree at Play, in Harmony with Nature" Project	In cooperation with the local communities, the Company helped renovate the children's playgrounds in the Mežica kindergarten and the Stražišče Elementary School. Within the framework of the project, support for the construction of new playgrounds was provided in the Golo, Škrilje, Visoko and Zapotok villages. Dino Murić, Union Olimpija basketball player, became the project's new ambassador, promoting love for outdoor activities and sport among young people. In the renovation and constructing of playgrounds, employees participated by painting and setting up playground equipment and planting ornamental plants.
Installation of bird feeders in the Štajerska region along nursery schools and homes for the elderly	The Company provided funding, while its employees socialised with the locals.
Corporate Voluntary Week "Giving Back to the Community", organised by the American Chamber of Commerce	Landscaping work at the Ciciban day care centre in Ljubljana and the surroundings as well as outdoor equipment for the Malči Belič youth home.

Culture

Long-term partnership connects Zavarovalnica Triglav with the Ljubljana Summer Festival, at which the Company supported the musical Grease, and with the Cankarjev dom Cultural and Conference Centre (season tickets for the Music of the World concert cycle), while in the Ljubljana Puppet Theatre the Company supported performances for children.

By providing funds, the Company helped in organising many cultural activities and events in the local environment.

Education

In cooperation with the Ypsilon Institute, the first intergenerational centre in Slovenia – “To Triglav to Change the World” (Na Triglav spreminjat svet) – was opened in 2013. The centre connects all generations in one place and provides space for socialising, creating and acquiring new skills, meeting and exchanging knowledge from different generations. Thus, young people introduce the world of computers and other innovations to the elderly, while they share their language skills, playing of instruments and other skills with young people.

On Prešeren Day, the Slovene cultural holiday, the Company donated a CD with poems by Dr France Prešeren recited by Slovene theatre actors to elementary schools in Slovenia. In 2013, Triglav continued to support the Cici Vesela Šola project and competition for kindergarten and elementary school pupils.

Humanitarian activity

In 2013, Zavarovalnica Triglav founded Zavod Vse bo redu (“Everything Will Be Alright” Institute) for the management and implementation of socially responsible activities with the help of external partners and employees. The Institute mostly provides help to the weakest members of the society and raises awareness on the importance of corporate social responsibility for sustainable development. In the first year of its operation, the Institute implemented the “Youth Is the Safety of Our Future” Project and awarded scholarships to young athletes and a female musician.

Below are presented other forms of humanitarian aid provided by Zavarovalnica Triglav

Donation recipient	Purpose of aid
Department of Neurosurgery, Ljubljana University Medical Centre	The 2 nd Triglav Run was held for a charitable cause – the purchase of a surgical microscope for the Department of Neurosurgery, with the support of Slovene athletes sponsored by Zavarovalnica Triglav, e.g. David Kadunc, Žan Košir, Teja Gregorin and Jakov Fak.
Postojna Gynaecology and Obstetrics Hospital Paediatric Clinic in Ljubljana	Co-funding of a new incubator. <ul style="list-style-type: none">▪ The Company supported the purchase of a pump organiser for MRI scans for children using anaesthesia.▪ In cooperation with the Klnodvor Cinema, children who were being treated in the Paediatric Clinic had the opportunity to see a Christmas film.
Publisher of the Hanina želja (Hanna's wish) picture book	Co-funding of the picture book, where a part of the proceeds from the book's sale is allocated to the purchase of a swing for movement-impaired children in the Prekmurje region.
Koper Elementary School	2,500 meals for socially disadvantaged children, for whom funds were raised at the meeting of all Triglav Group's employees (Our Day event) in Izola.
Unicef Foundation	Education of volunteers in working at safe points for children.
Slovenian Society for Dog Assisted Therapy – Tačke Pomagačke (Helping Little Paws)	Support to the Society for promoting reading literacy and communication skills of children with developmental disorders or after an accident.

Donation recipient	Purpose of aid
Slovenian Association of Friends of Youth	Company's employees collected food and hygiene products for children from 150 socially disadvantaged families at the end of the year.

Within the framework of humanitarian activities, support was provided to mountain rescue services, a rescue dog guide club, occupational activity centres, homes for the elderly, healthcare institutes, local libraries, associations of the blind and visually impaired, associations of the deaf and hard of hearing, and many other local societies and associations that improve the quality of life in local communities.

Information on sponsorships and donations:

Zavarovalnica Triglav d.d., Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana
E-mail: sponzorstva@triglav.si

12.10 Responsibility to the natural environment

Products and services

Zavarovalnica Triglav promotes a responsible attitude to the natural environment and encourages locally grown food supply through insurance products and services, especially in agriculture insurance.

- Through quick loss adjustment procedures, agricultural producers are offered effective support in cases of increasingly frequent natural disasters.
- Through annual agricultural insurance policies offered by Zavarovalnica Triglav, agricultural producers are guaranteed economic security, which enables them to invest in the long-term and thus increase the production volumes of high-quality and safe food at the national level.
- Premium policy is designed to encourage the policyholders to invest in active protection through the use of anti-hail nets, greenhouses, tunnels, and irrigation and sprinkler systems for spring frost protection. They are informed and trained in this regard. Compared to inactive policyholders, they are given up to an 80% discount for the same or even better insurance cover of the same crops.
- They are also made aware of the likelihood of extreme loss events (natural disasters including hailstorms, windstorms, floods, frosts, droughts, etc.), which may require them to gradually discontinue certain crops in individual more exposed areas. This is additionally encouraged by new insurance products, such as index insurance, which will prompt farmers to rethink whether growing certain crops in drought-ridden areas is a viable decision.
- Zavarovalnica Triglav promotes active defence against insurable and uninsurable risks through the use of anti-hail nets, greenhouses, tunnels, and irrigation and sprinkler systems for spring frost protection.
- The Company encourages less intensive animal production, which is not only environmentally friendlier but also involves fewer insurance risks, by amending insurance covers or premium price of animal insurance.
- A range of insurance products at a reduced price is being prepared for entrant young farmers, thereby helping to rejuvenate agriculture as well as to preserve the population and increase the size of cultivated land in the Slovene rural area, which is consistent with the interests of the European Common Policy and the Slovene agricultural policy.

Protection of the environment in work processes

In 2013, Zavarovalnica Triglav adopted many measures to reduce the negative effects on the environment. Within the framework of the European Green Office Project, an external assessment of the progress in reducing environmental pollution was performed, for which the Company received the European Green Office certificate. An Eco Team was set up, who prepared the first set of proposals for reducing environmental impact, particularly in energy efficiency. Energy efficiency guidelines were also implemented in urgent renovation of existing business premises (*Section 6.2.4*). The new convectors in the business premises in Ljubljana have built-in EC motors with stepless regulation (extremely low energy consumption), the Koper branch has high thermal isolation windows (heat transfer coefficient $U_w = 1.2 \text{ W/m}^2\text{K}$) and its façade cladding complies with low-energy construction standards.

To decrease emissions into the atmosphere, bicycles were purchased for short-distance work-related travel at three regional units. Zavarovalnica Triglav purchased 10 company vehicles. One of the purchase criteria was CO₂ emissions, which is in compliance with the guidelines of the European Commission, setting the maximum CO₂ emission target of 95 g/km by 2020.

To reduce plastic packaging waste, all employees of Zavarovalnica Triglav received their own cup, which they can use for the purchase of warm beverages at a vending machine instead of plastic cups.

The supplier of hygiene and sanitary supplies was replaced and the toilet supplies dispenser system upgraded, thus lowering its consumption. The procurement system of supplies and services was upgraded, which is mainly carried out electronically. Lower paper consumption is also achieved by electronic evaluation in the selection of suppliers, and in 2014 it is planned to redesign the tender system, which will enable electronic sending, receiving and processing of tenders.

The environmental criteria were included in the supplier selection procedures (see *Section 12.8 Suppliers*).

Carbon footprint calculation

Environmental impacts are systematically measured in Zavarovalnica Triglav; the goal however is to spread the corporate social responsibility guidelines to subsidiaries. In 2013, carbon footprint calculations were for the first time performed for all locations of Zavarovalnica Triglav, while in 2012 they were made only for its Headquarters and the Ljubljana Regional Unit. All regional units' head offices and the Headquarters were included in the calculation of electricity consumption and energy used for heating and cooling.

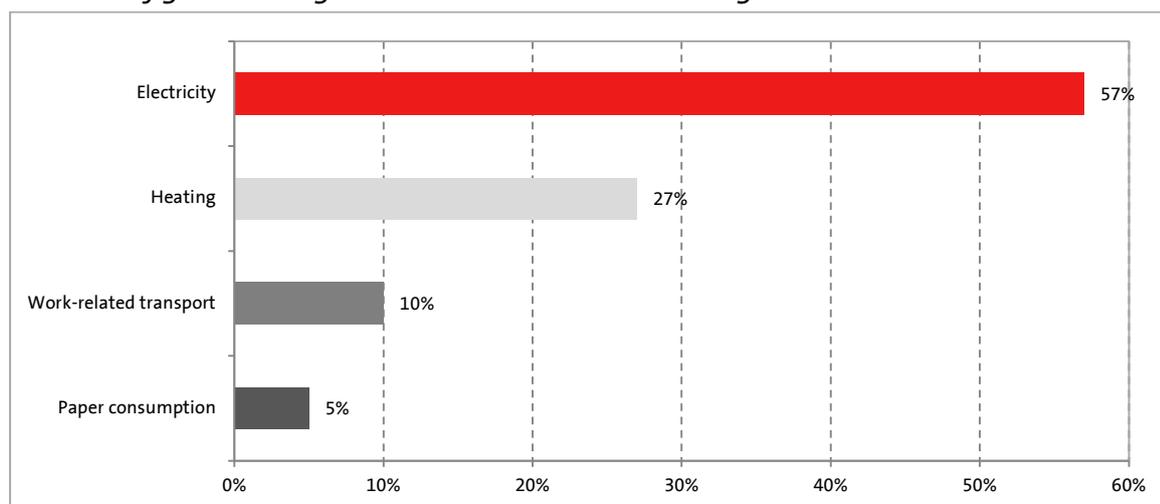
The carbon footprint calculation was performed using the methodology based on the Greenhouse Gas Protocol. The greenhouse gas calculation included direct emissions from heating with natural gas and fuel oil at regional units' head offices and the Headquarters as well as the emissions due to the Company's vehicle fleet, which is exclusively used for work-related travel. Indirect emissions included electricity used for cooling, lighting, heating and the operation of electrical and electronic equipment as well as district heating emissions. In addition to direct and indirect emissions, emissions due to the use of paper and emissions due to work-related travel using employees' own vehicles or public transport (train, bus, plane) were taken into account. Commuting to/from work was not considered in the calculation.

Carbon footprint results of Zavarovalnica Triglav in tons equivalent CO₂ by location

Location	Carbon footprint		Electricity consumption and heating in m ²	
	2013	2012	2013	2012
Headquarters	965	1,065	0.077	0.077
Ljubljana Regional Unit	1,863	1,891	0.099	0.100
Celje Regional Unit	392		0.057	
Koper Regional Unit	88		0.085	
Kranj Regional Unit	456		0.100	
Krško Regional Unit	99		0.042	
Maribor Regional Unit	164		0.064	
Murska Sobota Regional Unit	339		0.092	
Nova Gorica Regional Unit	235		0.052	
Novo mesto Regional Unit	140		0.083	
Postojna Regional Unit	472		0.235	
Slovenj Gradec Regional Unit	80		0.054	
Trbovlje Regional Unit	126		0.079	
Total	5,419		0.087	

The bulk of greenhouse gas emissions is accounted for by emissions due to electricity consumption and heating, followed by work-related transport, while the smallest share is due to the use of paper.

Structure of greenhouse gas emissions in Zavarovalnica Triglav in 2013



Total emissions due to work-related travel using the Company's vehicle fleet, public transport or employees' own vehicles totalled 557 tons of CO₂ in 2013.

The share of CO₂ emissions caused by office paper is very small compared to the use of energy products and transport; it serves, however, as a measurable indicator of the ecological awareness and environmentally responsible behaviour of office employees. In 2012, an average employee at the Headquarters used 15 sheets of paper a day, while the Ljubljana Regional Unit used 12 sheets of paper per employee a day. For the reporting year, the manner of data capture was changed. Therefore, by using the same manner of data capture as for 2013, an average employee at the Ljubljana Regional Unit used 11 sheets of paper a day in 2012, while the Headquarters used 56 sheets of paper per employee a day. Compared to the previous year, the use of paper at the Ljubljana Regional Unit was the same, while at the Headquarters it was halved to 28 sheets of paper a day. The reason for such a substantial decrease was not found. The average use of A4 printing and copy paper in 2013 was 27.1, while in the preceding year it was 27.6 sheets of paper per employee a day.

Use of energy products and water

Zavarovalnica Triglav started to pursue an active policy on the energy performance of buildings and commissioned energy audits on the premises at Verovškova 60b in Ljubljana, even though with respect to its core business it is not obligated to observe the energy legislation. It is expected that appropriate organisational and investment measures will lower energy consumption by around 10%.

Use of energy products of Zavarovalnica Triglav in 2013 and 2012

Use of energy products	2013	2012	Index
Warm water (MWh)	2,857.00	3,155.80	91
Fuel oil (l)	57,446.00	85,000.00	68
Gas (m ³)	154,555.00	135,000.00	114
Electricity (MWh)	5,621.11	6,443.85	87

In 2013, 37,875.04 gigajoules (GJ) of electricity were used for heating, cooling, lighting and for the operation of electrical and electronic equipment, assuming that 10 kWh of electricity are generated from one litre of fuel oil and 9.5 kWh from a m³ of natural gas.

Zavarovalnica Triglav does not yet keep records of its electricity consumption, but estimates its structure to be comparable to the structure of energy resources at the national level. According to the latest available data (from 2011), the largest energy resource in Slovenia is nuclear energy (39%), followed by solid fuels (33%), while renewable sources of energy accounted for 24% of the total.²

Waste disposal policy

In 2013, the waste sorting project, which started in 2011, was completed. Thus, waste sorting is carried out in all regional units and in most branches. Paper, packaging and mixed municipal waste are collected separately.

The quantity of waste is systematically monitored by the Headquarters as shown in the table below:

Waste type	The quantity of waste in m ³			Index	
	2013	2012	2011	2013/2012	2012/2011
Mixed waste	47	362	955	13	38
Packaging	94	96		98	
Paper	96	168		57	
Total	237	626	955	38	66

Disused IT equipment is disposed of in accordance with applicable legislation and internal regulations. In 2013, 1,390.70 kg of disused IT equipment was disposed of, including disused mobile phones. The equipment was handed over to the services responsible for waste management. Toner and ink cartridges are disposed of separately. In the reporting year, 790.6 kg of empty cartridges were given to charity.

² Source: Ministry of Agriculture and the Environment, Slovenian Environment Agency, Environmental Indicators in Slovenia, http://kazalci.arso.gov.si/?data=indicator&ind_id=456

Care for the broader natural environment

The Slovenia-wide "Let's Clean the Mountains and Hills" Drive was organised for the fourth year in a row. Over four years, Zavarovalnica Triglav provided more than 100,000 biodegradable rubbish bags to almost 60 cottages and mountain stations across Slovenia. In 2013, around 20 additional mountain huts and stations were supplied with rubbish bags and approximately 20,000 waste bags were distributed. It is estimated that about 20 tons of rubbish had been collected and taken down to the valley by mountain lovers.

Online communication was expanded from Facebook to new social media channels, including Twitter, Instagram and Pinterest. The interactive website www.ocistimogore.si had 6,473 visitors and 9,482 visits. Compared to 2012, a 31% increase in visitors and 41% more visits were recorded.

Within the framework of the Pure Victory Project (Čista zmaga) in cooperation with Umanotera, the Slovenian Foundation for Sustainable Development, Zavarovalnica Triglav committed to organising sports events in line with the sustainable development principles. The events Triglav Generations in Planica and the 2nd Triglav Run were analysed in terms of environmental pollution. The former received the highest scores from an external independent evaluator at the venue under the Ponce Mountains. The latter mostly focused on reducing the generation of unnecessary waste and raising awareness of waste sorting and disposal.

13. SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No events occurring after the balance sheet date were material to the consolidated financial statements for the year 2013.

Events after the reporting date that are important for the operations in 2013 are the following:

- 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. Skupna pokojninska družba d.d. in support of its failure to make that dividend payments alleges the existence of an outstanding counterclaim of EUR 817,738.96 as at 31 December 2013, arising from an agreement on making supplementary pension payments under a pension scheme set up in 2000. Zavarovalnica Triglav d.d. denies the existence of that counterclaim.
- On 27 January 2014, the Insurance Supervision Agency (the ISA) sent Zavarovalnica Triglav a request to review its operations, in order to inspect whether the Company's operations are compliant with the Insurance Act and the pertaining secondary legislation. The ISA started the review on 3 February 2014.
- In February 2014, the Management Board of Zavarovalnica Triglav adopted decisions and started relevant capital increase procedures in Pojišt'ovna a.s., Brno, and Triglav Osiguranje a.d.o., Belgrade, which are Group members.
- Zavarovalnica Triglav considers its future presence in the Czech market, where the subsidiary Triglav Pojišt'ovna a.s., Brno operates, in dependence of the adopted strategy, business activities for increasing the value of the Triglav Group and the efficient corporate governance of the companies in the Group.

14. SALES NETWORK OF ZAVAROVALNICA TRIGLAV

The registered office of Zavarovalnica Triglav is where the management, developmental and coordinating functions are performed. Products and services offered by Zavarovalnica Triglav can be easily and quickly accessed through its network of 12 regional offices throughout Slovenia.

The Zavarovalnica Triglav's own sales network is expanded by insurance agencies and insurance brokerage firms. Agency contracts for selling insurance products are concluded with companies carrying out motor vehicle roadworthiness tests. Moreover, the Company's range of products is also available in banks and travel agencies, while several services on the web portal of Zavarovalnica Triglav and mobile applications are available to growing number of users of modern technology.

■ ZAVAROVALNICA TRIGLAV D.D., LJUBLJANA, HEADQUARTERS – REGISTERED OFFICE

Regional units :

- Celje
- Koper
- Kranj
- Krško
- Ljubljana
- Maribor
- Murska Sobota
- Nova Gorica
- Novo mesto
- Postojna
- Slovenj Gradec
- Trbovlje

15. PERFORMANCE INDICATORS OF ZAVAROVALNICA TRIGLAV

15.1 Growth of gross written premium (index)

$$\frac{\text{Gross written premium growth for the current year} * 100}{\text{Gross written premium for the preceding year}}$$

in EUR

No.	Insurance class	Gross written Premium			Growth index	
		2013	2012	2011	2013/2012	2012/2011
1	2	3	4	5	6=3/4*100	7=4/5*100
1	Accident insurance	31,743,528	36,183,126	40,111,479	88	90
2	Health insurance	-	-	-	-	-
3	Land motor vehicle insurance	98,923,647	108,291,760	121,432,435	91	89
4	Railway insurance	2,416,656	2,681,606	2,050,269	90	131
5	Aircraft insurance	672,232	510,624	1,046,317	132	49
6	Marine insurance	319,649	384,395	426,359	83	90
7	Cargo insurance	4,348,910	4,747,464	4,750,712	92	100
8	Fire and natural forces insurance	53,802,711	54,465,794	52,038,984	99	105
9	Other damage to property insurance	68,655,943	72,211,985	84,011,305	95	86
10	Motor TPL insurance	99,900,722	111,525,660	124,713,349	90	89
11	Aircraft liability insurance	601,159	742,163	876,020	81	85
12	Marine liability insurance	339,416	347,841	367,577	98	95
13	General liability insurance	29,601,460	29,983,506	29,226,748	99	103
14	Credit insurance	21,165,261	19,837,754	20,303,284	107	98
15	Suretyship insurance	1,379,439	995,685	804,434	139	124
16	Miscellaneous financial loss insurance	2,634,851	2,418,582	3,043,293	109	79
17	Legal expenses insurance	867,803	953,070	1,021,652	91	93
18	Travel assistance insurance	7,206,330	7,521,115	7,789,881	96	97
19	Total non-life insurance (No. 1-18)	424,579,717	453,802,130	494,014,097	94	92
20	Life insurance	87,779,232	85,209,421	87,585,033	103	97
21	Wedding insurance or birth insurance	-	-	-	-	-
22	Unit-linked life insurance	76,720,215	85,162,447	93,679,475	90	91
23	Tontine	-	-	-	-	-
24	Capital redemption insurance	14,700,068	21,452,783	19,683,762	69	109
25	Income protection insurance due to accident or illness	-	-	-	-	-
26	Total life insurance (No. 20-25)	179,199,515	191,824,651	200,948,270	93	95
27	Total (No. 19+26)	603,779,231	645,626,781	694,962,367	94	93

15.2 Net written premium as % of gross written insurance premium

Net written premium * 100
Gross written premium

in EUR

No.	Insurance class	Premium written 2013		Premium written 2012		Net written insurance premium as % of gross written insurance premium	
		net	gross	net	gross	2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Accident insurance	30,748,301	31,743,528	35,012,181	36,183,126	97	97
2	Health insurance	-	-	-	-	-	-
3	Land motor vehicle insurance	90,310,166	98,923,647	98,903,351	108,291,760	91	91
4	Railway insurance	1,907,031	2,416,656	2,165,941	2,681,606	79	81
5	Aircraft insurance	562,277	672,232	-696,218	510,624	84	-136
6	Marine insurance	785,889	319,649	725,289	384,395	246	189
7	Cargo insurance	2,798,342	4,348,910	3,338,367	4,747,464	64	70
8	Fire and natural forces insurance	32,842,901	53,802,711	33,020,448	54,465,794	61	61
9	Other damage to property insurance	54,383,872	68,655,943	57,691,220	72,211,985	79	80
10	Motor TPL insurance	93,799,112	99,900,722	104,961,535	111,525,660	94	94
11	Aircraft liability insurance	275,965	601,159	-244,548	742,163	46	-33
12	Marine liability insurance	309,296	339,416	318,090	347,841	91	91
13	General liability insurance	24,227,005	29,601,460	25,104,833	29,983,506	82	84
14	Credit insurance	18,509,193	21,165,261	17,206,875	19,837,754	87	87
15	Suretyship insurance	733,712	1,379,439	485,174	995,685	53	49
16	Miscellaneous financial loss insurance	779,002	2,634,851	997,501	2,418,582	30	41
17	Legal expenses insurance	824,319	867,803	905,416	953,070	95	95
18	Travel assistance insurance	6,757,258	7,206,330	7,030,825	7,521,115	94	93
19	Total non-life insurance (No. 1-18)	360,553,642	424,579,717	386,926,281	453,802,130	85	85
20	Life insurance	87,451,984	87,779,232	84,881,248	85,209,421	100	100
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	76,720,215	76,720,215	85,162,447	85,162,447	100	100
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	14,700,068	14,700,068	21,452,783	21,452,783	100	100
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	178,872,267	179,199,515	191,496,478	191,824,651	100	100
27	Total (No. 19+26)	539,425,909	603,779,231	578,422,759	645,626,781	89	90

15.3 Movements in gross claims paid (index)

Gross claims paid for the current year * 100
Gross claims paid for the preceding year

in EUR

No.	Insurance class	Gross claims paid			Growth index	
		2013	2012	2011	2013/2012	2012/2011
1	2	3	4	5	6=3/4*100	7=4/5*100
1	Accident insurance	13,046,847	14,333,408	16,543,182	91	87
2	Health insurance	-	-	-	-	-
3	Land motor vehicle insurance	75,177,449	78,086,686	84,463,145	96	92
4	Railway insurance	2,839,468	3,095,373	1,166,016	92	265
5	Aircraft insurance	293,594	44,794	46,265	655	97
6	Marine insurance	228,019	241,782	333,892	94	72
7	Cargo insurance	512,316	602,589	885,322	85	68
8	Fire and natural forces insurance	23,054,160	21,030,009	19,282,611	110	109
9	Other damage to property insurance	36,002,909	42,043,394	42,474,300	86	99
10	Motor TPL insurance	61,274,615	62,935,251	74,724,405	97	84
11	Aircraft liability insurance	418,418	659,540	268,046	63	246
12	Marine liability insurance	130,708	47,346	77,822	276	61
13	General liability insurance	17,908,848	14,087,009	16,772,216	127	84
14	Credit insurance	13,191,018	13,547,163	12,954,393	97	105
15	Suretyship insurance	119,705	409,486	1,057,705	29	39
16	Miscellaneous financial loss insurance	1,329,316	1,148,557	2,375,357	116	48
17	Legal expenses insurance	6,941	-379	792	-1.834	-48
18	Travel assistance insurance	6,227,024	5,704,533	4,971,518	109	115
19	Total non-life insurance (No. 1-18)	251,761,355	258,016,544	278,396,985	98	93
20	Life insurance	92,008,771	89,430,423	83,545,897	103	107
21	Wedding insurance or birth insurance	-	-	-	-	-
22	Unit-linked life insurance	50,173,446	37,578,482	26,370,827	134	143
23	Tontine	-	-	-	-	-
24	Capital redemption insurance	21,038,059	28,629,201	24,258,129	73	118
25	Income protection insurance due to accident or illness	-	-	-	-	-
26	Total life insurance (No. 20-25)	163,220,276	155,638,107	134,174,853	105	116
27	Total (No. 19+26)	414,981,632	413,654,651	412,571,838	100	100

15.4 Average claim paid

		Gross claims paid Number of claims		in EUR			
No.	Insurance class	Gross claims paid in 2013	Number of claims in 2013	Gross claims paid in 2012	Number of claims in 2012	Average claim paid	
						in 2013	in 2012
1	2	3	4	5	6	7 = 3/4	8 = 5/6
1	Accident insurance	13,046,847	18,934	14,333,408	21,158	689	677
2	Health insurance	-	-	-	-	-	-
3	Land motor vehicle insurance	75,177,449	101,984	78,086,686	107,791	737	724
4	Railway insurance	2,839,468	160	3,095,373	160	17,747	19,346
5	Aircraft insurance	293,594	8	44,794	6	36,699	7,466
6	Marine insurance	228,019	71	241,782	90	3,212	2,686
7	Cargo insurance	512,316	988	602,589	907	519	664
8	Fire and natural forces insurance	23,054,160	17,321	21,030,009	16,800	1,331	1,252
9	Other damage to property insurance	36,002,909	58,621	42,043,394	63,406	614	663
10	Motor TPL insurance	61,274,615	21,394	62,935,251	23,003	2,864	2,736
11	Aircraft liability insurance	418,418	3	659,540	5	139,473	131,908
12	Marine liability insurance	130,708	14	47,346	6	9,336	7,891
13	General liability insurance	17,908,848	3,670	14,087,009	4,209	4,880	3,347
14	Credit insurance	13,191,018	4,170	13,547,163	3,900	3,163	3,474
15	Suretyship insurance	119,705	65	409,486	54	1,842	7,583
16	Miscellaneous financial loss insurance	1,329,316	669	1,148,557	666	1,987	1,725
17	Legal expenses insurance	6,941	18	-379	14	386	-27
18	Travel assistance insurance	6,227,024	28,648	5,704,533	27,373	217	208
19	Total non-life insurance (No. 1-18)	251,761,355	256,738	258,016,544	269,548	981	957
20	Life insurance	92,008,771	44,535	89,430,423	46,572	2,066	1,920
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	50,173,446	25,815	37,578,482	23,045	1,944	1,631
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	21,038,059	4,646	28,629,201	6,632	4,528	4,317
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	163,220,276	74,996	155,638,107	76,249	2,176	2,041
27	Total (No. 19+26)	414,981,632	331,734	413,654,651	345,797	1,251	1,196

15.5 Loss ratio

Gross claims paid
Gross written premium

in EUR

No.	Insurance class	Gross				Loss ratio	
		written premium in 2013	claims paid in 2013	written premium in 2012	claims paid in 2012	2013	2012
		3	4	5	6	7=4/3	8=6/5
1	Accident insurance	31,743,528	13,046,847	36,183,126	14,333,408	0.41	0.40
2	Health insurance	-	-	-	-	-	-
3	Land motor vehicle insurance	98,923,647	75,177,449	108,291,760	78,086,686	0.76	0.72
4	Railway insurance	2,416,656	2,839,468	2,681,606	3,095,373	1.17	1.15
5	Aircraft insurance	672,232	293,594	510,624	44,794	0.44	0.09
6	Marine insurance	319,649	228,019	384,395	241,782	0.71	0.63
7	Cargo insurance	4,348,910	512,316	4,747,464	602,589	0.12	0.13
8	Fire and natural forces insurance	53,802,711	23,054,160	54,465,794	21,030,009	0.43	0.39
9	Other damage to property insurance	68,655,943	36,002,909	72,211,985	42,043,394	0.52	0.58
10	Motor TPL insurance	99,900,722	61,274,615	111,525,660	62,935,251	0.61	0.56
11	Aircraft liability insurance	601,159	418,418	742,163	659,540	0.70	0.89
12	Marine liability insurance	339,416	130,708	347,841	47,346	0.39	0.14
13	General liability insurance	29,601,460	17,908,848	29,983,506	14,087,009	0.60	0.47
14	Credit insurance	21,165,261	13,191,018	19,837,754	13,547,163	0.62	0.68
15	Suretyship insurance	1,379,439	119,705	995,685	409,486	0.09	0.41
16	Miscellaneous financial loss insurance	2,634,851	1,329,316	2,418,582	1,148,557	0.50	0.47
17	Legal expenses insurance	867,803	6,941	953,070	-379	0.01	0.00
18	Travel assistance insurance	7,206,330	6,227,024	7,521,115	5,704,533	0.86	0.76
19	Total non-life insurance (No. 1-18)	424,579,717	251,761,355	453,802,130	258,016,544	0.59	0.57
20	Life insurance	87,779,232	92,008,771	85,209,421	89,430,423	1.05	1.05
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	76,720,215	50,173,446	85,162,447	37,578,482	0.65	0.44
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	14,700,068	21,038,059	21,452,783	28,629,201	1.43	1.33
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	179,199,515	163,220,276	191,824,651	155,638,107	0.91	0.81
27	Total (No. 19+26)	603,779,231	414,981,632	645,626,781	413,654,651	0.69	0.64

15.6 Operating costs as % of gross written insurance premium

Operating costs * 100
Gross written premium

in EUR

No.	Insurance class	Operating cost in 2013	Gross written premium in 2013	Operating cost in 2012	Gross written premium in 2012	Operating costs as % of gross written insurance premium	
						2013	2012
1	2	3	4	5	6	7=3/4	8=5/6
1	Accident insurance	9,919,710	31,743,528	10,591,655	36,183,126	31	29
2	Health insurance	-	-	-	-	-	-
3	Land motor vehicle insurance	26,472,691	98,923,647	26,399,267	108,291,760	27	24
4	Railway insurance	309,162	2,416,656	413,754	2,681,606	13	15
5	Aircraft insurance	163,861	672,232	192,892	510,624	24	38
6	Marine insurance	273,583	319,649	294,880	384,395	86	77
7	Cargo insurance	1,107,747	4,348,910	1,153,543	4,747,464	25	24
8	Fire and natural forces insurance	18,057,169	53,802,711	17,569,923	54,465,794	34	32
9	Other damage to property insurance	24,443,182	68,655,943	26,143,689	72,211,985	36	36
10	Motor TPL insurance	27,849,092	99,900,722	25,779,320	111,525,660	28	23
11	Aircraft liability insurance	188,963	601,159	197,300	742,163	31	27
12	Marine liability insurance	218,813	339,416	227,002	347,841	64	65
13	General liability insurance	8,961,794	29,601,460	8,218,351	29,983,506	30	27
14	Credit insurance	4,621,280	21,165,261	4,377,848	19,837,754	22	22
15	Suretyship insurance	504,703	1,379,439	549,947	995,685	37	55
16	Miscellaneous financial loss insurance	926,342	2,634,851	938,441	2,418,582	35	39
17	Legal expenses insurance	360,834	867,803	397,619	953,070	42	42
18	Travel assistance insurance	2,900,416	7,206,330	2,458,175	7,521,115	40	33
19	Total non-life insurance (No. 1-18)	127,279,344	424,579,717	125,903,607	453,802,130	30	28
20	Life insurance	16,819,293	87,779,232	15,542,483	85,209,421	19	18
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	15,165,567	76,720,215	17,251,397	85,162,447	20	20
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	2,001,250	14,700,068	2,245,834	21,452,783	14	10
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	33,986,109	179,199,515	35,039,714	191,824,651	19	18
27	Total (No. 19+26)	161,265,453	603,779,231	160,943,320	645,626,781	27	25

15.7 Acquisition costs as % of gross written insurance premium

		Acquisition costs * 100 Gross written insurance premium				in EUR	
No.	Insurance class	Acquisition costs in 2013	Gross written premium in 2013	Acquisition costs in 2012	Gross written premium in 2012	Acquisition costs as % of gross written insurance premium	
						2013	2012
1	2	3	4	5	6	7=3/4	8=5/6
1	Accident insurance	801,969	31,743,528	906,399	36,183,126	2.5	2.5
2	Health insurance	-	-	-	-	-	-
3	Land motor vehicle insurance	2,253,862	98,923,647	2,357,818	108,291,760	2.3	2.2
4	Railway insurance	29,071	2,416,656	178,750	2,681,606	1.2	6.7
5	Aircraft insurance	9,164	672,232	7,012	510,624	1.4	1.4
6	Marine insurance	6,079	319,649	4,023	384,395	1.9	1.1
7	Cargo insurance	145,881	4,348,910	169,119	4,747,464	3.4	3.6
8	Fire and natural forces insurance	1,790,132	53,802,711	1,695,458	54,465,794	3.3	3.1
9	Other damage to property insurance	2,075,788	68,655,943	2,170,401	72,211,985	3.0	3.0
10	Motor TPL insurance	3,619,018	99,900,722	3,136,187	111,525,660	3.6	2.8
11	Aircraft liability insurance	10,776	601,159	11,805	742,163	1.8	1.6
12	Marine liability insurance	7,394	339,416	3,228	347,841	2.2	0.9
13	General liability insurance	1,499,234	29,601,460	1,308,609	29,983,506	5.1	4.4
14	Credit insurance	450,739	21,165,261	264,390	19,837,754	2.1	1.3
15	Suretyship insurance	5,759	1,379,439	5,808	995,685	0.4	0.6
16	Miscellaneous financial loss insurance	140,074	2,634,851	126,244	2,418,582	5.3	5.2
17	Legal expenses insurance	23,845	867,803	22,417	953,070	2.8	2.4
18	Travel assistance insurance	147,185	7,206,330	139,454	7,521,115	2.0	1.9
19	Total non-life insurance (No. 1-18)	13,015,969	424,579,717	12,507,122	453,802,130	3.1	2.8
20	Life insurance	2,681,950	87,779,232	1,585,597	85,209,421	3.1	1.9
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	3,556,411	76,720,215	4,111,768	85,162,447	4.6	4.8
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	87,707	14,700,068	101,192	21,452,783	0.6	0.5
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	6,326,068	179,199,515	5,798,557	191,824,651	3.5	3.0
27	Total (No. 19+26)	19,342,036	603,779,231	18,305,679	645,626,781	3.2	2.8

15.8 Investment return as % of average balance of investments (from the starting and ending balance for the year)

$$\frac{\text{Investment return} * 100}{(\text{starting balance for the year} + \text{ending balance for the year}) / 2}$$

in EUR

No.	Investments	Investment return in 2013	Average balance of investments in 2013	Investment return in 2012	Average balance of investments in 2012	Investment return as % of average balance of investments	
						2013	2012
1	2	3	4	5	6	7=3/4	8=5/6
1	Assets backing liabilities	20,741,943	745,908,451	16,505,628	748,952,865	2.8	2.2
2	Long-term business fund backing life insurance	32,142,545	696,608,358	23,079,595	683,145,247	4.6	3.4
3	Long-term business fund backing SVPI - PN-ZT-01, 02, 04	6,080,709	156,262,348	6,518,551	159,485,054	3.9	4.1
4	Long-term business fund backing SVPI - PN-ZT-05, 06	43,812	448,483	5,434	90,755	9.8	6.0
5	Long-term business fund backing SVPI	517,374	13,820,097	202,686	5,973,494	3.7	3.4
6	Long-term business fund backing unit-linked insurance	12,682,506	414,676,079	29,480,738	380,750,683	3.1	7.7
7	Investments not financed from insurance technical provisions	-34,823,836	243,609,650	-35,678,757	265,231,848	-14.3	-13.5
8	Total	37,385,052	2,271,333,465	40,113,876	2,243,629,947	1.6	1.8

15.9 Net claims provision as % of net premium income

		Net claims provisions * 100 Net premium income				in EUR	
No.	Insurance class	Net claims provisions as at 31 Dec. 2013	Net premium income in 2013	Net claims provisions as at 31 Dec. 2012	Net premium income in 2012	Net claims provisions as % of net premium income	
						2013	2012
1	2	3	4	5	6	7=3/4	8=5/6
1	Accident insurance	36,713,827	31,661,942	43,887,405	36,772,984	116	119
2	Health insurance	-	-	-	-	-	-
3	Land motor vehicle insurance	18,063,125	93,042,612	22,631,708	104,478,440	19	22
4	Railway insurance	5,134,692	1,878,150	4,855,643	2,339,345	273	208
5	Aircraft insurance	105,799	182,287	105,608	123,578	58	85
6	Marine insurance	825,976	800,900	925,315	732,312	103	126
7	Cargo insurance	1,055,116	2,818,833	1,110,125	3,458,841	37	32
8	Fire and natural forces insurance	15,472,033	32,801,162	17,706,760	32,946,574	47	54
9	Other damage to property insurance	25,541,726	55,991,281	26,733,586	59,194,086	46	45
10	Motor TPL insurance	193,302,078	97,994,987	203,414,691	110,813,199	197	184
11	Aircraft liability insurance	528,844	97,128	343,525	59,332	544	579
12	Marine liability insurance	578,707	316,831	787,272	321,473	183	245
13	General liability insurance	128,839,961	24,158,725	128,794,029	25,213,479	533	511
14	Credit insurance	4,006,408	19,052,558	4,482,340	19,153,674	21	23
15	Suretyship insurance	2,004,545	494,445	1,806,038	415,294	405	435
16	Miscellaneous financial loss insurance	973,630	847,700	960,550	1,087,895	115	88
17	Legal expenses insurance	82,949	843,653	72,594	941,053	10	8
18	Travel assistance insurance	3,576,557	6,792,236	2,129,787	7,258,619	53	29
19	Total non-life insurance (No. 1-18)	436,805,973	369,775,431	460,746,974	405,310,176	118	114
20	Life insurance	19,299,736	87,426,598	19,309,606	84,893,261	22	23
21	Wedding insurance or birth insurance	-	-	-	-	-	-
22	Unit-linked life insurance	0	76,720,215	0	85,162,447	0	0
23	Tontine	-	-	-	-	-	-
24	Capital redemption insurance	0	14,700,068	0	21,452,783	0	0
25	Income protection insurance due to accident or illness	-	-	-	-	-	-
26	Total life insurance (No. 20-25)	19,299,736	178,846,881	19,309,606	191,508,491	11	10
27	Total (No. 19+26)	456,105,709	548,622,311	480,056,580	596,818,667	83	80

15.10 Gross profit/loss for the year as % of net written premium

$$\frac{\text{Gross profit/loss} * 100}{\text{Net written premium}}$$

in EUR

No.	Insurance	Gross profit/loss 2013	Net written premium 2013	Gross profit/loss 2012	Net written premium 2012	Gross profit/loss for the year as % of net written premium	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	48,055,962	360,553,642	58,807,077	386,926,281	13.3	15.2
2	Life insurance	11,538,446	178,872,267	6,830,091	191,496,478	6.5	3.6
3	Total	59,594,408	539,425,909	65,637,168	578,422,759	11.1	11.4

15.11 Gross profit/loss for the year as % of average equity

$$\frac{\text{Gross profit/loss} * 100}{(\text{equity beginning balance for the year} + \text{equity ending balance for the year})/2}$$

in EUR

No.	Insurance	Gross profit/loss 2013	Average equity balance 2013	Gross profit/loss 2012	Average equity balance 2012	Gross profit/loss for the year as % of average equity	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	48,055,962	417,558,676	58,807,077	395,167,036	11.5	14.9
2	Life insurance	11,538,446	86,164,979	6,830,091	77,507,740	13.4	8.8
3	Total	59,594,408	503,723,654	65,637,168	472,674,776	11.8	13.9

15.12 Gross profit/loss for the year as % of average assets

$$\frac{\text{Gross profit/loss} * 100}{(\text{assets beginning balance for the year} + \text{assets ending balance for the year})/2}$$

in EUR

No.	Insurance	Gross profit/loss 2013	Average assets balance 2013	Gross profit/loss 2012	Average assets balance 2012	Gross profit/loss for the year as % of average assets	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	48,055,962	1,222,050,051	58,807,077	1,246,403,437	3.9	4.7
2	Life insurance	11,538,446	1,374,988,181	6,830,091	1,330,590,268	0.8	0.5
3	Total	59,594,408	2,597,038,231	65,637,168	2,576,993,704	2.3	2.6

15.13 Gross profit/loss for the year per share

$$\frac{\text{Gross profit/loss}}{\text{Number of shares}}$$

in EUR

No.	Insurance	Gross profit/loss in 2013	Number of shares 31. 12. 2013	Gross profit/loss in 2012	Number of shares 31. 12. 2012	Earnings per share	
						in 2013	in 2012
1	2	3	4	5	6	7=3/4	8=5/6
1	Non-life insurance	48,055,962	15,837,448	58,807,077	15,837,448	3.0	3.7
2	Life insurance	11,538,446	6,897,700	6,830,091	6,897,700	1.7	1.0
3	Total	59,594,408	22,735,148	65,637,168	22,735,148	2.6	2.9

15.14 Gross profit/loss for the year as % of average equity

$$\frac{\text{Gross profit/loss} * 100}{(\text{equity beginning balance for the year} + \text{equity ending balance for the year})/2}$$

in EUR

No.	Insurance	Net profit/loss in 2013	Average equity balance in 2013	Net profit/loss in 2012	Average equity balance in 2012	Net profit/loss as % of average equity	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	37,110,982	417,558,676	45,979,234	395,167,036	8.9	11.6
2	Life insurance	11,179,484	86,164,979	4,412,939	77,507,740	13.0	5.7
3	Total	48,290,466	503,723,654	50,392,174	472,674,776	9.6	10.7

15.15 Available capital of the insurance company as % of net written insurance premium

Available capital * 100
Net written premium

in EUR

No.	Insurance	Available capital 31 Dec. 2013	Net written premium in 2013	Available capital 31 Dec. 2012	Net written premium in 2012	Available capital of the insurance company as % of net written insurance premium	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	257,747,729	360,553,642	242,406,101	386,926,281	71.5	62.7
2	Life insurance	86,566,911	178,872,267	80,058,116	191,496,478	48.4	41.8
3	Total	344,314,640	539,425,909	322,464,217	578,422,759	63.8	55.8

15.16 Available capital of the insurance company as % of minimum capital

Available capital * 100
Minimum capital

in EUR

No.	Insurance	Available capital 31 Dec. 2013	Minimum capital 31 Dec. 2013	Available capital 31 Dec. 2012	Minimum capital 31 Dec. 2012	Available capital of the insurance company as % of minimum capital of the insurance company	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	257,747,729	71,238,523	242,406,101	75,143,052	361.8	322.6
2	Life insurance	86,566,911	47,367,241	80,058,116	47,587,970	182.8	168.2
3	Total	344,314,640	118,605,765	322,464,217	122,731,022	290.3	262.7

15.17 Available capital of the insurance company as % of insurance technical provisions

		Available capital * 100					
		Insurance technical provisions					
No.	Insurance	Available capital 31 Dec. 2013	Insurance technical provisions 31 Dec. 2013	Available capital 31 Dec. 2012	Insurance technical provisions 31 Dec. 2012	Available capital of the insurance company as % of insurance technical provisions	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	257,747,729	597,837,468	242,406,101	633,450,595	43.1	38.3
2	Life insurance	86,566,911	1,263,845,093	80,058,116	1,251,086,960	6.9	6.4
3	Total	344,314,640	1,861,682,561	322,464,217	1,884,537,554	18.5	17.1

15.18 Available capital as % of receivables from reinsurance and reinsurers' share of insurance technical provisions

		Available capital * 100					
		Receivables from reinsurance and reinsurer's share of insurance technical provisions					
No.	Insurance	Available capital 31 Dec. 2013	Receivables from reinsurance 31 Dec. 2013	Available capital 31 Dec. 2012	Receivables from reinsurance 31 Dec. 2012	Available capital as % of receivables from reinsurance and reinsurers' share of insurance technical provisions	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	257,747,729	68,615,087	242,406,101	75,385,422	376	322
2	Life insurance	86,566,911	-688,300	80,058,116	6,135	-12,577	1,304,856
3	Total	344,314,640	67,926,787	322,464,217	75,391,557	507	428

15.19 Net written insurance premium as % of average balance of equity and insurance technical provisions

$$\frac{\text{Net written premium} * 100}{\text{Average balance of equity and insurance technical provisions}}$$

in EUR

No.	Insurance	Net written premium 31 Dec. 2013	Average balance of equity and insurance technical provisions 31 Dec. 2013	Net written premium 31 Dec. 2012	Average balance of equity and insurance technical provisions 31 Dec. 2012	Net written insurance premium as % of average balance of equity and insurance technical provisions	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	360,553,642	1,134,691,400	386,926,281	1,144,584,567	31.8	33.8
2	Life insurance	178,872,267	1,343,743,733	191,496,478	1,293,578,158	13.3	14.8
3	Total	539,425,909	2,478,435,132	578,422,759	2,438,162,725	21.8	23.7

15.20 Net written insurance premium as % of average equity balance

$$\frac{\text{Net written premium} * 100}{\text{Average equity balance}}$$

in EUR

No.	Insurance	Net written premium 31 Dec. 2013	Average equity balance 31 Dec. 2013	Net written premium 31 Dec. 2012	Average equity balance 31 Dec. 2012	Net written premium as % of average equity balance	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	360,553,642	417,558,676	386,926,281	395,167,036	86.4	97.9
2	Life insurance	178,872,267	86,164,979	191,496,478	77,507,740	207.6	247.1
3	Total	539,425,909	503,723,654	578,422,759	472,674,776	107.1	122.4

15.21 Average balance of net insurance technical provisions as % of net premium income

$\frac{\text{Average balance of net insurance technical provisions} * 100}{\text{Net premium earned}}$

in EUR

No.	Insurance	Average balance of net insurance technical provisions 31 Dec. 2013	Net premium earned 31 Dec. 2013	Average balance of net insurance technical provisions 31 Dec. 2012	Net premium earned 31 Dec. 2012	Average balance of net insurance technical provisions as % of net premium income	
						2013	2012
1	2	3	4	5	6	v %	v %
1	Non-life insurance	615,644,032	369,775,431	654,112,269	405,310,176	166.5	161.4
2	Life insurance	1,257,466,026	178,846,881	1,215,969,982	191,508,491	703.1	634.9
3	Total	1,873,110,058	548,622,311	1,870,082,251	596,818,667	341.4	313.3

15.22 Equity as % of net unearned premium

$\frac{\text{Equity} * 100}{\text{Net unearned premium}}$

in EUR

No.	Insurance	Equity 31 Dec. 2013	Net unearned premium 31 Dec. 2013	Equity 31 Dec. 2012	Net unearned premium 31 Dec. 2012	Equity as % of net unearned premium	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	412,363,814	144,253,670	422,753,538	153,475,459	286	275
2	Life insurance	87,426,394	428,747	84,903,563	403,360	20,391	21,049
3	Total	499,790,208	144,682,417	507,657,101	153,878,820	345	330

15.23 Equity as % of liabilities

Equity * 100
Liabilities

in EUR

No.	Insurance	Equity 31 Dec. 2013	Liabilities 31 Dec. 2013	Equity 31 Dec. 2012	Liabilities 31 Dec. 2012	Equity as % of liabilities	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	412,363,814	1,189,909,138	422,753,538	1,254,190,963	34.7	33.7
2	Life insurance	87,426,394	1,381,235,603	84,903,563	1,368,740,758	6.3	6.2
3	Total	499,790,208	2,571,144,742	507,657,101	2,622,931,721	19.4	19.4

15.24 Net insurance technical provisions as % of liabilities

Net insurance technical provisions * 100
Liabilities

in EUR

No.	Insurance	Net insurance technical provisions 31 Dec. 2013	Liabilities 31 Dec. 2013	Net insurance technical provisions 31 Dec. 2012	Liabilities 31 Dec. 2012	Net insurance technical provisions as % of liabilities	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	597,837,468	1,189,909,138	633,450,595	1,254,190,963	50.2	50.5
2	Life insurance	1,263,845,093	1,381,235,603	1,251,086,960	1,368,740,758	91.5	91.4
3	Total	1,861,682,561	2,571,144,742	1,884,537,554	2,622,931,721	72.4	71.9

15.25 Net mathematical provisions as % of net insurance technical provisions

Net mathematical provisions * 100
Net insurance technical provisions

in EUR

No.	Insurance	Net mathematical provisions 31 Dec. 2013	Net insurance technical provisions 31 Dec. 2013	Net mathematical provisions 31 Dec. 2012	Net insurance technical provisions 31 Dec. 2012	Net mathematical provisions as % of net insurance technical provisions	
						2013	2012
1	2	3	4	5	6	7=3/4*100	8=5/6*100
1	Non-life insurance	-	597,837,468	-	633,450,595	-	-
2	Life insurance	1,244,116,610	1,263,845,093	1,231,373,993	1,251,086,960	98.4	98.4
3	Total	1,244,116,610	1,861,682,561	1,231,373,993	1,884,537,554	66.8	65.3

15.26 Gross written premium as % number of permanent staff

Gross written insurance premium for the current year
Average number of staff

in EUR

No.	Insurance	Gross written premium 31 Dec. 2013	Average number of staff 31 Dec. 2013	Gross written premium 31 Dec. 2012	Average number of staff 31 Dec. 2012	Gross written insurance premium per employee	
						2013	2012
1	2	3	4	5	6	7=3/4	8=5/6
1	Non-life insurance	424,579,717	1,782	453,802,130	1,784	238,234	254,429
2	Life insurance	179,199,515	476	191,824,651	496	376,563	386,440
3	Total	603,779,231	2,258	645,626,781	2,280	267,386	283,170

Accounting report

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APPENDIX

I. STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

The Management Board herewith confirms the financial statements for the year ended 31 December 2013, and the accompanying accounting policies and notes to the accounting policies.

The Management Board is responsible for preparing the Annual Report so that it is a true and fair presentation of the Company's assets and the results of its operations for the year ended 31 December 2013.

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, including a description of the major risks to which the Company is 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

Stanislav Vrtunski

Member of the Management Board

Benjamin Jošar

Member of the Management Board

Marica Makoter

Member of the Management Board

Ljubljana, 18 March 2014

INDEPENDENT AUDITOR'S REPORT

To the owners of Zavarovalnica Triglav d.d.

Report on the Financial Statements

We have audited the accompanying financial statements of Zavarovalnica Triglav d.d. which comprise the statement of financial position as at December 31, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with the requirements of the Slovenian Companies Act related to the preparation of the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

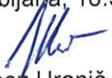
In our opinion, the financial statements present fairly, in all material respects, the financial position of Zavarovalnica Triglav d.d. as of December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the requirements of the Slovenian Companies Act related to the preparation of the financial statements.

Report on Other Legal and Regulatory Requirements

Management is also responsible for preparing the business report in accordance with the Slovenian Companies Act. Our responsibility is to assess whether the business report is consistent with the audited financial statements. Our work regarding the business report is performed in accordance with ISA 720, and restricted to assessing whether the business report is consistent with the financial statements and does not include reviewing other information originated from non-audited financial records.

The business report is consistent with the audited financial statements.

Ljubljana, 18.3.2014



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

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



Primož Kovačič
Certified Auditor

III. FINANCIAL STATEMENTS¹

STATEMENT OF FINANCIAL POSITION

		in EUR	
	Notes	31 December 2013	31 December 2012
ASSETS		2,551,395,325	2,603,060,213
Intangible assets	6.1	52,638,444	53,298,272
Property, plant and equipment	6.2	64,302,130	66,300,323
Deferred tax receivables	6.16	5,051,465	14,638,478
Investment property	6.3	18,067,610	19,344,982
Investments in subsidiaries	6.4	159,778,726	185,617,295
Investments in associates	6.5	9,637,324	12,766,962
Financial assets	6.6	2,064,530,031	2,072,924,001
Financial investments		1,641,680,661	1,666,421,213
- loans and deposits		173,477,782	222,777,533
- held to maturity		197,096,116	199,277,500
- available for sale		1,135,406,507	1,144,343,784
- recognised at fair value through profit and loss		135,700,257	100,022,396
Unit-linked insurance assets		422,849,370	406,502,788
Reinsurers' share of technical provisions	6.7	68,643,350	75,391,557
Receivables	6.8	102,006,043	98,274,364
- receivables from direct insurance operations		63,302,197	70,291,060
- receivables from reinsurance and coinsurance operations		9,140,990	8,243,477
- current tax receivables		12,912,838	7,403,575
- other receivables		16,650,018	12,336,252
Other assets	6.9	1,740,121	2,225,894
Cash and cash equivalents	6.10	5,000,081	2,278,084
EQUITY AND LIABILITIES		2,551,395,325	2,603,060,213
Equity	6.11	499,790,208	507,657,101
- share capital		73,701,392	73,701,392
- share premium		53,412,884	53,412,884
- reserves from profit		259,486,919	236,286,919
- fair value reserve		35,362,843	46,049,906
- net profit brought forward		52,735,703	72,813,826
- net profit/loss for the year		25,090,466	25,392,174
Subordinated liabilities	6.12	29,956,713	38,721,260
Insurance technical provisions	6.13	1,538,939,112	1,585,250,868
- unearned premiums		188,286,777	200,453,389
- mathematical provisions		823,783,519	826,665,165
- claims provisions		510,090,992	538,904,153
- other insurance technical provisions		16,777,825	19,228,161
Insurance technical provisions for unit-linked insurance contracts	6.13	420,333,091	404,899,884
Employee benefits	6.14	8,459,095	7,994,891
Other provisions	6.15	570,449	934,334
Other financial liabilities	6.17	1,337,704	962,561
Operating liabilities	6.18	22,779,490	26,135,315
- liabilities from direct insurance operations		11,643,628	12,519,990
- liabilities from reinsurance and co-insurance operations		11,135,863	13,615,325
Other liabilities		29,229,462	30,503,998

¹ Notes on the pages 14 to 115 are integral part of these financial statements.

INCOME STATEMENT

		in EUR	
	Notes	2013	2012
NET PREMIUM INCOME	7.1	548,622,311	596,818,667
- gross written premium		605,758,390	647,591,877
- ceded written premium		-66,332,481	-69,169,119
- change in unearned premiums		9,196,402	18,395,908
INCOME FROM FINANCIAL ASSETS	7.3	167,336,928	143,980,876
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES		7,344,545	2,540,584
- interest expense		2,183,420	1,773,249
- dividends		4,525,425	750,904
- fair value gains		0	0
- realised gains on disposals		632,059	0
- other financial income		3,642	16,431
INCOME FROM OTHER FINANCIAL ASSETS		112,611,938	113,159,477
- interest income		61,366,943	66,976,057
- dividends		2,009,605	1,749,633
- fair value gains		21,743,072	16,903,685
- realised gains on disposals		26,518,051	26,203,738
- other financial income		974,267	1,326,365
NET UNREALISED GAINS ON UNITLINKED LIFE INSURANCE ASSETS		47,380,445	28,280,816
OTHER INCOME FROM INSURANCE OPERATIONS	7.7	15,252,351	29,457,651
- fees and commission income		11,038,252	24,208,197
- other income from insurance operations		4,214,099	5,249,454
OTHER INCOME	7.8	7,589,359	6,535,404
NET CLAIMS INCURRED	7.9	370,654,940	376,579,593
- gross claims settled		419,397,804	416,700,797
- reinsurers' share		-24,791,992	-20,054,072
- changes in claims provisions		-23,950,871	-20,067,131
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	7.10	-555,109	-6,736,775
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS		15,433,207	49,999,757
EXPENSES FOR BONUSES AND DISCOUNTS	7.11	5,386,018	7,605,842
OPERATING EXPENSES	7.12	138,326,564	136,837,206
- acquisition costs		95,983,106	96,740,329
- other operating costs		42,343,458	40,096,877
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	7.4	128,000,114	103,907,826
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES		26,631,747	14,046,803
- interest expense		0	0
- fair value losses		0	0
- realised loss on disposals		0	0
- loss on impairment of financial assets		26,624,575	14,017,150
- other expenses from financial assets and liabilities		7,172	29,653
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES		67,579,264	89,486,907
- interest expense		2,224,646	2,625,596
- fair value losses		20,256,152	17,640,835
- realised loss on disposals		14,405,172	22,249,251
- loss on impairment of financial assets		25,088,856	42,448,404
- other expenses from financial assets and liabilities		5,604,438	4,522,821
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS		33,789,102	374,116
OTHER INSURANCE EXPENSES	7.13	13,349,557	31,985,406
OTHER EXPENSES	7.14	8,611,250	10,976,575
PROFIT/ LOSS BEFORE TAX		59,594,408	65,637,168
Income tax expense	7.15	-11,303,942	-15,244,994
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD		48,290,466	50,392,174
Earnings per share (basic and diluted)	8.3	2.12	2.22

COMPREHENSIVE INCOME

		in EUR	
	Notes	2013	2012
NET PROFIT/LOSS FOR THE YEAR AFTER TAX		48,290,466	50,392,174
OTHER COMPREHENSIVE INCOME AFTER TAX		-10,687,063	40,080,721
Net actuarial gains/losses on pension plans	6.14	-77,386	0
Net gains/losses from the re-measurement of available-for-sale financial assets		-14,530,766	71,255,682
- Net gains/losses recognised directly in equity		-13,666,161	44,044,534
- Transfer from equity to income statement		-864,605	27,211,148
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)		2,853,742	-23,745,609
Tax on other comprehensive income	7.15	1,067,347	-7,429,351
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX		37,603,404	90,472,895

STATEMENT OF CHANGES IN EQUITY²

2013	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves form profit				
OPENING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	201,000,000	46,049,906	72,813,826	25,392,174	507,657,101
Comprehensive income for the year after tax	0	0	0	0	0	-10,687,063	0	48,290,467	37,603,404
Dividend payment	0	0	0	0	0	0	-45,470,297	0	-45,470,297
Transfer of net profit to reserves from profit	0	0	0	0	23,200,000	0	0	-23,200,000	0
Distribution of net profit / loss	0	0	0	0	0	0	25,392,174	-25,392,174	0
CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	224,200,000	35,362,843	52,735,703	25,090,466	499,790,208

2012	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves form profit				
OPENING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	176,000,000	5,969,185	49,539,512	43,782,559	437,692,451
Comprehensive income for the year after tax	0	0	0	0	0	40,080,721	0	50,392,174	90,472,895
Dividend payment	0	0	0	0	0	0	-15,914,604	0	-15,914,604
Transfer of net profit to reserves from profit	0	0	0	0	25,000,000	0	0	-25,000,000	0
Distribution of net profit / loss	0	0	0	0	0	0	43,782,559	-43,782,559	0
Other	0	0	0	0	0	0	-4,593,641	0	-4,593,641
CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	201,000,000	46,049,906	72,813,826	25,392,174	507,657,101

² For additional notes on equity see Section 6.11.

CASH FLOW STATEMENT³

in EUR

	Notes	2013	2012
A. OPERATING CASH FLOW			
Income statement items		22,942,093	38,334,466
Net written premium for the period	7.1	539,425,909	578,422,759
Investment income (excluding financial income) arising from:	7.3	9,057,782	8,901,582
- insurance technical provisions		4,071,653	6,574,433
- other sources		4,986,129	2,327,148
Other operating income (excluding revaluation and provisions reductions) operating revenues and financial income from operating receivables		10,067,153	22,583,384
Net claims paid	7.9	-394,605,811	-396,646,725
Bonuses and rebates paid	7.11	-7,304,400	-7,044,576
Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	7.12	-116,633,867	-116,284,945
Investment expenses (excluding financial expenses) arising from:	7.4	-5,633,775	-8,879,542
- technical sources		-3,562,941	-4,599,866
- other sources		-2,070,833	-4,279,676
Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	7.14	-10,781,316	-31,234,890
Corporate income tax and other taxes excluded from operating expenses		-649,582	-11,482,581
Changes in net current assets-operating balance sheet items		-25,759,059	-1,652,238
Movements in receivables from insurance operations	6.8	-375,379	818,352
Movements in receivables from reinsurance operations		-897,513	-56,294
Movements in other receivables from (re)insurance operations		368,692	3,531,777
Movements in other receivables and assets		-10,629,977	919,470
Movements in deferred tax assets		-8,071	41,684
Movements in inventories	6.18	-876,362	-969,325
Movements in debts from direct insurance operations		-2,479,463	-1,138,518
Movements in debts from reinsurance operations		-9,826,346	-2,216,018
Movements in operating debts		32,706	-10,012,713
Movements in other liabilities (excluding unearned premiums)		-1,067,347	7,429,348
Movements in deferred tax liabilities			
		-2,816,966	36,682,228
Operating cash flow			
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash inflows from investing activities		2,283,760,286	2,297,616,438
Cash inflows from interest from investing activities and from:	6.6	71,279,498	63,745,893
- investment financed by insurance technical provisions		62,978,225	60,413,640
- other investment		8,301,273	3,332,253
Cash inflows from dividends received and profit sharing, arising from:	6.6	6,193,105	1,674,883
- investment financed by insurance technical provisions		2,738,566	1,518,612
- other investment		3,454,539	156,271
Cash inflows from the disposal of intangible assets financed by:	6.1	182,536	-90,512
- insurance technical provisions		0	0
- other sources		182,536	-90,512
Cash inflows from the disposal of property, plant and equipment financed by:	6.2	576,892	3,302,207
- insurance technical provisions		0	0
- other sources		576,892	3,302,207
Cash inflows from the disposal of non-current investments financed by:	6.6	1,062,276,765	1,142,679,479
- insurance technical provisions		983,989,015	1,001,373,463
- other sources		78,287,750	141,306,015
Cash inflows from the disposal of current investments financed by:	6.6	1,142,618,457	1,086,304,488
- insurance technical provisions		1,066,841,282	1,012,037,565
- other sources		75,777,175	74,266,923
Cash inflows from the disposal of investments in subsidiaries and associates financed by:	6.4	633,034	0

³ For additional notes on cash flow statement see Section 8.4.

		in EUR	
	Notes	2013	2012
- insurance technical provisions		0	0
- other sources		633,034	0
Cash outflows from investing activities		-2,231,578,416	-2,318,408,592
Cash outflows for the purchase of intangible assets	6.1	-4,738,785	-7,498,501
Cash outflows for the purchase of property, plant and equipment financed by:	6.2	-5,842,522	-2,752,063
- insurance technical provisions		-332,366	-409,143
- other sources		-5,510,156	-2,342,921
Cash outflows for the purchase of non-current investments financed by:	6.6	-1,066,424,661	-1,228,749,022
- insurance technical provisions		-950,631,839	-1,108,149,318
- other sources		-115,792,822	-120,599,704
Cash outflows for the purchase of current investments financed by:	6.6	-1,153,786,442	-1,049,950,273
- insurance technical provisions		-1,093,164,465	-968,295,002
- other sources		-60,621,977	-81,655,271
Cash outflows for the purchase of investments in subsidiaries and associates financed by:	6.4	-786,006	-29,458,733
- insurance technical provisions		-686,006	-17,641,493
- other sources		-100,000	-11,817,240
Total cash flow from investing activities	8.4	52,181,870	-20,792,154
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash inflows from financing activities		0	0
Cash inflows from paid-in capital		0	0
Cash inflows from long-term loans received	6.12	0	0
Cash inflows from short-term loans received	6.17	0	0
Cash outflows from financing activities		-46,642,908	-17,828,844
Cash outflows for paid interest		-2,234,411	-2,236,755
Cash outflows for repayments of principal	6.17	0	0
Cash outflows for payments of long-term financial liabilities		0	0
Cash outflows for payments of short-term financial liabilities	6.12	0	0
Cash outflows from dividends paid and profit sharing	6.17	-44,408,497	-15,592,089
Total cash flow from financing activities		-46,642,908	-17,828,844
D. Opening balance of cash and cash equivalents	6.10	2,278,084	4,216,855
E. Net cash flow for the period		2,721,995	-1,938,770
F. Closing balance of cash and cash equivalents	6.10	5,000,080	2,278,085

IV. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1. Company profile

Zavarovalnica Triglav d.d. (hereinafter: Zavarovalnica Triglav or the Company) is a public limited company with its registered office on 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: ZPIZ) and the Slovene Restitution Fund (Slovenska odškodninska družba: SOD), which participate with 34.47% and 28.07% 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. Zavarovalnica Triglav is the parent company of the Triglav Group.

On 18 March 2013, the Management Board approved the issuance of separate and consolidated financial statements. Once the financial statements are issued, the shareholders are entitled to make amendments. Financial statements are available at the headquarters of Zavarovalnica Triglav and on its website.

1.2. 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 2013, the Supervisory Board had the following members:

Name	SB	AC	ACC	SC	NC	Notes
Mihael Perman	P M		M			16 April 2013 – 11 June 2013 8 April 2013 – 11 June 2013 16 April 2013 – 11 June 2013
Jovan Lukovac	M	P, M P, M		M		13 June 2012 – 11 June 2013 21 June 2012 – 7 April 2013 16 April 2013 – 11 June 2013 16 April 2013 – 11 June 2013
Aleš Živkovič	M	M				8 April 2013 – 11 June 2013 16 April 2013 – 11 June 2013
Rok Strašek	M			P, M		8 April 2013 – 11 June 2013 16 April 2013 – 11 June 2013
Žiga Andoljšek	M	M				8 April 2013 – 11 June 2013 16 April 2013 – 11 June 2013
Blaž Šlemic	M		P, M			8 April 2013 – 11 June 2013 16 April 2013 – 11 June 2013
Peter Celar	M					since 30 May 2011

Name	SB	AC	ACC	SC	NC	Notes
				M		30 May 2011 – 7 April 2013
				M		16 April 2013 – 11 June 2013
				M		since 1 July 2013
Branko Gorjan	M					since 30 May 2011
		M				30 May 2011 – 7 April 2013
		M				16 April 2013 – 11 June 2013
		M				since 1 July 2013
					M	20 December 2012 – 14 February 2013
Miran Krštinc	M					from 30 May 2011 on
			M			20 June 2011 – 7 April 2013
			M			16 April 2013 – 11 June 2013
			M			since 1 July 2013
Gregor Kastelic	DP					21 June 2012 – 7 April 2013
	DP					since 1 July 2013
	M					13 June 2012 – 7 April 2013
	M					since 12 June 2013
				P, M		21 June 2012 – 7 April 2013
				P, M		since 1 July 2013
Igor Mihajlović	M					7 April 2009 – 7 April 2013
	P					21 June 2012 – 7 April 2013
			P			21 June 2012 – 7 April 2013
				M		10 February 2011 – 7 April 2013
					P, M	20 December 2012 – 14 February 2013
Vladimir Uršič	M					28 June 2010 – 7 April 2013
		M				17 October 2011 – 7 April 2013
Aljoša Valentinčič	M					7 April 2009 – 7 April 2013
		M				20 April 2009 – 7 April 2013
Adolf Zupan	M					12 June 2012 – 7 April 2013
			M			21 June 2012 – 7 April 2013
Srečko Jadek			M			4 May 2009 – 7 April 2013
Matjaž Jauk					M	20 December 2012 – 14 February 2013
Peter Ješovnik					M	20 December 2012 – 14 February 2013
Barbara Nose		M				20 April 2009 – 7 April 2013
		M				26 April 2013 - 11 June 2013
		M				since 22 August 2013 dalje
Anton Marolt			M			21 May 2013 – 11 June 2013
Matej Runjak	M					since 12 June 2013
	P					since 1 July 2013
			P			since 1 July 2013
Dubravko Štimac	M					since 12 June 2013
			M			since 1 July 2013
Mario Gobbo	M					since 12 June 2013
		P				since 1 July 2013
				M		since 1 July 2013
Rajko Stanković	M					since 12 June 2013
		M				since 1 July 2013
Matija Blažič	M					since 12 June 2013

Legenda:

SB – Supervisory Board

AC – Audit Committee

ACC – Appointments and Compensation Committee

SC – Strategy Committee

NC – Nominations

Committee

P - President

DP – Deputy President

M – Member

Management Board

The Management Board directs, represents and acts on behalf of Zavarovalnica Triglav, independently and on its own responsibility. In compliance with the Articles and Memorandum of Association, the Supervisory Board can appoint three to six members (the President and five members) to the Management Board. The President and members of the Management Board are appointed for a five-year term with the possibility of reappointment or early termination of office in the case of a serious breach of obligations. In 2012, the Management Board had the following composition:

- Andrej Slapar, President;
- Stanislav Vrtunski, member;
- Benjamin Jošar, member;
- Marica Makoter, member, employee representative.

1.3. Employees

The table below shows the educational structure of employees.

Level of education	2013	2012
Primary and vocational	175	186
Secondary school	986	1,035
Post-Secondary Education	351	340
Higher Education and University	771	770
Masters and Doctorates	90	74
TOTAL	2,373	2,405
Average number of employees	2,390	2,412

1.4. Statement of compliance

The separate 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).

1.5. Reporting basis

The financial statements of Zavarovalnica Triglav are compiled under the going concern assumption. These financial statements are separate financial statements of Zavarovalnica Triglav, prepared on the historical cost basis, except in the following cases in which the fair value was used instead:

- investments in associates,
- derivative financial instruments,
- financial assets measured at fair value through profit and loss, and
- available-for-sale financial assets.

The methods used for measuring fair value are described in detail in Section 2.4, 2.7. and 2.8.

For the preparation of the statement of financial position, the Company classifies individual items into groups of assets and liabilities depending on their nature, listed in the order of their liquidity and/or maturity. In additional disclosures Zavarovalnica Triglav posts current and non-current assets as well as current and non-current liabilities 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 Zavarovalnica Triglav has a legal right to offset the amounts, and intends either to settle them on a net basis or to settle the asset and settle the liability simultaneously. Income and expenses on the income statement are offset only if so provided by the standards, explained in the notes or required by the accounting policies of the Company.

The 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. The General Meeting of Shareholders also decides on the distribution of accumulated profits. The proposal for the distribution of accumulated profits is described in Section 6.11.

2. MAIN ACCOUNTING POLICIES

2.1. The use of estimates and judgments

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.

Accounting estimates and underlying assumptions are reviewed on an on-going basis. A change in an accounting estimate is recognised in the period for which the estimate has been changed, as well as for any future periods affected.

The most important uncertainty estimates and decisive judgments prepared by the management while applying the accounting principles and having the strongest impact on the figures in the financial statements are the following:

- Insurance technical provisions: provisions are calculated on the basis of insurance contracts and past trends in occurred loss events and adjusted for future expectations. The accounting policies are presented in Section 2.18, the main assumptions in Section 3, and an analysis of changes in these provisions in Section 6.13. A calculation of the adequacy of claims provisions as at 31 December 2013 is also given.
- Calculation of the fair value of financial assets and impairment thereof: An estimate of the fair value of financial assets, the price of which cannot be determined in an active capital market, has been made on the basis of several assumptions. Possible changes in these assumptions are reflected in the amount or even the impairment of these assets. Due to the financial crisis, the assessed fair value is subject to greater uncertainty. The accounting policies are presented in Sections 2.3, 2.7, and 2.8. The parameters and assumptions applied in the valuation of non-quoted financial assets are presented in Section 3.5 and 6.20. The values of individual types of assets are reported in Section 6.6, and the impacts of impairments in Section 7.4. Sensitivity analysis for the calculation of fair values is presented in Sections 3.5.1.

2.2. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which Zavarovalnica Triglav operates (functional currency). The financial statements are presented in euros, which is the functional and presentation currency of Zavarovalnica Triglav. In the financial statements, the amounts and disclosures are rounded to one euro.

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 currencies 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.

2.3. Measuring fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction under current market conditions in the principal (or most advantageous) market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company measures all financial assets 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 6.6. and 6.20. The fair value of land and buildings used for insurance operations and of investment property is disclosed under Sections 6.2. and 6.3. and that of subordinated liabilities under Section 6.12.

The fair value of financial instruments traded on organised financial markets is measured on the basis of their prices quoted as at the reporting date. In the event no quoted price is available, the price offered by stock brokers is used as the reference price.

If there is no active market for a financial instrument, its fair value is measured by valuation techniques. These valuation techniques include the use of recent arm's length transactions (if any), comparison with the current fair value of another instrument with similar key features, discounted cash flow analyses 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 by Zavarovalnica Triglav.

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.

When 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 as follows:

- Level 1: valuation through market prices quoted for identical assets in an active market (stock exchange prices and Bloomberg generic prices);

- Level 2: valuation through comparable market data (other than prices of identical listed assets), acquired directly or indirectly for an identical or similar asset;
- Level 3: valuation through valuation models, mostly using unobservable market inputs.

2.4. 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 by at least 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.

Intangible assets include deferred acquisition costs for non-life insurance contracts. 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. Change in deferred acquisition costs for life insurance is recognised as change in mathematical provisions.

Accounting policies regarding the impairment of intangible assets are described in Section 2.14.

2.5. Property, plant and equipment

Property, plant and equipment are accounted for using the cost model. After initial recognition, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment loss. The historical cost includes acquisition expenses and all other costs incurred in the process of putting the assets into use.

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.

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 2.14.

2.6. Investment property

Investment property is land or a building held by the owner or by the lessee under a finance lease, which are leased out under an operating lease. Property is classified as investment property if not used by Zavarovalnica Triglav 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, 2.14.

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 2.14.

2.7. Investments in subsidiaries and associated companies

In separate financial statements, investments in equity instruments of subsidiaries (shares, stakes) are measured at cost. Investment in a company in which Zavarovalnica Triglav holds an equity interest of more than 50% and has thus acquired controlling influence in it, is classified as investment in a subsidiary. 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.

In separate financial statements investments in equity instruments of associated companies (shares, stakes) are measured at fair value. Investment in a company in which Zavarovalnica Triglav holds an equity interest of more than 20%, but less than 49.9%, and in which has thus acquired significant influence, is classified as investment in an associated company. 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 6.20. The effects of the valuation at fair value are disclosed in other comprehensive income. Dividends are recognised in income statement once the right to payment is obtained.

Accounting policies regarding the impairment of investments in subsidiaries and associated companies are described in Section 2.14.

2.8. Financial assets (excluding operating receivables and cash)

Financial assets are classified into the following groups: financial assets at fair value through profit and loss, financial assets held to maturity, loans and receivables and available-for-sale financial assets. Their classification depends on the initial intent at the time of their purchase. Management decides on the classification of assets at the date of initial recognition.

At initial recognition financial assets are measured based on their fair value. Initially recognised values are increased by transaction costs that are directly attributable to the acquisition or disposal of the financial asset (allowances to agents, consultants, and brokers, fees paid to the stock exchange and other transfer related fees). The rule does not apply to financial assets classified as assets disclosed at their fair value through profit and loss, where these costs are recognised directly in the income statement at acquisition.

The trade date is used for the initial recognition of financial assets, except for loans and deposits, for which the settlement date is used.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are classified as available for sale and not classified as loans and receivables, financial assets held to maturity, or financial assets recognised at fair value through profit and loss.

After initial recognition, financial assets classified as available for sale are measured at their fair value, without deducting transaction costs that may occur in their sale or other disposal. Financial instruments not listed on a stock exchange are measured at fair value on the basis of their prices in the latest transactions (official price offers by stock broking firms or banks for certain securities) or through a valuation model (discounting of expected cash flows). Details on valuation models are described in Section 6.20. 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 funds⁴ 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.

⁴ Long-term business funds include the assets of insured persons arising from life insurance, supplementary voluntary pension insurance, voluntary pension insurance during the annuity pay-out period and unit-linked insurance.

At initial recognition, loans and receivables are measured at cost and later at amortised cost using the effective interest method. The impairments of loans and receivables are recognised if there is objective evidence that the receivable will not be recovered in accordance with the contractual terms.

Derivative financial instruments

After initial recognition, derivatives are measured based on their fair value, with effects recognised in the income statement. The fair value is determined on the basis of the price quoted in an active market. If the price is not known, the fair value is determined on the basis of the latest transactions or by using another pricing model (discounting of expected cash flow; the Black-Scholes option pricing model). Derivatives include financial instruments used for protecting cash flows against interest rate risk as well as for protecting the cash flows of individual financial instruments and other items. All of the documented gains and losses due to changes in fair value are recognised in profit or loss through financial income or expenses.

2.9. Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to cash flows from the financial asset expire;
- Zavarovalnica Triglav retains the contractual rights to cash flows from the financial asset and assumes the obligation to pay cash flows to one or several payees by agreement;
- the Company transfers the contractual rights to cash flows from the financial asset, and:
 - has transferred all of the risks and benefits arising from the financial asset, or
 - has not retained or transferred the risks and benefits arising from the financial asset, but has transferred control over that asset.

2.10. Reinsurers' share of technical provisions

Reinsurers' share of technical provisions is an asset arising from reinsurance contracts.

The value of these assets is measured based on the expected losses, i.e. claims provisions for reinsured claims in accordance with reinsurance contracts and taking into account unearned premiums.

Assets from reinsurance contracts are derecognised when the rights from the underlying insurance contracts expire or are transferred to a third party.

2.11. 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.

2.12. 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.

2.13. Cash and cash equivalents

Cash and cash equivalents include cash at bank and cash in hand.

2.14. Impairment

Intangible assets and property, plant and equipment

At the reporting date, the value of intangible assets is estimated to determine whether there are any objective signs of impairment. In the event there are objective signs of impairment, the recoverable amount is assessed. 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.

Sign of impairment of property, plant and equipment are reviewed annually. In the event there are any signs of impairment, the recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) is assessed. If the recoverable amount exceeds the carrying value, the assets are not impaired.

If the carrying amount of an asset or group of assets exceeds their recoverable amount, an impairment loss is recognised in the amount equalling the difference between the two.

For material assets, impairments are assessed on an individual basis. The impairment of the remaining financial assets is carried out collectively, on the basis of the nature of their exposure to risk.

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.

Investment property

The value of investment property is estimated on an annual basis in order to determine whether there are any objective signs of impairment. In the event of any sign of impairment of

investment property, the recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) is assessed. If the carrying amount of investment property exceeds its recoverable amount, an impairment loss is recognised in the amount equalling the difference between the two.

Financial assets

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.

The impairment loss of an available-for-sale financial asset is calculated on the basis of its current fair value. If there is objective evidence of the impairment of an available-for-sale financial asset, the accumulated loss, previously recognised in other comprehensive income, is transferred to the income statement. For equity securities, 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 nine months). For debt securities, 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 of equity securities, 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. Impairment may be reversed if such reversal can be objectively related to an event occurring after the previous 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 by 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

Zavarovalnica Triglav tests the reinsurers' share of technical provisions (assets from reinsurance contracts) 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, which shows that the amounts due from reinsurers in accordance with a contract may not be recovered, and that 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.

2.15. Equity

Share capital equals the nominal value of paid-up ordinary shares, denominated in euros.

When Zavarovalnica Triglav acquires its own shares, their value is disclosed as a deduction from equity. The same amount is then allocated to treasury share reserves as required by the Companies Act (hereinafter: ZGD-1).

A share premium is formed from the paid-in capital surplus and other capital contributions in line with the Memorandum and Articles of Association. A share premium also includes amounts resulting from the introduction of IFRS (the reversal of a general equity revaluation adjustment).

Reserves from profit are legal reserves, statutory and other reserves and credit risk equalisation reserves.

Statutory reserves may represent up to 20% of Zavarovalnica Triglav's share capital. They are formed by the Management Board transferring 5% of net profit to statutory reserves in any business year, decreased by any amounts used for covering losses and allocations 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.

Legal reserves are formed and used in line with the Companies Act (ZGD-1). Together with share premium, they have to amount to no less than 10% of the Company's share capital. They represent tied-up capital set aside in order to protect creditors' interests.

According to the Companies Act, the Management Board of Zavarovalnica Triglav may allocate net profit for the current year to other profit reserves, however only up to one half of the net profit remaining after statutory allocations.

Credit risk equalisation reserves are formed and calculated in line with the Insurance Act. The Insurance Act defines equalisation reserves as a liability and requires that they be recognised under insurance technical provisions and formed or used through the income statement. As this is not in compliance with IFRS, Zavarovalnica Triglav discloses equalisation reserves under reserves from profit in accordance with IFRS and forms them from profit for the year in the statement of changes in equity.

2.16. 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 Company's bankruptcy or liquidation. Subordinated liabilities are measured at amortised cost.

2.17. Classification of insurance and financial contracts

All products in the portfolio of the Triglav Group are classified as insurance contracts, because all of the products bear significant insurance risk or the insurance premium arising from these contracts is of immaterial importance in the total portfolio. The significance is determined on the basis of additional payments upon the occurrence of a loss event. The significance of additional amounts is assessed by comparing the greatest difference between the value of the payment in the event of a loss event and the payment in other cases. Percentages from 105% to 110% are used for the assessment of significance. Other contracts, i.e. asset management contracts and rental contracts are of immaterial importance for disclosure purposes.

For the purpose of accounting for assets covering liabilities that arise from insurance contracts, in addition to assets backing liabilities, four long-term business funds have been formed: a long-term business fund for unit-linked products, a long-term business fund for supplementary voluntary pension insurance, a long-term business fund for supplementary voluntary pension insurance during the annuity pay-out period and a combined long-term business fund for life, annuity and voluntary pension insurance.

2.18. 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 in which the expiry of insurance coverage is agreed to be more than one year after the insurance policy is taken out. Unearned premiums are calculated both for life and non-life insurance contracts.

Claims provisions

Claims provisions are formed for claims incurred but not settled until the reporting date. Claims provisions are formed for reported claims as well as for unreported and inadequately reported claims.

Provisions for reported claims are set aside on the basis of individual loss files. Provisions for non-life annuities in Zavarovalnica Triglav are calculated as a capitalised annuity value based on the German mortality tables of 1994 and an interest rate of 2.75%, as prescribed by the regulator.

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.

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

Mathematical provisions

Mathematical provisions for life, annuity, pension and unit-linked products are calculated separately for each individual policy. For life, annuity and pension contracts in the payout

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 previous business years, based on the terms and conditions of the underlying contracts.

Zavarovalnica Triglav also includes a portion of fair value reserve of available-for-sale financial assets, which will be distributed among policyholders after maturity, in mathematical provisions. The principle of shadow accounting is applied. At initial recognition all effects from the fair value measurement of available-for-sale financial assets are recorded in other comprehensive income. The sums are then transferred to mathematical provisions on the reporting date, as follows:

- the entire fair value reserve from available-for-sale financial assets (disclosed as investment in the fund covering the Supplementary Voluntary Pension Insurance Fund (SVPI)) is transferred from other comprehensive income to mathematical provisions;
- An 80% portion of the entire fair value reserve from available-for-sale financial assets (disclosed as investment in the life insurance long-term business fund) is transferred from other comprehensive income to mathematical provisions;
- a 70% portion of positive fair value reserve from AFS financial assets (disclosed as investments from the long-term business fund backing supplemental pension insurance during the annuity payout period) is transferred from other comprehensive income to mathematical provisions.

The applied assumptions and other parameters are presented in greater detail in Section 3.

Other insurance technical provisions

Provisions for bonuses 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 pre-set criteria are used to calculate the amount of premium that will be reimbursed by Zavarovalnica Triglav to those beneficiaries who meet the above-mentioned criteria.

Provisions for cancellations represent that part of unearned premiums 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 for which, based on experience, it is assumed that the amount of unearned premiums will not suffice for covering all future claims.

2.19. Employee benefits

Employee benefits comprise provisions for jubilee and retirement benefits. The calculation of these provisions is made by using the actuarial evaluation method, i.e. the method of the estimated relevance of units or the method including profit proportionally to the work carried out. In line with IAS 19, the calculation is based on the following actuarial assumptions:

- demographic variables (employee mortality and labour turnover),
- financial assumptions, such as:
 - discount rate with reference to the yield curve published by the European Central Bank as at the reporting date and estimates of
 - future salary increases taking into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the labour market.

Provisions for unused annual leave equal the amount of the total gross wage due for the period when leave was not taken. The amounts of provisions are undiscounted.

Retirement benefits and jubilee payments are upon payment recognised as operating expenses (labour costs) in the income statement. All changes of these provisions due to payments or additional provisioning are recognised in the same way. Provision adjustments due to an increase or decrease in the current value of a liability caused by changed actuarial assumptions or experience adjustments are recognised as actuarial gains and losses in other comprehensive income, i.e. only the part arising from provisions for retirement benefits.

2.20. Other financial liabilities

At initial recognition financial liabilities are measured at the cost arising from relevant underlying documents. They are decreased by paid amounts and increased by accrued interest. In the financial statement financial liabilities are disclosed at amortised cost.

2.21. 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.

2.22. Premium income

Net premium income is calculated on the basis of gross written premium, reduced by reinsurers' share and adjusted depending on the change in gross provisions for unearned premiums taking into account the reinsurers' share in provisions for unearned premiums. The invoiced premium serves as the basis for recognising the gross written premium.

2.23. 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 recognised 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.

2.24. Other income from insurance operations

Other income from insurance operations represents fees and commission income (asset management fees and reinsurance commissions) and includes other income from insurance operations (income from green card sales, loss adjustment services, assistance services and other). This income is recognised in the income statement once a service has been provided and/or invoiced.

2.25. Other income

Other income includes investment property income, income from intangible assets and property, plant and equipment, as well as other operating income not directly related to insurance operations. Other income is recognised in the income statement when an invoice is issued.

2.26. Claims incurred

Net claims incurred 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 claims provisions, 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.

2.27. Other operating costs and costs of insurance contract acquisition

Gross operating costs are recognised as original expenses by nature. 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 expenses, while insurance contract acquisition costs and other operating costs are disclosed separately in the statement. Total operating costs are disclosed according to nature and function.

2.28. Expenses from financial assets

Expenses from financial assets are interest expenses, fair value losses, net realised losses on the disposal of 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 realised loss.

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.

2.29. Other insurance expenses

Other insurance expenses include losses arising from the impairment of receivables, fire protection tax, prevention expenses and other insurance-related expenses. Other insurance expenses are disclosed in the income statement once a service is provided.

2.30. Other expenses

Other expenses comprise other expenses not directly arising from insurance operations. Other expenses are disclosed in the income statement once a service is provided.

2.31. Leases

A lease is a contractual relationship, calling for the lessee to pay the lessor for the right to use an asset for a specified period of time.

A lease is classified as a finance lease if almost all risks and rewards incidental to ownership of the leased asset are transferred to the lessee. A lease that is not a financial lease is an operating lease. In case of an operating lease, the book value of the leased asset is increased by initial direct expenses, incurred upon the lease brokerage, and is recognised in the lease period on the same basis as rental income. Rents are recognised as income in the period in which they are generated.

2.32. Taxes

Tax expense for the year comprises current income tax and deferred taxes.

Current income tax is charged at the presently applicable 17% tax rate.

The 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 or other comprehensive income. Deferred tax is not recognised in the case of permanent impairment of investments in subsidiaries.

2.33. Standards and interpretations

The accounting policies, used in the preparation of the financial statements are consistent with those of the annual financial statements for the year ended 31 December 2012, except for new and amended standards as of 1 January 2013, as presented below.

New standards and interpretations

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (OCI)

The amendment becomes effective for annual periods beginning on or after 1 July 2012. The amendment to IAS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time (for example, upon derecognition or settlement) are presented separately from items that will never be reclassified. The amendment does not change the nature of the items that were recognized in OCI, nor do they impact the determination of whether items in OCI are reclassified through profit and loss in future periods. The amendment affects presentation only and there is no impact on the Zavarovalnica Triglav financial position or performance.

IAS 19 Employee benefits (revised)

The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The more significant changes include the following: for defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e. the corridor approach) has been removed; there are new or revised disclosure requirements which include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption; termination benefits are recognized at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognized under IAS 37; the distinction between short-term and other long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement to the benefits. This standard is effective for annual periods beginning on or after 1 January 2013. Revised standard has no impact on the Zavarovalnica Triglav financial position or performance.

IFRS 7 Financial Instruments: Disclosures (Offsetting Financial Assets and Financial Liabilities)

The amendment is effective for annual periods beginning on or after January 1, 2013. This amendment requires an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set-off in accordance with IAS 32. The amendment has no impact on the Zavarovalnica Triglav financial position or performance.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted.

Fair value under IFRS 13 is defined as »the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date« (i.e. »an exit price«). »Fair value« as used in IFRS 2 Share-based Payments and IAS 17 Leases is excluded from the scope of IFRS 13.

The standard provides clarification on a number of areas, including the following:

- Concepts of »highest and best use« and »valuation premise« are relevant only for non-financial assets
- Adjustments for blockage factors (block discounts) are prohibited in all fair value measurements
- A description of how to measure fair value when a market becomes less active

New disclosures related to fair value measurements are also required to help users understand the valuation techniques and inputs used to develop fair value measurements and the effect of fair value measurements on profit or loss. The standard has no impact on the Zavarovalnica Triglav financial position or performance.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. If the benefit from the stripping activity is realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity recognizes these costs as a non-current asset, only if certain criteria are met. This is referred to as the »stripping activity asset«. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part. The interpretation is effective for annual periods beginning on or after 1 January 2013. The new interpretation has no impact on Zavarovalnica Triglav financial position or performance.

New IFRS Standards and Interpretations either not yet Effective or not yet Adopted by the EU

In compliance with the requirements of IFRSs and subject to the endorsement by the EU, the Zavarovalnica Triglav will have to apply in future periods the following amended and revised standards and interpretations. The Zavarovalnica Triglav, d.d. is currently assessing the potential impacts of the new and revised standards and interpretations that will be effective or adopted by the EU from 1 January 2014 or later.

IAS 28 Investments in Associate and Joint Ventures (revised)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment does not have a significant impact on the financial position or performance of the Group. The standard has no impact on the Zavarovalnica Triglav financial position or performance.

IAS 32 Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities)

In December 2011, IASB issued an amendment to IAS 32, which is intended to clarify existing application issues relating to the offsetting rules and reduce level of diversity in current practice. The amendment is effective for financial statements beginning on or after January 1, 2014. The amendments clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract, including the reporting entity itself. The IAS 32 offsetting criteria require the reporting entity to intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendment clarifies that only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement and, therefore, meet the net settlement criterion. The Zavarovalnica Triglav, d.d. does not expect the amendment will have an impact on the Zavarovalnica Triglav financial statements.

IAS 36 Impairment of Assets (Recoverable Amount Disclosure for Non-Financial Assets)

The amendment clarifies the disclosure requirements in respect of fair value less costs of disposal. When IAS 36 Impairment of Assets was originally changed as a consequence of IFRS 13, the IASB intended to require disclosure of information about the recoverable amount of impaired assets if that amount was based on fair value less costs to sell. An unintended consequence of the amendments was that an entity would be required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. This requirement has been deleted by the amendment.

In addition, the IASB added two disclosure requirements:

- Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal.
- Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendment harmonises disclosure requirements between value in use and fair value less costs of disposal.

The amendment is effective for financial statements beginning on or after 1 January 2014. The Zavarovalnica Triglav does not expect the amendment will have an impact on the Zavarovalnica Triglav financial statements.

IAS 39 Financial Instruments: Recognition and Measurement (Novation of Derivatives and Continuation of Hedge Accounting)

The amendment provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument.

The amendment covers novations:

- That arise as a consequence of laws or regulations, or the introduction of laws or regulations
- Where the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties
- That did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing.

All of the above criteria must be met to continue hedge accounting under this exception. The amendments cover novations to central counterparties, as well as to intermediaries such as clearing members, or clients of the latter that are themselves intermediaries. For novations that do not meet the criteria for the exception, entities have to assess the changes to the hedging instrument against the derecognition criteria for financial instruments and the general conditions for continuation of hedge accounting.

The amendment is effective for financial statements beginning on or after January 1, 2014. The Zavarovalnica Triglav, d.d. does not expect the amendment will have an impact on the Zavarovalnica Triglav, d.d. financial statements.

IFRS 9 Financial Instruments – Classification and measurement

The IFRS 9 was originally issued in November 2009 and is intended to replace IAS 39 Financial Instruments: Recognition and measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. In October 2010 the IASB added to IFRS 9 the requirements for classification and measurement of financial liabilities and derecognition of financial assets and liabilities. Most of the requirements in IAS 39 for classification and measurement of financial liabilities and derecognition of financial assets and liabilities were carried forward unchanged to IFRS 9. The standard eliminates categories of financial instruments currently existing in IAS 39: available-for-sale and held-to-maturity. According to IFRS 9 all financial assets and liabilities are initially recognized at fair value plus transaction costs.

Financial assets

Debt instruments may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if:

- The asset is held within a business model that has the objective to hold the assets to collect the contractual cash flows
- and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

All other debt instruments, where the above mentioned conditions are not met, are subsequently measured at fair value.

All equity investment financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity instruments held for trading must be

measured at fair value through profit or loss. Entities have an irrevocable choice of recognizing changes in fair value either in OCI or profit or loss by instrument for all other equity investment financial assets.

Financial liabilities

For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

Hedge accounting

a new chapter on hedge accounting has been added to IFRS 9. This represents a major overhaul of hedge accounting and puts in place a new model that introduces significant improvements principally by aligning the accounting more closely with risk management. There are also improvements to the disclosures about hedge accounting and risk management.

The standard does not currently indicate the mandatory effective date. The IASB decided to defer the mandatory effective date of IFRS 9 until the date of the completed version of IFRS 9 is known. The standard has not yet been endorsed by EU.

The adoption of IFRS 9 will have an effect on the classification and measurement of the Zavarovalnica Triglav, d.d. financial assets and liabilities. The Zavarovalnica Triglav, d.d. will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special Purpose Entities, which resulted in SIC-12 being withdrawn. IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures, and associates in separate financial statements.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Control exists when an investor has:

- Power over the investee (defined in IFRS 10 as when the investor has existing rights that give it the current ability to direct the relevant activities)
- Exposure, or rights, to variable returns from its involvement with the investee
- and
- The ability to use its power over the investee to affect the amount of the investor's returns.

This standard becomes effective for annual periods beginning on or after 1 January 2013. The endorsement process within EU adopted the standard and decided that the standard should be applied, at the latest, as from the commencement date of a financial year starting on or after 1

January 2014. The Zavarovalnica Triglav, d.d. does not expect the standard will have a significant impact on current Zavarovalnica Triglav interests in entities.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers.

Joint control under IFRS 11 is defined as the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. »Control« in »joint control« refers to the definition of »control« in IFRS 10. IFRS 11 also changes the accounting for joint arrangements by moving from three categories under IAS 31 to the following two categories:

- Joint operation - An arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. In respect of its interest in a joint operation, a joint operator must recognize all of its assets, liabilities, revenues and expenses, including its relative share of jointly controlled assets, liabilities, revenue and expenses.
- Joint venture - An arrangement in which the parties with joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. The option in IAS 31 to account for joint ventures (as defined in IFRS 11) using proportionate consolidation has been removed.

Under these new categories, the structure of the joint arrangement is not the only factor considered when classifying the joint arrangement as either a joint operation or a joint venture, which is a change from IAS 31. Under IFRS 11, parties are required to consider whether a separate vehicle exists and, if so, the legal form of the separate vehicle, the contractual terms and conditions, and other facts and circumstances.

This standard becomes effective for annual periods beginning on or after January 1, 2013. The endorsement process within EU adopted the standard and decided that the standard should be applied, at the latest, as from the commencement date of a financial year starting on or after 1 January 2014. Zavarovalnica Triglav does not expect the standard will have a significant impact on current Zavarovalnica Triglav interests in other entities, but may affect the treatment of future arrangements.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Some of the more extensive qualitative and quantitative disclosures of IFRS 12 include: provision of summarized financial information for each subsidiary with a material non-controlling interest; description of significant judgments used by management in determining control, joint control and significant influence, and the type of joint arrangement (i.e. joint operation or joint venture); provision of summarized financial information for each individually material joint venture and associate; and description of the nature of the risks associated with an entity's interests in unconsolidated structured entities.

This standard becomes effective for annual periods beginning on or after 1 January 2013 and may affect the disclosures in the notes to financial statements. The endorsement process within EU adopted the standard and decided that the standard should be applied, at the latest, as from the commencement date of a financial year starting on or after 1 January 2014. The standard affects presentation only and there is no impact on the Zavarovalnica Triglav financial position or performance.

Investment Entities (Amendments to IFRS 10, IFRS 12, IAS 27 and IAS 28)

In October 2012 IASB issued the amendments that are effective for annual periods beginning on or after 1 January 2014. These amendments will apply to investments in subsidiaries, joint ventures and associates held by a reporting entity that meets the definition of an investment entity. An investment entity will account for its investments in subsidiaries, associates and joint ventures at fair value through profit or loss in accordance with IFRS 9 (or IAS 39, as appropriate), except for investments in subsidiaries, associates and joint ventures that provide services that relate only to the investment entity, which would be consolidated or accounted for using the equity method, respectively. An investment entity will measure its investment in another controlled investment entity at fair value. Non-investment entity parents of investment entities will not be permitted to retain the fair value accounting that the investment entity subsidiary applies to its controlled investees. For non-investment entities, the existing option in IAS 28, to measure investments in associates and joint ventures at fair value through profit or loss, will be retained. The Zavarovalnica Triglav is currently assessing the impact that this standard could have on the Zavarovalnica Triglav financial position and performance.

IFRIC 21 Levies

The interpretation is applicable to all levies other than outflows that are within the scope of other standards (e.g., IAS 12) and fines or other penalties for breaches of legislation. Levies are defined in the interpretation as outflows of resources embodying economic benefits imposed by government on entities in accordance with legislation. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability is recognized before the specified minimum threshold is reached. The interpretation does not address the accounting for the debit side of the transaction that arises from recognizing a liability to pay a levy. Entities look to other standards to decide whether the recognition of a liability to pay a levy would give rise to an asset or an expense under the relevant standards. The interpretation is effective for annual periods beginning on or after 1 January 2014. The Zavarovalnica Triglav is currently assessing the impact that this interpretation could have on the Zavarovalnica Triglav financial position and performance.

3. MAIN ASSUMPTIONS

The main assumptions used for measuring the value of insurance contracts and non-tradable financial assets are described below.

3.1. Parameters and assumptions in calculating life insurance provisions

3.1.1. Life and annuity insurance

For the valuation of life and annuity insurance contract liabilities, 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. This applies to all life and annuity insurance policies which include a fixed interest rate guarantee of 4% or 4.5% and where liabilities are valued using a lower interest rate prudently set at 3.8%. The same is true for annuity insurance policies where Zavarovalnica Triglav values liabilities by applying the German annuity mortality tables of 1994 instead of the German annuity mortality tables of 1987, which were used for premium calculations in the past. During the payout period of pension annuities, Zavarovalnica Triglav values liabilities at an interest rate ranging from 2.75% to 3.80%. 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.

3.1.2. 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 2% p.a. and 4.5% p.a. For the pension annuity pay-out period, a prudently set lower interest rate of 3.75% is applied to contracts containing a fixed interest rate guarantee of 4% or 4.5% p.a. For the purpose of valuing its liabilities during the pay-out period of pension annuities bearing an interest rate from 2.75% p.a. to 3.80% p.a., instead of the legally allowed German mortality tables of 1987 Zavarovalnica Triglav applies the German mortality tables of 1994, which are more conservative.

3.1.3. Supplementary voluntary pension insurance (SVPI)

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 that will change later and increase the value of liabilities, primarily when valuing liabilities arising from pension annuity pay-outs. For valuation purposes, instead of the legally allowed German mortality tables of 1987, Zavarovalnica Triglav applies the more conservative German mortality tables of 1994. During the accumulation period, the Company guarantees 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, Zavarovalnica Triglav values its liabilities at an interest rate ranging from 3.75% to 3.75%.

3.1.4. 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 the Company forms additional provisions to cover contractual risk payments under basic and additional policies as well as additional insurance technical provisions for credit risks.

3.2. 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.

3.2.1. Grouping life insurance products into homogenous groups for the LAT test

Insurance contracts are segmented into homogenous groups, which are exposed to similar risks and kept within the same portfolio. As a rule, insurance contracts are grouped according to their insurance classes:

- traditional life insurance,
- unit-linked life insurance, and
- capital redemption insurance (supplementary voluntary pension insurance).

Potential losses are tested per individual homogenous group. Any established loss is recognised as an increase in provisions and an expense on the income statement.

3.2.2. Parameters and assumptions applied to life insurance

Mortality, longevity and morbidity assumptions

Assumptions regarding mortality, longevity and morbidity rates are based on an internal analysis of the Company's life insurance portfolio, on the data of national statistical offices, the data of reinsurers and other sources.

Persistency

The model takes into account the lapse rates determined on the basis of analysis of past experience. Zavarovalnica Triglav continuously monitors the persistency of insurance policies by duration and type of insurance, and adapts its 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 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 yield and discount rate

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, Zavarovalnica Triglav applied the yield curve of Slovene government debt securities denominated in euro as at 31 December 2013. The reference value for the 10-year term is 4.85%.

Profit participation

The determination of the profit participation rate is at the discretion of Zavarovalnica Triglav and is regulated by internal rules adopted by the Management Board. The estimated future allocation of surpluses is 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 15% of supplemental

voluntary pension insurance policyholders and 50% of voluntary pension insurance policyholders will choose to receive a pension annuity, while the rest will opt for a lump-sum payout.

3.2.3. Results of the liability adequacy test for life insurance

Liability adequacy tests based on available data show that provisions formed are adequate.

3.2.4. 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%,
- an increase in expenses by 10%,
- an increase in the annuisation rate by 10%.

Test results for all the above stated scenarios have proven that the level of provisions defined on the basis of the current value of the expected future liabilities – also when new parameters are applied – is lower than the existing level of provisions. The Company would not have needed to form additional provisions, even if more conservative parameters than the ones described above had been used in testing the adequacy of provisioning levels.

3.3. 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 during the term of the insurance contract 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 types 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 in Zavarovalnica Triglav are calculated as the sum of total claims reported but not settled (RBNS) and incurred but not reported (IBNR) claims. The majority of provisions for incurred but not reported claims are calculated using the run-off triangles 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 the entire amount of incurred but not reported claims. In order to ensure an up-to-date calculation of the actual amount of claims after mass loss event, additional provisions for IBNR or insufficiently reported claims after mass loss events are formed, based on a joint assessment by actuaries and the department in charge of insurance claims.

Claims provisions also include provisions for annuities in the case of liability insurance. Provisions for these claims were calculated as a capitalised annuity value as at the cut-off date based on applicable mortality tables and an interest rate of 2.75%.

3.4. Liability adequacy test (LAT) for non-life insurance

Zavarovalnica Triglav forms unexpired risk provisions as additional provisions that cover provisions for unearned premiums for risks occurring after the end of the business year, as well as for claims and administrative costs related to the existing insurance contracts. These provisions are defined as the difference between the amount actually needed for covering unexpired risk and provisions for unearned premiums.

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. The calculated level of discounted cash flows is then compared with the amount of established provisions for unearned premiums.

The results of tests show that the level of unearned premiums reserves, together with the level of unexpired risk reserves, is sufficient.

3.5. Parameters and assumptions applied in measuring the value of subsidiaries, associates and other non-market entities

3.5.1. Identifying impairment loss of subsidiaries

Zavarovalnica Triglav recognises its subsidiary holdings in separate accounting statements, measured at historical cost. The impairment recognition is based on IAS 36 which provides the recoverable amount of an asset or a cash-generating unit as the higher of the two items:

- its fair value less costs to sell; or
- its value in use.

The valuation was made in compliance with the International Valuation Standards (IVS 2011) and the International Valuation Application (IVA).

Recognising the impairment of insurance subsidiaries

When recognising an impairment, it is first ascertained whether there are any indications of impairment. In this exercise, indications from external sources of information (significant changes in the environment with an adverse effect on the entity, changes in market interest rates and return on investment of assets likely to affect the recoverable amount of assets, unexpected drops in market values of assets) and indications from internal sources of information (statutory changes, changes in the management and scope of operations, poorer

performance of the company) are considered. In the event there are objective signs of impairment, the recoverable amount is assessed.

Sign tests and impairment tests are carried out by external certified and internal valuers 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;
- the latest best assessment of the management approved by other management bodies up to 2017 in terms of plan attainment, with a potential negative correction by a professional valuator, primarily in view of changed macroeconomic and institutional market data as at the valuation date and/or applying to a forecast period, and taking into account the results of any previous plan attainment analysis;
- documentation and information acquired from the management and other key persons for company valuation;
- professional assessments by internal departments of Zavarovalnica Triglav.

The valuation is based on the following key assumptions:

- long-term convergence of the economic and insurance environment towards more developed, comparable and/or neighbouring countries, considering international financial institutions' forecasts of potential development scenarios and interdependent comparisons with development realised in more developed comparable countries;
- realisation of approved plans for the period up to 2017 after corrections, if any, based on the analysis of changed circumstances, previous failures to meet plans and the appraisal of the management's capacity to attain the plan.

In 2013, investments in both insurance companies, Pozavarovalnica Triglav RE d.d., Ljubljana and Triglav Zdravstvena zavarovalnica d.d., Koper, were tested for impairment indications. No impairment indications were detected for either investment.

Impairment indications were identified in the investment in the insurance holding Triglav INT d.d., Ljubljana, due to individual investment impairments. The capital of Triglav INT d.d., Ljubljana is invested in 7 subsidiary insurance companies outside Slovenia which together make the Triglav Group. In all individual investments impairment indications were confirmed except in Triglav Osiguranje d.d., Sarajevo. The indications were mainly non-achievement of

plans set for 2013, operating losses, lower profit prospects up to 2017 and the need to correct plans due to the similarity between new plans and previous ones, where considerable negative divergences occurred in terms of results. Impairment tests showed that impairment losses need to be recognised as follows: Lovćen Osiguranje d.d., Podgorica, by EUR 8,799,329, Triglav Osiguranje a.d., Belgrade, by EUR 4,601,220 and Triglav Pojišt'ovna a.s., Brno, by EUR 2,000,000. As a result, an impairment test of the individual investment in Triglav INT d.d., Ljubljana, was performed, showing the need for impairment of EUR 15,400,549.

The same procedures for identifying impairment indications and impairment testing methods were used for all subsidiary insurance companies of Triglav INT d.d., Ljubljana. The discounted expected available cash flow method was applied to value the investments in insurance companies. The asset accumulation method (i.e. adjusted net asset method) was used to determine the value of the investment in the insurance holding.

Recognising the impairment of non-insurance subsidiaries

In 2013, the impairment indications of financial investments in all non-insurance subsidiaries were tested. The same procedures were used for testing these impairment indications as those for testing the impairment indications in insurance subsidiaries. Impairment indications were found in Triglav naložbe, finančna družba d.d., where the impairment test showed the need for an impairment of EUR 6,341,448 (due to the impairment of individual investments held by this company), in Triglav nepremičnine d.o.o. where the impairment requirement was EUR 3,657,748 (due to the lower value of real property owned by this company) and in Gradis IPGI d.d. where the test showed the need for an impairment of EUR 1,224,830 (due to the lower value of real property owned by this company). Impairment indications were not found in other non-insurance companies.

Material parameters used to assess the value of financial investments in subsidiaries

Financial investment type	Value assessment method	Material parameters	% of parameter applied	Sensitivity measurement range	Sensitivity measurement result (in EUR million)
INSURANCE SUBSIDIES					
	DCF	g (growth rate in the constant growth period)	2%	+/- 1 percentage point	- 2.8 / + 3.3
		operating margin before tax in the constant growth period (net profit/ gross premium)	1.2% - 7.4%	+/- 1 percentage point	+/- 8.8
		re – discount rate	11.2% - 20.8%	+/- 1 percentage point	+ 4.1 / -5.0
		discount for the lack of liquidity	10%	+/- 5 percentage points	+/- 4.4
NON-INSURANCE SUBSIDIES					
	DCF	g (growth rate in the constant growth period)	1.75-2.5%	+/-0.5 percentage point	- 1.9 / + 2.3
		EBIT margin (constant growth period)	8.75%	+/- 1 percentage point	+/- 3.8
		re - discount rate	8.0 - 10.7%	+/- 1 percentage point	+ 2.6 / -2.1
		discount for the lack of liquidity	25%	+/- 5 percentage points	+/- 1.4
	NAV	real property price change		+/- 5 percentage points	+/- 3.7

4. RISK REPORT

Risk is defined as the threat or possibility that an action or event will adversely or beneficially affect the Company's ability to achieve its strategic objectives. Risk management, therefore, represents a crucial part of corporate governance, all business processes, culture and operating policies of the Triglav Group.

The risk management system is made of:

- a clear organisational structure of risk management functions and bodies in charge of the credit risk management system;
- a well-defined system of risk management competences and powers.

For more details on the system, process, activities and main objectives of risk management see Section 11.1 of the Management Report.

4.1. Risk governance and risk management system

Risk management is effectively embedded in the entire business process of the Company and in line with the Company's business strategy that defines risk appetites. The integrated risk management system ensures that the typical existing and recurring risks are identified, adequately measured, managed, controlled and reported on an on-going basis.

Major development activities concerning the risk management system in 2013 included:

- the management of exposures to financial institutions and sovereign bonds of EMU countries,
- participation in the development and creation of a data warehouse for more up-to-date reporting and provision of information as a decision-making support for specialised departments and management,
- the development of ALM models for the long-term business funds and assets backing liabilities,
- preparatory activities for the Solvency II Directive and phase 2 of the IFRS 4.

4.2. Capital and capital adequacy management

The amount of available capital for meeting capital adequacy requirements is measured in compliance with the legislation in force. In parallel, capital adequacy is monitored by applying Standard & Poor's model in accordance with the Directive 2010/138/EC of the European Parliament and of the Council (Solvency II). Decisions concerning capital management are supported by the results of all capital models. While capital requirements imposed by regulators constitute a binding constraint, meeting rating agencies' capital requirements represents one of the Company's strategic business objectives.

4.2.1. Legally required capital adequacy

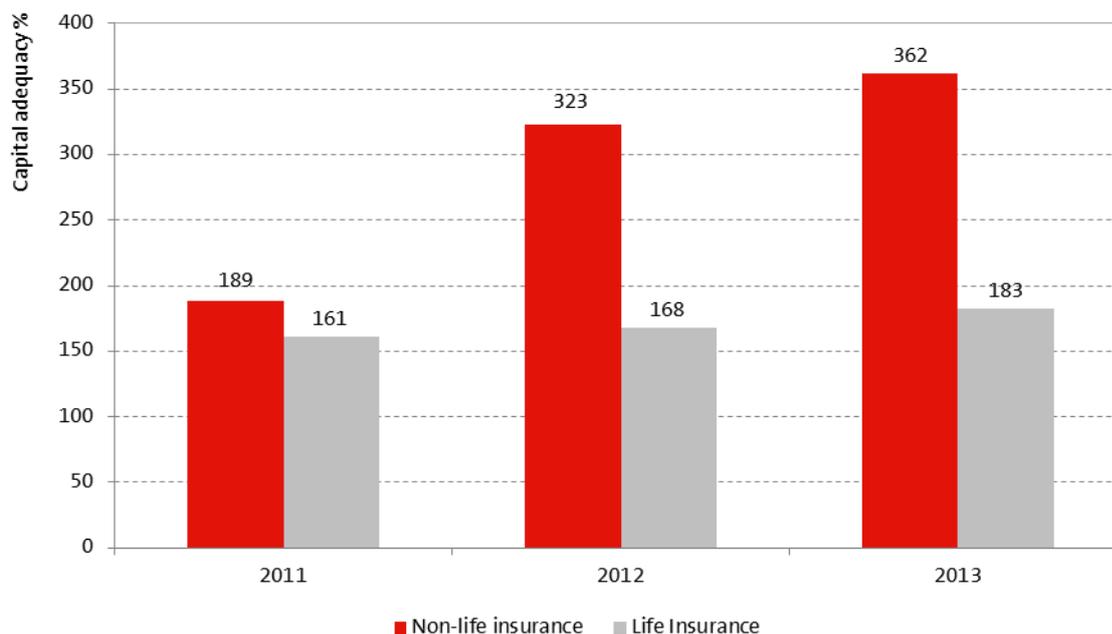
The amount of, and primarily the fluctuations in, the available capital of the Company depend on several factors, such as the structure and nature of services, the volume of premiums, assets and liabilities, market interest rates and other capital market parameters. The Company regularly monitors its capital adequacy in compliance with the legislation in force. The main objective is to maintain a suitable capital level at all times and ensure the sufficiency of the current ratios of long-term business funds and assets backing liabilities, which is also a regulatory requirement in accordance with the applicable legislation.

A certain amount of available capital is kept above the capital requirement for maintaining core business and covering potential losses. Capital surplus offers high protection against losses arising from unexpected adverse events. In addition to measuring current capital adequacy levels, the Company controls the maintenance of planned capital adequacy levels and capital adequacy, which enables it to monitor the effects of the environment on capital adequacy and provide for optimal capital allocation.

As at 31 December 2013, in Zavarovalnica Triglav the minimum required capital to available capital ratio in non-life insurance was 362% (vs. 323% as at 31 December 2012), whereas in life insurance the ratio was 183% (vs. 168% as at 31 December 2012). Throughout 2013, as in previous years, Zavarovalnica Triglav maintained the required capital adequacy.

	in EUR			
	2013		2012	
	Non-life	Life	Non-life	Life
Core capital	314,473,605	78,524,812	319,679,475	74,574,642
Guarantee fund	23,746,174	15,789,080	25,047,684	15,862,657
Available capital	257,747,729	86,566,911	242,406,101	80,058,116
Minimum Capital Requirement	71,238,523	47,367,241	75,143,052	47,587,970
Surplus of available capital	186,509,206	39,199,670	167,263,049	32,470,147
Coverage of Minimum Capital Requirement with available capital (in %)	362	183	323	168

Minimum required capital to available capital ratio in non-life insurance of Zavarovalnica Triglav



4.2.2. Rating agency capital adequacy

Decisions on capital management also depend on the capital models which serve as a basis for credit rating. Zavarovalnica Triglav is rated by the credit rating agencies S&P and A.M. Best. As at 31 December 2013 the credit rating of Zavarovalnica Triglav was »A-« (FSR, ICR).

4.3. Financial risk and sensitivity analysis

In the assets and liabilities management of long-term business funds and assets backing liabilities in reinsurance transactions and in the funding of its operations within the scope of capital management, the Company is exposed to the following main financial risk types (see Section 11.4 of the Management Report):

- equity and interest rate risk (sections 4.3.2. and 4.3.3.)
- credit risk (section 4.3.6); and
- liquidity risk (section 4.3.4).

Financial risks are managed through a system of clearly defined competences and powers that includes a scheme of exposure limits and a reporting process. Exposure limits are approved by the Assets and Liabilities Committee (ALCO) The financial risk management process includes conducting investment policies for individual long-term business funds and assets backing liabilities of the Company. Investment policies account for the nature and characteristics of Zavarovalnica Triglav's liabilities in order to optimise asset spread and thus maximise return. Details of the ALM process are given in the next section.

The breakdown of Zavarovalnica Triglav's financial assets portfolio by industry is shown in the table below.

Industry	31 December 2013	Percentage	31 December 2012	Percentage
(Raw) materials	38,165,848	1.85 %	45,352,040	2.19%
Communications	66,690,257	3.23 %	58,735,686	2.83%
Cyclical activities	42,826,548	2.07 %	40,099,458	1.93%
Non-cyclical activities	118,349,151	5.73 %	97,084,322	4.68%
Highly diversified activity - conglomerates	6,714,165	0.33 %	9,183,072	0.44%
Energy	46,792,330	2.27 %	50,400,824	2.43%
Finance	528,291,650	25.59 %	512,122,302	24.71%
Manufacturing	48,490,929	2.35 %	53,670,374	2.59%
Technology	1,238,644	0.06 %	0	0%
Goods and services of public interest	68,816,392	3.33 %	53,179,983	2.57%
EMU countries	705,551,108	34.17 %	755,722,057	36.46%
EU countries (except EMU)	45,256,900	2.19 %	45,208,521	2.18%
Other countries	12,592,455	0.61 %	21,850,791	1.05%
Small businesses and households	599,353	0.03 %	416,954	0.02%
No data**	334,154,300	16.19 %	329,897,617	15.91%
TOTAL	2,064,530,031	100.00 %	2,072,924,002	100.00%

*Percentages are calculated on the basis of carrying amounts

**Including investments in regional financial funds

The bulk of financial assets is bonds issued by EMU member states (34.17%) followed by investments in the financial sector (25.59%). The detailed structure of debt securities in the portfolio of Zavarovalnica Triglav is shown in Section 4.3.6 that refers to credit risk.

In 2013, hedging against different types of financial risks included the application of derivative financial instruments. The fair value of all derivative financial instruments as at 31 December 2013 amounted to EUR 2,271,954 (vs. EUR 1,820,661 as at 31 December 2012).

4.3.1. Market risks and asset-liability management of insurance portfolios

A description of market risks, related processes, methods and tools used for managing this type of risk can be found in the Business report in Sections 11.4.1.

In assets and liabilities management, Zavarovalnica Triglav is most exposed to interest rate and equity risks on the assets side. To a lesser extent, the Company is also exposed to the regulatory risk of potential changes in the minimum standard for setting the applicable technical interest rate for calculating mathematical provisions on the existing insurance portfolio.

Sections 4.3.2 and 4.3.3 show the results of the sensitivity analysis of Zavarovalnica Triglav's financial assets for both major risks and their impact on the comprehensive income and income statement of the Company.

4.3.2. Interest rate risk

Interest rate risk is the risk of changes in market interest rates affecting the value of interest-sensitive assets, as well as the risk that interest-sensitive assets and interest-sensitive liabilities reach their maturity at different times at different values. Zavarovalnica Triglav is also exposed to reinvestment risk which arises for interest-sensitive assets yielding coupons in the period up to maturity, depending on the structure of the individual instruments. In the scope of asset-liability management (see Section 11.4.2.), the Company keeps a certain limited level of mismatch between the maturity of assets and liabilities in order to generate part of the return.

The interest rate risk sensitivity analysis includes all financial assets exposed to interest rate risk, i.e. debt securities, classified into »measured at fair value through profit and loss« and »available-for-sale« categories and derivative financial instruments. The value of these assets as at 31 December 2013 amounted to EUR 1,247,592,162 and as at 31 December 2012 EUR to 1,205,220,455. The share of debt securities in the total portfolio is shown in the detailed overview of financial assets per groups of assets in Section 6.6.

The table below shows a sensitivity analysis of the Company's portfolio to interest rate risk, and its impact on the statement of comprehensive income and the income statement.

Type of security	in EUR			
	31 December 2013		31 December 2012	
	+100bp	-100bp	+100bp	-100bp
Government securities	-24,104,406	24,104,406	-22,434,652	22,434,652
Securities issued by financial institutions	-7,954,665	7,954,665	-3,403,743	3,403,743
Securities issued by companies	-19,222,488	19,222,488	-17,092,168	17,092,168
Composite securities	-2,016,871	2,016,871	-2,195,477	2,195,477
Other	10	-10	9,978	-9,978
Total	-53,298,422	53,298,422	-45,116,061	45,116,061
Impact on equity	-47,323,546	47,323,546	-42,409,150	42,409,150
Impact on the income statement	-5,974,875	5,974,875	-2,706,910	2,706,910

The table above shows that it is the positive and negative changes in interest rates that have the strongest effect on the sovereign and corporate securities, which also represent bulk of the Zavarovalnica Triglav portfolio.

4.3.3. Equity risk

Equity risk is the risk of fluctuation in share prices, which affects the carrying value of securities within the Company's portfolio that are sensitive to such fluctuations. A description of the processes, methods and tools used for managing this type of risk can be found in Section 11.4.3. of the Business report. The share of equity securities in the total portfolio is shown in the detailed overview of financial assets per groups of assets in Section 6.6.

The structure of the equity portfolio per type of exposure is shown in the table below. The amounts shown are based on the carrying values of assets.

	in EUR	
	31 December 2013	31 December 2012
Equities in the EU	240,795,130	295,096,716
Equities in the ZDA	0	36,154
Equities in emerging markets	48,717,072	43,973,894
Global equities*	147,395,409	100,140,533
Total	436,907,611	439,247,297

*Globally diversified equity investments

The biggest part of the portfolio of Zavarovalnica Triglav consists of shares of issuers originating from the EU, with their total value as at 31 December 2013 amounting to EUR 240,795,130 EUR. These are followed by globally diversified investments in shares with a total value of EUR 147,395,409 and shares in emerging markets with a total value of EUR 48,717,072 in third place.

The equity portfolio's sensitivity to equity price fluctuations and their impact on comprehensive income and/or the income statement of the Company is shown in the table below.

	in EUR			
	31 December 2013		31 December 2012	
	10%	-10%	10%	-10%
Equities in the EU	24,079,513	-24,079,513	29,509,672	-29,509,672
Equities in the ZDA	0	0	3,615	-3,615
Equities in emerging markets	4,871,707	-4,871,707	4,397,389	-4,397,389
Global equities *	14,739,541	-14,739,541	10,014,053	-10,014,053
Total	43,690,761	-43,690,761	43,924,730	-43,924,730
Impact on equity	7,630,395	-7,371,183	9,473,749	-7,531,475
Impact on the income statement	36,060,366	-36,319,578	34,450,981	-36,393,255

*Globally diversified equity investments

The above analysis demonstrates the sensitivity of the equity portfolio to equity price fluctuations. If the market prices of the shares in the portfolio as at 31 December 2013 were more than 10% above their disclosed values, the equity and profit of Zavarovalnica Triglav would be EUR 7.6 million and EUR 36.1 million higher, respectively. In contrast, if the prices of the shares in the portfolio as at 31 December 2013 were 10% lower, the equity and profit of the Zavarovalnica Triglav would be EUR 7.4 million and EUR 36.3 million lower, respectively.

The breakdown of Zavarovalnica Triglav's equity portfolio by industry is shown in the table below.

Industry	31 December 2013	Percentage	31 December 2012	Percentage
(Raw) materials	4,035,568	0.92%	6,997,423	1.59%
Communications	1,328,542	0.30%	1,044,362	0.24%
Cyclical activities	1,924,220	0.44%	2,612,118	0.59%
Non-cyclical activities	41,518,046	9.50%	33,837,908	7.70%
Energy	5,924,914	1.36%	6,282,833	1.43%
Finance	43,463,674	9.95%	56,598,738	12.89%
Manufacturing	5,984,657	1.37%	3,477,727	0.79%
Goods and services of public interest	80,385	0.02%	90,144	0.02%
No data**	332,647,606	76.14%	328,306,045	74.74%
TOTAL	436,907,611	100.00%	439,247,297	100.00%

* Percentages are calculated on the basis of carrying amounts.

** Including investments in regional financial funds

Due to the established long-term or significant decrease in the fair value of equity securities, Zavarovalnica Triglav, in accordance with International Financial Reporting Standards, impaired certain equity securities in 2013 and 2012. The impact of impairments is described in detail in Section 7.4.

The structure of the equity portfolio by valuation method is shown in the table below.

in EUR				
31 December 2013	Quoted price	Valuation through internal models	Historical cost	TOTAL
Subsidiaries	0	0	159,778,726	159,778,726
Associates	0	9,598,825	38,499	9,637,324
Other financial assets	433,207,225	2,649,483	1,050,902	436,907,611
TOTAL	433,207,225	12,248,307	160,868,127	606,323,660

in EUR				
31 December 2012	Quoted price	Valuation through internal models	Historical cost	TOTAL
Subsidiaries	0	0	185,617,295	185,617,295
Associates	0	12,727,488	39,474	12,766,962
Other financial assets	423,050,923	15,123,465	1,072,910	439,247,298
TOTAL	423,050,923	27,850,953	186,729,678	637,631,555

4.3.4. Liquidity risk

Liquidity risk is the risk or threat of a liquidity mismatch, i.e. the mismatched maturity of assets and liabilities. Such a mismatch can cause liquidity problems or a shortage in liquidity needed to settle due liabilities. Liquidity risk is offset against the volume of highly liquid securities and regular monitoring of projected and actual cash flows from assets and liabilities. In order to obtain additional liquidity when needed, the Company makes use of a number of credit lines with domestic and foreign banks. Details on processes, methods and tools used for managing these types of risks can be found in Section 11.4.4. of the Business report.

The following tables show the maturity structure of Zavarovalnica Triglav's financial assets and liabilities and the level of liquidity risks.

Maturity structure of financial assets and liabilities

31 December 2013

in EUR

FINANCIAL ASSETS	Not defined	Under 1 year	From 1 to 5 years	From 5 to 10 years	Over 10 years	TOTAL
Financial investments in Group companies	159,778,726	0	0	0	0	159,778,726
Financial investments in subsidiaries	9,637,324	0	0	0	0	9,637,324
Financial investments	441,294,325	222,850,223	621,241,585	467,725,802	311,418,095	2,064,530,031
Debt securities	0	127,693,820	588,344,362	456,964,329	283,837,352	1,456,839,863
Held until maturity	0	0	34,484,902	50,723,586	111,887,628	197,096,116
At fair value through profit and loss	0	18,574,067	114,550,457	25,507,006	29,012,584	187,644,115
Available for sale	0	104,351,618	429,653,599	380,733,737	142,937,140	1,057,676,094
Loans and receivables	0	4,768,135	9,655,404	0	0	14,423,539
Investments in shares	436,907,611	0	0	0	0	436,907,611
At fair value through profit and loss	360,603,663	0	0	0	0	360,603,663
Available for sale	76,303,948	0	0	0	0	76,303,948
Financial derivatives	2,040,622	96,487	0	0	134,846	2,271,954
Loans and receivables	2,346,093	95,059,916	32,897,223	10,761,473	27,445,898	168,510,603
Ceded share of technical provisions	0	37,277,712	21,877,378	7,429,747	2,058,514	68,643,351
Receivables from insurance operations	0	102,006,043	0	0	0	102,006,043
Cash	0	5,000,081	0	0	0	5,000,081
TOTAL FINANCIAL ASSETS	610,710,375	367,134,059	643,118,963	475,155,549	313,476,609	2,409,595,556
FINANCIAL LIABILITIES AND PROVISIONS						
Subordinated liabilities	0	0	0	29,956,713	0	29,956,713
Insurance-technical provisions	420,333,091	436,666,826	345,724,381	312,746,291	443,801,614	1,959,272,204
Employee benefits	0	3,415,130	1,390,599	1,441,234	2,212,132	8,459,095
Other financial liabilities	0	1,337,704	0	0	0	1,337,704
TOTAL FINANCIAL LIABILITIES AND PROVISIONS	420,333,091	441,419,660	347,114,980	344,144,238	446,013,746	1,999,025,716
Given financial guarantees	0	0	0	0	0	0

31 December 2012

in EUR

FINANCIAL ASSETS	Not defined	Under 1 year	From 1 to 5 years	From 5 to 10 years	Over 10 years	TOTAL
Financial investments in Group companies	185,617,295	0	0	0	0	185,617,295
Financial investments in subsidiaries	12,766,962	0	0	0	0	12,766,962
Financial investments	441,657,674	266,327,109	669,412,299	422,612,299	272,914,620	2,072,924,001
Debt securities	0	161,141,114	618,719,750	409,394,892	244,531,605	1,433,787,360
Held until maturity	0	3,038,237	25,531,149	52,885,997	117,822,117	199,277,500
At fair value through profit and loss	0	12,743,862	97,321,330	31,510,215	11,529,222	153,104,629
Available for sale	0	131,920,385	477,506,963	324,998,680	115,180,266	1,049,606,294
Loans and receivables	0	13,438,630	18,360,308	0	0	31,798,938
Investments in shares	439,247,297	0	0	0	0	439,247,297
At fair value through profit and loss	344,509,805	0	0	0	0	344,509,805
Available for sale	94,737,492	0	0	0	0	94,737,492
Financial derivatives	0	0	1,519,877	259,744	41,040	1,820,661
Loans and receivables	2,410,377	105,185,995	49,172,672	12,957,663	28,341,975	198,068,682
Ceded share of technical provisions		40,405,618	24,069,075	8,420,386	2,496,478	75,391,557
Receivables from insurance operations	0	98,274,364	0	0	0	98,274,364
Cash	0	2,278,084	0	0	0	2,278,084
TOTAL FINANCIAL ASSETS	640,041,931	407,285,175	693,481,374	431,032,685	275,411,098	2,447,252,263
FINANCIAL LIABILITIES AND PROVISIONS						
Subordinated liabilities	0	8,769,000	0	29,952,260	0	38,721,260
Insurance-technical provisions	404,899,884	456,513,503	381,451,811	291,150,152	456,135,401	1,990,150,751
Employee benefits	0	3,252,014	846,731	1,254,818	2,641,328	7,994,891
Other financial liabilities	0	962,561	0	0	0	962,561
TOTAL FINANCIAL LIABILITIES AND PROVISIONS	404,899,884	469,497,078	382,298,542	322,357,230	458,776,729	2,037,829,463
Given financial guarantees	0	3,086,692	0	0	0	3,086,692

4.3.5. Foreign exchange risk

Zavarovalnica Triglav's exposure to foreign exchange risk is minor, as most of its assets are denominated in euros. Exposure to other currencies represent only 1.75% of the portfolio (31 December 2012: 0.27%).

4.3.6. Credit risk

Credit risk is the risk of loss due to a counterparty's failure to meet its obligations. The main credit risk exposures arise from debt securities holdings and insurance operations (reinsurance credit risk, credit risk of default on receivables from insurance operations). A description of credit risks as well as Zavarovalnica Triglav's processes, methods and tools for managing this type of risk can be found in Section 11.4.6. of the Business report.

Zavarovalnica Triglav's financial assets that may be exposed to credit risk, i.e. financial investments, assets from reinsurance contracts, operating receivables and cash or cash equivalents amounted to EUR 2,409,595,555 as at 31 December 2013 (EUR 2,447,252,263 as at 31 December 2012).

The Company analyses the maturity structure of receivables from insurance operations and on that basis continually monitors its credit risk exposure arising from insurance operations. The table below shows the maturity structure of receivables and the amount of impairment of receivables by maturity group. Receivables from reinsurers' and co-insurers' share in claims include receivables from the reinsurer Pozavarovalnica Triglav Re d.d. in the amount of EUR 8.1 million (vs. EUR 6,9 million in 2012), which is A- rated.

The table below shows the credit-rating structure of debt securities and other fixed return securities.

Credit rating	in EUR	
	31 December 2013	31 December 2012
AAA	290,469,428	329,217,328
AA	106,148,478	51,696,824
A	291,641,817	549,728,987
BBB	610,556,569	320,972,899
BB	41,918,973	45,366,744
B	15,835,043	24,579,026
Less than B	100,269,555	112,225,553
TOTAL	1,456,839,863	1,433,787,361

The table above shows that 27.2 % of the Zavarovalnica Triglav portfolio consists of debt securities with AA or AAA credit ratings. It is also evident that a large part consists of securities with no credit rating (EUR 100 million) that are subject to certain risk exposure limits in line with the company's business policies.

In 2013, the single largest exposure of the Company was to Commerzbank AG, amounting to EUR 63,747,482 (vs. EUR 34,915,741 to Abanka Vipava d.d. as at 31 December 2012).

As at the reporting date the Company's exposure to government securities issued by the Republic of Slovenia was EUR 227.1 million (vs. EUR 247.6 million as at 31 December 2012).

in EUR

31 December 2013	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL AMOUNT
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Receivables from direct insurance operations	54,571,364	23,231	54,548,133	10,631,979	3,513,359	7,118,620	37,351,224	35,715,780	1,635,444	63,302,197
Receivables from insurers	53,576,820	23,209	53,553,611	10,218,528	3,371,586	6,846,942	36,103,827	34,492,567	1,611,260	62,011,814
Receivables from insurance brokers	95,151	0	95,151	148,940	46,354	102,586	99,868	97,928	1,940	199,677
Other receivables from direct insurance operations	899,393	22	899,371	264,510	95,418	169,092	1,147,529	1,125,286	22,243	1,090,706
Receivables from co-insurance and reinsurance operations	9,140,990	0	9,140,990	0	0	0	0	0	0	9,140,990
Premium receivable from co-insurance	626,164	0	626,164	0	0	0	0	0	0	626,164
Premium receivable from reinsurance	0	0	0	0	0	0	0	0	0	0
Receivables from co-insurers' share in claims	63,566	0	63,566	0	0	0	0	0	0	63,566
Receivables from reinsurers' share in claims	8,451,260	0	8,451,260	0	0	0	0	0	0	8,451,260
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0
Other receivables	25,219,122	0	25,219,122	4,692,214	1,779,870	2,912,344	90,119,817	88,688,426	1,431,390	29,562,855
Other short-term receivables from insurance operations	2,524,532	0	2,524,532	4,668,079	1,770,098	2,897,980	89,906,773	88,533,719	1,373,053	6,795,566
Short-term receivables from financing	6,600,828	-231	6,601,059	22,804	9,239	13,565	127,045	70,875	56,170	6,670,794
Other short-term receivables	15,976,264	231	15,976,032	1,331	533	798	85,999	83,831	2,167	15,978,998
Long-term receivables	117,499	0	117,499	0	0	0	0	0	0	117,499
TOTAL	88,931,477	23,231	88,908,246	15,324,193	5,293,229	10,030,964	127,471,040	124,404,207	3,066,834	102,006,043

in EUR

31 December 2012	NOT DUE			OVERDUE UP TO 180 DAYS			OVERDUE OVER 180 DAYS			TOTAL AMOUNT
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Receivables from direct insurance operations	61,176,756	43,965	61,132,791	12,023,576	4,109,450	7,914,126	36,770,321	35,526,178	1,244,143	70,291,060
Receivables from insurers	60,377,768	43,965	60,333,803	11,855,837	4,053,388	7,802,449	35,463,758	34,217,597	1,246,161	69,382,413
Receivables from insurance brokers	140,335	0	140,335	40,393	11,784	28,609	51,719	86,269	-34,550	134,394
Other receivables from direct insurance operations	658,653	0	658,653	127,346	44,278	83,068	1,254,844	1,222,312	32,532	774,253
Receivables from co-insurance and reinsurance operations	8,243,477	0	8,243,477	0	0	0	0	0	0	8,243,477
Premium receivable from co-insurance	875,442	0	875,442	0	0	0	0	0	0	875,442
Premium receivable from reinsurance	0	0	0	0	0	0	0	0	0	0
Receivables from co-insurers ' share in claims	42,252	0	42,252	0	0	0	0	0	0	42,252
Receivables from reinsurers ' share in claims	7,325,783	0	7,325,783	0	0	0	0	0	0	7,325,783
Other receivables from co-insurance and reinsurance operation	0	0	0	0	0	0	0	0	0	0
Other receivables	15,505,530	0	15,505,530	4,604,920	1,726,626	2,878,294	86,900,868	85,544,866	1,356,002	19,739,826
Other short-term receivables from insurance operations	3,802,555	0	3,802,555	4,554,803	1,706,931	2,847,872	86,645,285	85,299,337	1,345,948	7,996,375
Short-term receivables from financing	992,136	-231	992,367	43,087	17,049	26,038	109,646	107,122	2,524	1,020,929
Other short-term receivables	10,570,943	231	10,570,712	7,030	2,646	4,384	145,937	138,407	7,530	10,582,626
Long-term receivables	139,896	0	139,896	0	0	0	0	0	0	139,896
TOTAL	84,925,763	43,965	84,881,798	16,628,496	5,836,076	10,792,420	123,671,189	121,071,044	2,600,145	98,274,363

4.4. Strategic risk

Strategic risk is the probability or possibility that an event will adversely or beneficially affect the ability of the Company to achieve its strategic objectives and will consequently affect its value.

Strategic risks are recognised and addressed already in the process of strategic planning. Strategy implementation is monitored with internal controls, whereas competences and responsibilities of competent bodies in managing strategic risk are clearly defined. A clear organisational structure of functions and committees facilitates effective communication among competent bodies and the monitoring of short-, mid- and long-term goals.

4.5. Underwriting risk concentration

Underwriting risk comprises a group of risks related to the core insurance business, i.e. underwriting insurance contracts, product development, pricing and formation of provisions. This also entails exposure to the risk of changes in loss events and changes in client behaviour.

As part of the basic underwriting process, the risks related to the occurrence of a loss event are transferred from the policy holder to the insurance company. The primary responsibility for the active management of the underwriting risk lies with the divisions in charge of the core business. This type of risk is managed by clear policies, structured competences and powers, which include suitable delimitation of powers, underwriting limits and an authorisation system. In addition, underwriting risks are managed with established actuarial techniques linked to product pricing and the formation of insurance technical provisions, as well as by means of regular performance monitoring, optimisation of reinsurance schemes and regular monitoring of the adequacy of the insurance technical, mathematical and claims provisions. A table showing the development of loss events can be found in Section 6.13 of the Annual Report.

To manage risks related to the development of insurance products, Zavarovalnica Triglav has established two product forums for life and non-life insurance, which are authorised to decide on all activities concerning product development, pricing and terms and conditions.

Reinsurance is one of the basic tools used to mitigate underwriting risks. For each financial year, a plan of reinsurance is adopted, based on the tables of maximum net retained lines, that contains:

- calculated retained lines by individual insurance class,
- a table of maximum coverage based on retained lines, and procedures,
- bases and criteria for establishing the highest probable loss arising from individual risks underwritten.

The choice of suitable reinsurers depends to a great extent on their credit rating (see also 4.3.6), enabling Zavarovalnica Triglav to conduct even more stable business operations, which is reflected in more stable cash flows.

4.5.1. Underwriting risk concentration

Underwriting risk concentration occurs due to the concentration of an insurance operation in a geographic area, or an industry or an insurance peril. It may also occur as a result of a correlation between individual insurance classes.

Insurance risk concentration is managed by adequate re-insurance schemes, which are based on the tables of maximum net retained lines. Particular attention is paid to events with a low frequency and a high impact, for example natural disasters such as earthquakes, storms, hail and floods.

4.5.1.1. Insurance risk and concentration

Over the previous four years, on average we sustained two major natural disasters annually, which triggered reinsurance policies covering natural events. Our catastrophe reinsurance programme is designed as excess of loss reinsurance with four layers with a total limit of EUR 100,000,000 over the priority of EUR 7,500,000. Moreover, we have an aggregate reinsurance cover with an annual aggregate of EUR 15,000,000 and is thus protected also against a possible increased occurrence of natural disasters in a particular year. Past events showed that the reinsurance scheme is suitable and that Zavarovalnica Triglav was able to discharge its obligations arising from its insurance contracts despite adverse loss event developments, whilst liquidity risk and capital adequacy risk did not increase.

Experience from previous years suggests that the number of such natural events will continue to rise in the future, which is why Zavarovalnica Triglav will continue to adapt its reinsurance schemes accordingly, on an on-going basis. Natural events predominantly affect the fire, technical and car insurance classes (comprehensive car insurance), as well as crop insurance.

Natural disasters with severe levels of loss typically strike in certain geographical areas in Slovenia, whereas the non-life insurance portfolio is distributed evenly throughout Slovenia, thus mitigating the adverse effects on the result. In the previous two years, Zavarovalnica Triglav has become engaged in the process of intensively adapting its business to climate change. It is to be expected that this type of reinsurance schemes will become increasingly expensive in the future. In an attempt to minimise the impact of climate change, the Company has started adapting its products accordingly and is exercising greater prudence in the process of underwriting insurance contracts.

For the Company, earthquakes are considered to be the events bearing the biggest potential loss. It has thus arranged appropriate reinsurance coverage to cater for this potential loss. In the case of an earthquake with a return period of 1,000 years, the retained loss of Zavarovalnica Triglav, increased by 20%, would account for two thirds of the maximum risk that the Company is still able to assume, according to the tables of maximum net retained lines.

In terms of the number of policies, Zavarovalnica Triglav is most active in car insurance (as shown in Section 7.2), with the bulk accounted for by motor liability insurance. As the latter is characterised by high risk dispersion, this segment does not entail any underwriting risk concentration for the Company. A potential danger of risk type concentration exists in comprehensive motor vehicle insurance. However, it is covered by a catastrophe reinsurance programme, which has proved to be adequate in recent years.

The concentration of life underwriting risk in Zavarovalnica Triglav is low, as the risk sum insured is below EUR 35,000 and accounts for 99.5% of the life, annuity and unit-linked portfolio. For additional accidental death insurance, the risk sum insured is lower than EUR 50,000 and represents 99.4% of the respective portfolio. Both sums insured represent the stipulated retention in line with the reinsurance agreement for most insurance policies.

4.5.1.2. Geographical and sectorial concentration

Zavarovalnica Triglav is active mostly in the territory of the Republic of Slovenia, with a minor amount of business in the neighbouring EU countries. On the basis of previous experience, the Company believes that all potential risk concentrations have suitable reinsurance cover.

In terms of business segments, Zavarovalnica Triglav is strongest in car insurance, as shown in the table Portfolio diversification by industry included in the disclosures of the Financial overview in Section 7.2.

4.5.1.3. Low-frequency and high severity risk

The threat of earthquakes represents the major potential risk in the Republic of Slovenia. Reinsurance protection against earthquakes and other natural disasters is regulated accordingly. Thus far, no earthquakes of catastrophic proportions have been recorded. The earthquake models available to the Company show that earthquakes with a return period of 1,000 years and an implied 20% margin of error in estimating the amount of potential claims do not represent a greater threat than the other natural disasters Zavarovalnica Triglav faces almost every year.

The table shows the earthquake model for Zavarovalnica Triglav's portfolio for 2013.

Return period (years)	Share of total exposure	Gross claims paid
100	0.32%	65,528,802
250	0.69%	141,296,480
500	1.25%	255,971,884
1000	2.76%	565,185,921

in EUR

4.6. Operational risks

Operational risk is defined as the risk of loss due to:

- inadequate or inefficient internal procedures (disruption of work procedures, client complaints, lack of reliable information for the management, disruptions to business continuity, improper cost management, poor change management, inconsistent or incomplete process documentation, etc.);
- unsuitable or inefficient staff behaviour (inadequate human resource management, key staff turnover, lack of know-how and skills, inappropriate staff behaviour, etc.);
- inadequate and inefficient functioning of systems (obsolete software and/or infrastructure, lack of documented audit trails in software, inadequate control of system operability, etc.); or
- external events (changes in legislation, natural disasters, competition, fraud, etc.).

Zavarovalnica Triglav drew up a framework for identifying and measuring operational risks, which defines their types, underlying reasons, consequences, assessment methods and internal control identification. An analysis of the internal control system was carried out on the basis of which the minimum standard of internal controls was set up, serving as the starting point for optimising the management of individual business process in the Company. Operational risk

exposure is measured in terms quantity by applying the Solvency II methodology and in terms of quality by using questionnaires and interviews for individual operational risk segments.

Fraud risk continued to be categorised as an operational risk. To manage this operational risk type, the Company established a special department responsible for the development and implementation of fraud indicators, research of potential fraudulent activity and reporting to the Management Board on the findings and initiated procedures. For more details on fraud risk management see Sections 11.6.1. and 12.3. of the Management Report.

Another important segment of operational risks are compliance risks which are managed in the framework of the compliance function (see also Section 4.1).

5. SEGMENT REPORTING

5.1. Reporting by business segment

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.

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	
	2013	2012
Balance sheet total (without offsetting)	2,571,144,742	2,622,931,721
Mutual receivables and liabilities	-5,694,337	-4,762,238
Deffered tax assets and liabilities	-14,055,080	-15,109,271
Offset balance	2,551,395,325	2,603,060,213

Mutual receivables and liabilities arise from cost sharing, as explained below.

Distribution of income and expenses between business segments is described below.

Income

Income from insurance premiums is disclosed separately by insurance group and insurance class.

Investment income is posted separately by insurance group. Within individual insurance classes and types of insurance technical provisions, investment income is distributed according to the structure of technical provisions. Investment income from assets backing liabilities, long-term business funds and investments not financed by insurance technical provisions is accounted for separately. The latter are also accounted for separately by insurance group.

Other net income from insurance operations is accounted for separately by insurance group and insurance class, partly directly and partly by using a matrix (the matrix is the same as for investment income). Other income from insurance operations and other income is accounted for by insurance group.

Expenses

Net claims incurred are disclosed separately by insurance group and insurance class. Direct claim handling costs are posted by insurance class. Part of the claim handling costs, primarily accounted for by their natural type within operating costs, is shown by insurance groups and insurance classes directly and by using a matrix that is the same as that used for distributing other operating costs.

Changes in insurance technical provisions (provisions for bonuses and discounts and other insurance technical provisions) are accounted for directly by insurance group and by insurance class.

Investment expenses are posted separately by insurance groups. Investment expenses within individual insurance classes and types of insurance technical provisions are distributed according to the same criteria as investment income. Within individual insurance groups, expenses from investments are disclosed separately for assets backing liabilities, long-term business funds and investments not financed by insurance technical provisions. The latter are also accounted for separately by insurance group.

Other net insurance expenses are accounted for separately by insurance group and by insurance class, partly directly and partly by using a matrix. Other expenses from insurance operations and other expenses are posted separately by insurance group.

The consolidated statement of financial position and consolidated income statement by business segment are shown below for the reporting and the previous year.

STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

in EUR

	31 December 2013			31 December 2012		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
ASSETS	1,189,909,138	1,381,235,603	2,571,144,742	1,254,190,963	1,368,740,758	2,622,931,721
Intangible assets	50,469,368	2,169,076	52,638,444	50,792,438	2,505,835	53,298,272
Property, plant and equipment	53,068,155	11,233,975	64,302,130	55,655,501	10,644,822	66,300,323
Deferred tax receivables	17,119,571	1,986,974	19,106,545	27,404,012	2,343,737	29,747,749
Investment property	16,719,402	1,348,208	18,067,610	17,386,248	1,958,734	19,344,982
Investments in subsidiaries and associates	158,264,054	1,514,671	159,778,726	184,103,598	14,280,658	198,384,257
Financial assets	0	9,637,324	9,637,324	740,004,319	1,332,919,681	2,072,924,001
Financial investments:	716,515,971	1,348,014,060	2,064,530,031	740,004,319	926,416,893	1,666,421,213
- loans and deposits	716,515,971	925,164,690	1,641,680,661	111,749,604	111,027,929	222,777,533
- held to maturity	108,391,469	65,086,312	173,477,782	0	199,277,500	199,277,500
- available for sale	0	197,096,116	197,096,116	610,846,122	533,497,663	1,144,343,784
- investments recognised at fair value	593,151,274	542,255,233	1,135,406,507	17,408,594	82,613,801	100,022,396
Unit-linked insurance assets	14,973,228	120,727,028	135,700,257	0	406,502,788	406,502,788
Reinsurers' share of technical provisions	0	422,849,370	422,849,370	75,385,422	6,135	75,391,557
Receivables	68,615,087	28,264	68,643,350	100,209,075	2,827,527	103,036,602
- receivables from direct insurance operations	103,840,317	3,860,063	107,700,380	69,871,232	419,827	70,291,060
- receivables from reinsurance and co-insurance operations	62,884,284	417,913	63,302,197	8,231,380	12,097	8,243,477
- current tax receivables	9,127,019	13,971	9,140,990	7,403,575	0	7,403,575
- other receivables	12,912,838	0	12,912,838	14,702,887	2,395,602	17,098,490
Other assets	18,916,176	3,428,179	22,344,355	2,167,435	58,459	2,225,894
Cash and cash equivalents	1,720,653	19,468	1,740,121	1,082,914	1,195,171	2,278,084
	3,576,560	1,423,521	5,000,081			
EQUITY AND LIABILITIES	1,189,909,138	1,381,235,603	2,571,144,742	1,254,190,963	1,368,740,758	2,622,931,721
Equity	412,363,814	87,426,394	499,790,208	422,753,538	84,903,563	507,657,101
- 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	220,723,028	38,763,891	259,486,919	204,723,028	31,563,891	236,286,919
- fair value reserve	26,108,583	9,254,261	35,362,843	32,551,932	13,497,974	46,049,906
- net profit brought forward	52,735,703	0	52,735,703	72,813,826	0	72,813,826
- net profit/loss for the year	21,110,982	3,979,484	25,090,466	20,979,234	4,412,939	25,392,174
Subordinated liabilities	17,974,032	11,982,682	29,956,713	25,043,991	13,677,269	38,721,260
Insurance technical provisions	695,398,847	843,540,265	1,538,939,112	738,866,601	846,384,267	1,585,250,868
- unearned premiums	187,858,030	428,747	188,286,777	200,050,028	403,360	200,453,389
- mathematical provisions	0	823,783,519	823,783,519	0	826,665,165	826,665,165
- claims provisions	490,762,992	19,328,000	510,090,992	519,588,411	19,315,742	538,904,153
- other insurance technical provisions	16,777,825	0	16,777,825	19,228,161	0	19,228,161
Insurance technical provisions for unit-linked insurance contracts	0	420,333,091	420,333,091	0	404,899,884	404,899,884
Employee benefits	6,956,543	1,502,552	8,459,095	6,569,954	1,424,937	7,994,891
Employee benefits	566,480	3,969	570,449	882,628	51,707	934,334
Deferred tax liabilities	9,952,251	4,102,829	14,055,080	10,339,414	4,769,857	15,109,271
Other financial liabilities	1,337,704	0	1,337,704	945,075	17,486	962,561
Operating liabilities	16,946,992	5,832,498	22,779,490	19,145,689	6,989,626	26,135,315
- liabilities from direct insurance operations	5,811,129	5,832,498	11,643,628	5,539,078	6,980,912	12,519,990
- liabilities from reinsurance and co-insurance operations	11,135,863	0	11,135,863	13,606,611	8,714	13,615,325
Other liabilities	28,412,476	6,511,323	34,923,799	29,644,074	5,622,161	35,266,235

STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

in EUR

	2013			2012		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
NET PREMIUM INCOME	369,775,431	178,846,881	548,622,311	405,310,176	191,508,491	596,818,667
- gross written premium	426,558,875	179,199,515	605,758,390	455,767,226	191,824,651	647,591,877
- ceded written premium	-66,005,233	-327,247	-66,332,481	-68,840,946	-328,173	-69,169,119
- change in unearned premiums	9,221,789	-25,387	9,196,402	18,383,895	12,013	18,395,908
TOTAL INCOME FROM FINANCIAL ASSETS	50,249,204	117,087,724	167,336,928	50,228,293	93,752,583	143,980,876
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	6,291,781	1,052,764	7,344,545	1,789,658	750,926	2,540,584
- interest income	2,183,420	0	2,183,420	1,773,227	22	1,773,249
- dividends	4,104,060	421,365	4,525,425	0	750,904	750,904
- fair value gains	0	0	0	0	0	0
- realised gains on disposals	660	631,399	632,059	0	0	0
- other financial income	3,642	0	3,642	16,431	0	16,431
INCOME FROM OTHER FINANCIAL ASSETS	43,957,423	68,654,516	112,611,938	48,438,635	64,720,842	113,159,477
- interest income	26,133,415	35,233,528	61,366,943	29,296,395	37,679,661	66,976,057
- dividends	1,120,951	888,654	2,009,605	1,006,637	742,995	1,749,633
- fair value gains	1,909,713	19,833,359	21,743,072	4,096,151	12,807,533	16,903,685
- realised gains on disposals	14,239,827	12,278,224	26,518,051	12,717,577	13,486,160	26,203,738
- other financial income	553,517	420,751	974,267	1,321,873	4491,28	1,326,365
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	47,380,445	47,380,445	0	28,280,816	28,280,816
OTHER INCOME FROM INSURANCE OPERATIONS	14,821,412	430,940	15,252,351	15,179,899	14,277,752	29,457,651
- fees and commission income	10,607,643	430,610	11,038,252	11,471,037	12,737,160	24,208,197
- other income from insurance operations	4,213,769	330	4,214,099	3,708,862	1,540,592	5,249,454
OTHER INCOME	4,264,956	3,324,402	7,589,359	3,623,592	2,911,813	6,535,404
NET CLAIMS INCURRED	205,337,866	165,317,074	370,654,940	219,069,280	157,510,313	376,579,593
- gross claims settled	253,944,111	165,453,692	419,397,804	258,954,352	157,746,445	416,700,797
- reinsurers' share	-24,665,244	-126,748	-24,791,992	-19,992,564	-61,508	-20,054,072
- changes in claims provisions	-23,941,001	-9,870	-23,950,871	-19,892,507	-174,624	-20,067,131
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-531,955	-23,154	-555,109	-3,608,211	-3,128,564	-6,736,775
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	15,433,207	15,433,207	0	49,999,757	49,999,757
EXPENSES FOR BONUSES AND DISCOUNTS	5,386,018	0	5,386,018	7,605,842	0	7,605,842
OPERATING EXPENSES	107,514,863	30,811,701	138,326,564	105,016,937	31,820,269	136,837,206
- costs of insurance contract acquisition	76,481,557	19,501,549	95,983,106	77,347,782	19,392,547	96,740,329
- other operating costs	31,033,306	11,310,152	42,343,458	27,669,155	12,427,722	40,096,877
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	53,807,694	74,192,420	128,000,114	61,149,557	42,758,269	103,907,826
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	26,631,747	0	26,631,747	14,017,392	29,411	14,046,803
- interest expense	0	0	0	0	0	0
- fair value losses	0	0	0	0	0	0
- realised loss on disposals	0	0	0	0	0	0
- loss on impairment of financial assets	26,624,575	0	26,624,575	13,987,739	29,411	14,017,150
- other expenses from financial assets and liabilities	7,172	0	7,172	29,653	0	29,653
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	27,175,947	40,403,317	67,579,264	47,132,165	42,354,742	89,486,907
- interest expense	1,427,187	797,459	2,224,646	1,806,957	818,639	2,625,596
- fair value losses	799,295	19,456,857	20,256,152	3,058,607	14,582,228	17,640,835
- realised loss on disposals	1,926,562	12,478,610	14,405,172	4,538,982	17,710,269	22,249,251
- loss on impairment of financial assets	19,774,643	5,314,212	25,088,856	34,714,620	7,733,784	42,448,404
- other expenses from financial assets and liabilities	3,248,259	2,356,179	5,604,438	3,013,000	1,509,822	4,522,821
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	33,789,102	33,789,102	0	374,116	374,116
OTHER INSURANCE EXPENSES	12,453,243	896,314	13,349,557	17,185,714	14,799,692	31,985,406
OTHER EXPENSES	7,087,311	1,523,939	8,611,250	9,115,763	1,860,812	10,976,575
PROFIT/LOSS BEFORE TAX	48,055,962	11,538,446	59,594,408	58,807,077	6,830,091	65,637,168
Income tax expense	-10,944,980	-358,962	-11,303,942	-12,827,843	-2,417,151	-15,244,994
NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD	37,110,982	11,179,484	48,290,466	45,979,234	4,412,939	50,392,174

Statement of comprehensive income by business segments

in EUR

	2013			2012		
	Premoženje	Življenje	SKUPAJ	Premoženje	Življenje	SKUPAJ
NET PROFIT/LOSS FOR THE YEAR AFTER TAX	37,110,982	11,179,484	48,290,466	45,979,234	4,412,939	50,392,174
OTHER COMPREHENSIVE INCOME AFTER TAX	-6,443,350	-4,243,713	-10,687,063	25,593,549	14,487,173	40,080,721
Net actuarial gains/losses on pension plans	-64,447	-12,939	-77,386	0	0	0
Net gains/losses from the remeasurement of available-for-sale financial assets	-6,777,022	-7,753,744	-14,530,766	29,599,725	41,655,957	71,255,682
- Gains/losses recognised in fair value reserve	-8,038,327	-5,627,834	-13,666,161	4,532,150	39,512,384	44,044,534
- Transfer from fair value reserve to profit/loss	1,261,305	-2,125,910	-864,605	25,067,575	2,143,573	27,211,148
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	0	2,853,742	2,853,742	0	-23,745,609	-23,745,609
Tax on other comprehensive income	398,119	669,228	1,067,347	-4,006,176	-3,423,175	-7,429,351
COMPREHENSIVE INCOME/LOSS FOR THE YEAR AFTER TAX	30,667,632	6,935,772	37,603,404	71,572,783	18,900,112	90,472,895

Additional disclosures by business segments

in EUR

2013	Non-life	Life	TOTAL
ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION			
Investments in intangible assets	4,079,785	659,000	4,738,785
Investments in property, plant and equipment	3,601,442	1,908,714	5,510,156
Investments in investment property	218,338	114,028	332,366
ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT			
Depreciation charge for the current year	-8,492,713	-2,188,593	-10,681,306
Expenses from the impairment of premium and subrogation receivables	-21,511,975	0	-21,511,975
Income from reversal of impairment of receivables	14,816,127	5,785	14,821,912
Expenses from impairment of property, plant and equipment	-1,642,533	-349,140	-1,991,673
Expenses from impairment of other receivables	-335,740	-21,800	-357,540
Income from reversal of impairment of other receivables	118,593	9,321	127,914

in EUR

2012	Non-life	Life	TOTAL
ADDITIONAL DISCLOSURES FROM THE STATEMENT OF FINANCIAL POSITION			
Investments in intangible assets	6,162,536	1,428,958	7,591,494
Investments in property, plant and equipment	3,685,682	1,124,215	4,809,896
Investments in investment property	213,139	16,737	229,876
ADDITIONAL DISCLOSURES FROM THE INCOME STATEMENT			
Depreciation charge for the current year	-7,509,316	-1,846,864	-9,356,180
Expenses from the impairment of premium and subrogation receivables	-25,394,788	-24,113	-25,418,901
Income from reversal of impairment of receivables	15,471,465	0	15,471,465
Expenses from impairment of property, plant and equipment	-4,104,653	-750,997	-4,855,649
Expenses from impairment of other receivables	-90,761	-8,750	-99,511
Income from reversal of impairment of other receivables	181,238	4,640	185,878

5.2. Reporting by geographical area

Zavarovalnica Triglav operates mainly in the territory of the Republic of Slovenia. As more than 99% of premium income is generated by the sale of insurance to the domestic insureds, the Company does not report by geographical area.

6. NOTES TO THE STATEMENT OF FINANCIAL POSITION

6.1. Intangible assets

	in EUR			
	Deferred acquisition costs	Licenses and software	Intangible assets in course of acquisition	Total
COST				
As at 1 January 2012	30,650,290	15,171,676	14,899,943	60,721,909
- transfer in use	0	10,594,679	-10,594,679	0
- purchases	0	0	7,591,494	7,591,494
- disposal	0	-287,423	0	-287,423
- reclassification	0	1,790,530	0	1,790,530
- increase	617,392	0	0	617,392
- decrease	-1,237,098	0	0	-1,237,098
As at 31 December 2012	30,030,584	27,269,462	11,896,758	69,196,804
- transfer in use	0	7,563,772	-7,563,772	0
- purchases	0	2,063,581	2,675,204	4,738,785
- disposal	0	-2,187,257	0	-2,187,257
- increase	0	-630,467	0	-630,467
- reclassification	-1,084,292	0	0	-1,084,292
- decrease	28,946,292	34,079,091	7,008,190	70,033,573
As at 31 December 2013				
ACCUMULATED AMORTISATION				
As at 1 January 2012	0	-10,858,841	0	-10,858,841
- amortisation	0	-3,534,105	0	-3,534,105
- disposal	0	284,944	0	284,944
-reclassification	0	-1,790,530	0	-1,790,530
As at 31 December 2012	0	-15,898,532	0	-15,898,532
- amortisation	0	-4,134,266	0	-4,134,266
- disposal	0	2,118,798	0	2,118,798
-reclassification	0	518,873	0	518,873
As at 31 December 2013	0	-17,395,127	0	-17,395,127
CARRYING AMOUNT				
As at 31 December 2012	30,030,584	11,370,930	11,896,758	53,298,272
As at 31 December 2013	28,946,292	16,683,964	7,008,190	52,638,444

Zavarovalnica Triglav did not pledge any intangible assets as collateral. As at 31 December 2013, trade payables for intangible assets amounted to EUR 1,612,556 (vs. EUR 587,309 as at 31 December 2012).

The depreciation for the current year is split between several items of the income statement. For details, see expenses by nature and function in Section 7.12. Change in deferred acquisition costs is recognised as a change in unearned premium provision in the income stated, as stated in Section 2.4.

As at 31 December 2013, intangible assets with an indefinite useful life amounted to EUR 9,368, the same as in 2012. 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.

6.2. Property, plant and equipment

	in EUR				
	Land	Buildings	Equipment	PP&E in course of acquisition	Total
COST					
As at 1 January 2012	3,892,054	74,597,135	46,986,636	957,439	126,433,264
- transfer in use	251,867	1,534,265	3,838,918	-5,625,050	0
- acquisition	0	0	0	4,809,896	4,809,896
- disposal	0	-65,553	-5,464,840	0	-5,530,393
- impairment	-13,014	-5,812,919	0	0	-5,825,933
As at 31 December 2012	4,130,907	70,252,928	45,360,714	142,285	119,886,834
- transfer in use	0	95,404	2,880	-98,284	0
- acquisition	0	412,957	2,988,122	2,109,077	5,510,156
- disposal	0	-3,943	-4,030,395	-375	-4,034,713
- impairment	-14,275	-1,753,806	630,467	0	-1,137,614
As at 31 December 2013	4,116,632	69,003,540	44,951,788	2,152,703	120,224,663
ACCUMULATED DEPRECIATION					
As at 1 January 2012	0	-18,192,111	-36,308,667	0	-54,500,778
- depreciation for the current year	0	-1,149,960	-4,135,010	0	-5,284,970
- disposals	0	22,331	5,207,563	0	5,229,894
-reclassification	0	969,346	0	0	969,346
As at 31 December 2012	0	-18,350,394	-35,236,114	0	-53,586,508
- depreciation for the current year	0	-1,057,481	-5,030,348	0	-6,087,829
- disposal	0	2,676	3,840,948	0	3,843,624
-reclassification	0	427,055	-518,873	0	-91,818
As at 31 December 2013	0	-18,978,144	-36,944,387	0	-55,922,531
CARRYING AMOUNT					
As at 31 December 2012	4,130,907	51,902,534	10,124,600	142,285	66,300,323
As at 31 December 2013	4,116,632	50,025,396	8,007,401	2,152,703	64,302,130

Zavarovalnica Triglav did not pledge any property, plant and equipment as collateral.

The depreciation for the current year is split between several items of the income statement. For details, see expenses by nature and function in Section 7.12.

As at 31 December 2013, trade payables for property, plant and equipment amounted to EUR 3,026,697 (vs. EUR 1,834,655 as at 31 December 2012).

In 2013 the land and buildings directly used in insurance activities were not appraised. They were last appraised as at 31 December 2012 by Sving d.o.o. Their fair value was measured by using the following approaches and/or methods: sales comparison method, cost approach and income approach.

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

	in EUR	
	31 December 2013	31 December 2012
Carrying amount	54,142,028	56,033,440
Estimated fair value	56,120,455	57,611,845

6.3. Investment property

	in EUR			
	Land	Buildings	IP in course of acquisition	Total
COST				
As at 1 January 2012	3,740,355	22,918,880	4,992	26,664,227
- acquisition	0	222,360	7,516	229,876
- disposal	-390,311	-79,020	0	-469,331
As at 31 December 2012	3,350,044	23,062,220	12,508	26,424,772
- transfer in use	0	51,588	-51,588	0
- acquisition	0	241,600	90,766	332,366
- disposal	-178,051	-333,090	0	-511,141
-reclassification	14,275	1,753,806	-2,615	1,765,466
- impairment	-834,431	-1,432,000	0	-2,266,431
As at 31 January 2013	2,351,837	23,344,124	49,071	25,745,032
ACCUMULATED DEPRECIATION				
As at 31 January 2012	0	-6,679,339	0	-6,679,339
- depreciation	0	-436,955	0	-436,955
- disposal	0	36,504	0	36,504
As at 31 December 2012	0	-7,079,790	0	-7,079,790
- depreciation	0	-459,212	0	-459,212
- disposal	0	13,877	0	13,877
-reclassification	0	-427,055	0	-427,055
- impairment	0	274,759	0	274,759
As at 31 December 2013	0	-7,677,421	0	-7,677,421
CARRYING AMOUNT				
As at 31 December 2012	3,350,044	15,982,430	12,508	19,344,982
As at 31 December 2013	2,351,837	15,666,703	49,071	18,067,610

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 7.8.

In 2013, all land and buildings disclosed and investment properties were appraised. In the income statement a loss of EUR 1,991,672 was recognised as a result of their impairment.

A fair value estimate of the above stated land and buildings, less the cost of sale, was made for financial reporting purposes in accordance with IFRS and International Valuation Standards (IVS 2011). The following approaches or methods were used: income approach, sales comparison approach and cost approach. Appraisals were made by KF Finance d.o.o. and Sving konzultanti d.o.o., certified real property appraisers. The appraisals were made as at 30 June 2013.

The fair value of land and buildings is as follows.

	in EUR	
	31 December 2013	31 December 2012 ⁵
Carrying amount	18,067,610	19,344,982
Estimated fair value	25,620,646	23,723,423

⁵ Fair value is determined on the basis of publicly available data on property values, which were published by the Geodetic Institute of Slovenia.

6.4. Investments in subsidiaries

NAME OF LEGAL ENTITY	COMPANY ADDRESS	TAX RATE (in %)	LINE OF BUSINESS	EQUITY STAKE (in %)		SHARE OF VOTING RIGHTS (in %)		BOOK VALUE (in EUR)	
				2013	2012	2013	2012	2013	2012
Pozavarovalnica Triglav RE d.d.	Miklošičeva 19, Ljubljana, Slovenija	17	Reinsurance	100,00	100,00	100,00	100,00	7,793,252	7,793,252
Triglav, Zdravstvena zavarovalnica, d.d.	Pristaniška 10, Koper, Slovenija	17	Insurance	100,00	100,00	100,00	100,00	3,735,886	3,735,886
Triglav penzijski fondovi a.d. – in liquidation	Milutina Milankovića 7a, Beograd, Srbija	15	Insurance	-	70,44	-	70,44	-	0
Triglav Skladi, d.o.o.**	Slovenska 54, Ljubljana, Slovenija	17	Asset management	67,50	67,50	100,00	100,00	2,076,723	2,076,723
AS Triglav, d.o.o.	Verovškova 60b, Ljubljana, Slovenija	17	Repair of motor vehicles	100,00	100,00	100,00	100,00	100,214	100,214
Triglav Svetovanje, d.o.o. ⁶	Ljubljanska 86, Domžale, Slovenija	17	Insurance brokers	100,00	100,00	100,00	100,00	279,736	279,736
Triglav INT, d.d.	Miklošičeva 19, Ljubljana, Slovenija	17	Holding company	100,00	100,00	100,00	100,00	59,299,451	74,700,000
Triglav Nepremičnine, d.o.o.	Dunajska 22, Ljubljana, Slovenija	17	Real property management	100,00	100,00	100,00	100,00	11,291,659	14,949,407
Triglav naložbe, d.d.	Slovenska 54, Ljubljana, Slovenija	17	Asset management	100,00	100,00	100,00	100,00	45,353,924	51,695,373
Slovenijales d.d.	Dunajska 22, Ljubljana, Slovenija	17	Retail trade	100,00	97,98	100,00	97,98	20,241,129	19,555,123
Hotel Grad Podvin d.d.	Miklošičeva 19, Ljubljana, Slovenija	17	Tourism	100,00	100,00	100,00	100,00	0	0
Gradis, IPGI, d.d.	Industrijska cesta 2, Ljubljana, Slovenija	17	Construction	56,95	56,95	56,95	56,95	9,506,751	10,731,581
Zavod Vse bo v redu	Miklošičeva 19, Ljubljana, Slovenija	17	Corporate social responsibility institute	100,00	-	100,00	-	100,000	-
TOTAL								159,778,726	185,617,295

⁶ In 2013, the company TRI-PRO, zavarovalno zastopniška družba, d.o.o., was renamed Triglav Svetovanje, zavarovalno zastopanje, d.o.o.

Summary financial information for subsidiaries of Triglav Group ⁷

in EUR

NAME OF LEGAL ENTITY	ASSETS		LIABILITIES		EQUITY		INCOME		PROFIT/LOSS	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Pozavarovalnica Triglav RE d.d.	229,304,729	235,873,281	176,354,878	189,283,941	52,949,851	46,589,340	99,492,241	109,276,050	6,890,981	5,810,192
Triglav, Zdravstvena zavarovalnica, d.d.	36,550,277	29,000,678	20,779,620	18,598,996	15,770,657	10,401,682	105,277,946	92,208,852	4,958,191	2,965,212
Triglav Osiguranje d.d. Zagreb	135,317,189	140,131,943	116,943,403	122,114,715	18,373,786	18,017,228	55,216,219	55,000,261	827,984	-1,112,933
Triglav penzijski fondovi a.d. – in liquidation	-	890,382	-	15,786	-	874,596	-	167,331	-	-37,160
Triglav Skladi, d.o.o.	36,049,334	34,951,754	5,102,206	7,173,137	30,947,128	27,778,617	12,720,661	10,443,723	2,597,370	2,190,407
AS Triglav, d.o.o.	354,183	383,462	302,886	339,068	51,297	44,394	2,099,938	2,206,041	3,424	9,423
Triglav Svetovanje, d.o.o.	878,314	630,183	386,505	237,370	491,809	392,813	3,108,226	2,362,144	100,279	4,619
Triglav INT, d.d.	57,738,634	68,535,940	8,994,947	3,825,414	48,743,687	64,710,526	139,742	132,126	-15,966,839	-20,876,212
Triglav Nepremičnine, d.o.o.	38,562,081	44,809,203	25,675,119	26,512,098	12,886,962	18,297,105	3,274,224	2,812,259	-5,412,456	-5,125,577
Triglav naložbe, d.d.	42,087,549	48,919,870	-99,770	4,895,544	42,187,319	44,024,326	2,950,330	6,637,902	-1,860,926	933,751
Slovenijales d.d.	47,995,596	56,251,461	13,536,467	18,225,800	34,459,129	38,025,661	29,983,324	32,424,190	-205,682	955,828
Gradis, IPGI, d.d.	7,173,865	6,976,810	11,022,481	10,556,362	-3,848,616	-3,579,552	394,256	325,775	-269,064	-683,218
Hotel Grad Podvin d.d.	5,716,703	5,871,530	4,756,895	4,545,015	959,808	1,326,515	129,429	5,456	-222,431	-441,815
Triglav Osiguranje d.d. Sarajevo	42,668,919	41,937,121	22,118,826	22,153,508	20,550,093	19,783,613	19,172,702	19,286,198	705,110	588,840
Triglav Pojišt'ovna, a.s., Brno	46,560,577	55,041,072	43,567,028	48,088,663	2,993,549	6,952,409	30,936,143	30,584,367	-3,346,613	-2,473,083
Lovčen Osiguranje a.d., Podgorica	50,606,487	52,518,584	44,290,689	45,408,377	6,315,798	7,110,207	30,864,537	30,364,082	-435,568	-1,287,587
Triglav Osiguranje a.d.o., Beograd	34,640,370	34,426,386	31,957,551	31,196,044	2,682,819	3,230,342	20,602,792	20,030,333	-5,848,921	-3,953,606
Triglav Osiguranje, a.d., Banja Luka	9,760,145	9,044,833	6,660,654	6,128,249	3,099,491	2,916,584	4,654,275	4,355,507	43,861	10,184
Triglav Osigurvanje a.d., Skopje	30,315,974	33,578,350	20,564,986	24,878,072	9,750,988	8,700,278	19,308,162	22,293,606	1,115,033	443,487
Golf Arboretum d.o.o.	1,189,081	1,227,556	472,016	491,147	717,065	736,409	625,039	594,165	-19,344	-87,546
Slovenijales trgovina d.o.o.	10,790,096	15,201,498	4,180,438	6,545,627	6,609,658	8,655,871	22,263,078	26,594,417	-2,046,213	-170,838
TRI-PROBH d.o.o.	50,882	40,243	140,512	162,758	-89,630	-122,515	347,524	255,194	32,885	15,796
Unis Automobili i dijelovi d.o.o.	995,546	1,339,662	213,590	393,345	781,956	946,317	647,977	845,153	-164,361	-72,679
Autocentar BH d.o.o.	1,976,579	2,059,830	503,394	662,423	1,473,185	1,397,407	1,239,516	1,299,656	75,778	62,632
Sarajevostan d.d.	4,084,488	4,082,117	681,893	689,555	3,402,595	3,392,562	2,008,716	0	10,033	122,844
Lovčen Auto a.d.	3,321,387	2,669,569	3,317,772	2,393,772	3,615	275,797	1,556,630	1,927,756	-1,050,020	-1,155,244
Lovčen životna osiguranja a.d.	5,978,759	6,087,621	3,984,577	4,263,142	1,994,182	1,824,479	1,676,867	1,785,961	100,506	142,634
Triglav Auto d.o.o.	1,023	1,023	0	0	1,023	1,023	0	0	0	0
Salnal d.o.o.	24,166,402	24,796,243	3,853,172	3,853,342	20,313,230	20,942,901	559,425	1,195,059	549,792	1,179,464

⁷ Financial data as summarised from the financial statements prepared in line with IFRS for consolidation purposes.

in EUR

NAME OF LEGAL ENTITY	ASSETS		LIABILITIES		EQUITY		INCOME		PROFIT/LOSS	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Pista d.o.o.	4,632,089	4,596,383	56,807	28,726	4,575,282	4,567,657	410,113	0	184,167	146,051
PROF-IN d.o.o.	2,082,086	2,481,855	25,074	18,011	2,057,012	2,463,844	791,925	827,244	436,799	477,917
Polara Invest a.d.	-	1,484,325	-	9,756	-	1,474,569	-	503,924	-	224,569
Zdravstveni center morje d.o.o. – in liquidation	22,534	29,256	5,040	5,709	17,494	23,547	11	9,196	-6,053	-7,059
Avrigo, d.o.o.	16,311,199	14,600,826	10,342,699	9,275,134	5,968,500	5,325,692	15,763,995	0	978,246	996,315
Integral – Zagorje, d.o.o.	2,561,923	2,096,948	1,460,769	1,354,461	1,101,154	742,487	2,863,051	0	231,671	80,150
Integral Notranjska, d.o.o.	2,815,744	2,452,433	341,105	202,413	2,474,639	2,250,020	1,668,450	0	213,393	170,356
Integral Stojna Kočevje, d.o.o.	1,461,323	1,562,856	776,631	1,020,383	684,692	542,473	2,499,833	0	187,434	-13,887
Alptours d.o.o.	30,164	30,923	48,462	46,633	-18,298	-15,710	0	0	-2,588	-2,550

In 2012 the following changes occurred in the ownership of subsidiaries:

Shares of Slovenijales d.d., Ljubljana, purchased

Zavarovalnica Triglav purchased 5,744 shares of Slovenijales d.d. from non-controlling shareholders, and thus became the 100% owner of that company. The purchase price for a 2.02% equity stake was EUR 686,006.

The liquidation procedure of Triglav Penzijski fondovi a.d., Belgrade, concluded

On 24 December 2012 the Companies Register (Agencija za privredne registre) in the Republic of Serbia issued a decision to start a liquidation procedure for Triglav Penzijski fondovi a.d., Belgrade. This procedure was concluded on 3 October 2013 when the company was stricken off the Companies Register.

»Vse bo v redu« institute established

The Company established »Vse bo v redu« institute by paying in EUR 100,000.

Other ownership structure changes related to indirect subsidiaries:

- Triglav INT d.d. increased the capital of Triglav Osiguranje a.d.o., Belgrade, by EUR 4,601,220.
- Avrigo d.o.o. increased the capital of its subsidiary Integral Zagorje d.o.o. by EUR 127,482.
- Lovćen Osiguranje a.d.o., Podgorica, increased the capital of its subsidiary Lovćen Auto a.d. EUR 800,000.
- Triglav Skladi d.o.o. divested from Polara Invest d.d., Banja Luka.

6.5. Changes in investments in associated companies

In December 2013 the Bank of Slovenia issued a decision by which it annulled the shares of Abanka Vipa d.d. and consequently these were stricken off the register kept by KDD. Zavarovalnica held 25.61% equity share in this bank and was without voting rights.

In 2013, Tehnološki center varne vožnje Vransko d.o.o. was stricken out from the Companies Register based on a judicial winding-up order following a summary procedure.

No other ownership changes in associates occurred in 2013.

Overview of shares in associated companies

in EUR

NAME OF LEGAL ENTITY	COMPANY ADDRESS	TAX RATE (in %)	LINE OF BUSINESS	EQUITY STAKE (in%)		SHARE OF VOTING RIGHTS (in %)		BOOK VALUE	
				2013	2012	2013	2012	2013	2012
				Nama d.d.	Tomšičeva ulica 1, Ljubljana, Slovenia	17	Retail	38.05	38.05
Skupna pokojninska družba d.d.	Trg Republike 3, Ljubljana, Slovenia	17	Pension funds	30.14	30.14	30.14	30.14	2,564,776	2,564,776
Tehnološki center varne vožnje Vransko	Vransko 66A, Vransko, Slovenia	17	Research and development	-	25.01	-	25.01	-	975
Triglavko, d.o.o.	Ulica XXX. divizije 23, Nova Gorica, Slovenia	17	Insurance brokerage	38.47	38.47	38.47	38.47	38,499	38,499
TOTAL								9,637,324	12,766,962

Summary financial information for associated companies

in EUR

NAME OF LEGAL ENTITY	ASSETS		LIABILITIES		EQUITY		INCOME		PROFIT/LOSS	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Nama d.d.	12,489,786	12,345,071	2,032,783	1,849,078	10,457,003	10,495,993	12,841,834	14,104,058	97,475	134,774
Skupna pokojninska družba d.d.	Ni podatka	263,668,874	Ni podatka	246,764,252	Ni podatka	16,918,474	Ni podatka	6,269,379	No data	3,254,713
Tehnološki center varne vožnje Vransko	-	6,844	-	0	-	6,844	-	182	-	-43
Triglavko, d.o.o.	143,906	187,091	54,780	101,759	89,126	85,332	369,015	532,122	3,793	-13,589

6.6. Financial assets

in EUR

	Carrying value		Fair value	
	2013	2012	2013	2012
Loans and receivables	173,477,782	222,777,533	173,477,782	222,777,533
Held to maturity	197,096,116	199,277,500	207,007,348	204,731,073
Available for sale	1,135,406,507	1,144,343,784	1,135,406,507	1,144,343,784
At fair value through profit and loss:	135,700,257	100,022,396	135,700,257	100,022,396
- designated	135,035,090	99,732,961	135,035,090	99,732,961
- held for trading	665,166	289,435	665,166	289,435
Unit-linked insurance assets:	422,849,370	406,502,788	422,849,370	406,502,788
- at fair value through profit and loss	414,819,476	401,988,448	414,819,476	401,988,448
- loans and receivables	8,029,894	4,514,340	8,029,894	4,514,340
TOTAL	2,064,530,031	2,072,924,001	2,074,441,264	2,078,377,574

The disclosures of fair value of loans and receivables account for their carrying amounts calculated at amortised cost, which represent an adequate approximation of fair value given the short-term character of these assets. The measuring of fair value of other financial assets is shown in Section 6.20.

Overview of financial assets by type

in EUR

2013	HTM	FVTPL - Classified upon acquisition	FVTPL – Held for trading	AFS	L&R	TOTAL
Debt and other fixed-return securities	197,096,116	187,644,115	0	1,057,676,093	14,423,539	1,456,839,863
Investments in shares, other floating-rate securities and fund coupons	0	360,603,664	0	76,303,948	0	436,907,611
Financial derivatives	0	0	2,271,954	0	0	2,271,954
Loans and receivables:	0	0	0	1,426,466	167,084,137	168,510,603
- deposits with banks and certificates of deposits	0	0	0	0	79,973,616	79,973,616
- loans given	0	0	0	0	85,517,221	85,517,221
- other financial investments	0	0	0	1,426,466	1,593,300	3,019,766
TOTAL	197,096,116	548,247,778	2,271,954	1,135,406,507	181,507,676	2,064,530,031

2012	HTM	FVTPL - Classified upon acquisition	FVTPL – Held for trading	AFS	L&R	TOTAL
Debt and other fixed-return securities	199,277,500	153,104,629	0	1,049,606,292	31,798,938	1,433,787,360
Investments in shares, other floating-rate securities and fund coupons	0	344,509,806	0	94,737,492	0	439,247,298
Financial derivatives	0	0	1,820,661	0	0	1,820,661
Loans and receivables:	0	2,575,747	0	0	195,492,935	198,068,682
- deposits with banks and certificates of deposits	0	0	0	0	106,596,160	106,596,160
- loans given	0	0	0	0	87,305,203	87,305,203
- other financial investments	0	2,575,747	0	0	1,591,572	4,167,319
TOTAL	199,277,500	500,190,182	1,820,661	1,144,343,784	227,291,873	2,072,924,001

Movements of financial assets

in EUR						
FINANCIAL ASSETS	HTM	FVTPL	AFS	L&R	ULI	TOTAL
As at 1 January 2012	211,599,458	66,503,768	976,228,337	363,304,828	354,998,577	1,972,634,968
Aquisitions	4,961,442	102,132,337	784,926,863	417,330,883	34,433,267	1,343,784,792
Maturity	-7,966,927	-9,926,816	-67,950,836	-539,619,000	-335,372	-625,798,951
Disposal	-23,121,329	-60,763,141	-627,207,792	-30,469,347	-11,218,407	-752,780,016
Amounts transferred from equity at disposal	0	-143,750	15,187,289	0	0	15,043,539
Valuation trough profit and loss	0	-700,544	-42,448,404	0	27,907,042	-15,241,906
Valuation trough equity	0	0	69,344,222	0	0	69,344,222
Value adjustment changes	0	0	89,729	0	0	89,729
Premiums and discounts	3,894,317	0	145,590	-259,077	193,918	3,974,748
Interest income	9,910,539	2,920,541	36,016,209	12,489,244	523,762	61,860,295
Foreign exchange differences	0	0	12,577	0	0	12,577
As at 31 December 2012	199,277,500	100,022,395	1,144,343,784	222,777,531	406,502,787	2,072,924,000
Purchases	0	100,502,047	859,852,970	195,503,719	117,713,970	1,273,572,706
Maturities	-11,691,545	-21,865,335	-113,782,164	-192,403,544	-231,641	-339,974,228
Disposal	0	-41,401,288	-777,694,838	-56,431,529	-113,443,704	-988,971,359
Amount removed from equity	0	0	21,202,501	0	0	21,202,501
Valuation trough profit and loss	0	-5,750,514		-50,287	11,796,809	5,996,008
Valuation trough equity	0	0	-11,402,102	0	0	-11,402,102
Value adjustment changes	0	0	-20,337,896	-4,726,760	0	-25,064,656
Premiums and discounts	3,937,105	0	-313,946	247,131	201,723	4,072,012
Interest income	5,573,056	4,281,993	34,463,641	8,561,519	309,423	53,189,632
Exchange rate difference	0	-89,042	-925,441	0	0	-1,014,483
As at 31 December 2013	197,096,116	135,700,257	1,135,406,507	173,477,782	422,849,369	2,064,530,030

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

As collateral for loans given the Company received securities with a total fair value of EUR 115,000 as at 31 December 2013 (as at 31 December 2012: EUR 354,200).

In its portfolio, the Company does not have any securities pledged as collateral for its liabilities.

6.7. Reinsurers' share of technical provisions

	in EUR	
	2013	2012
NON-LIFE INSURANCE		
Reinsurers' share of unearned premiums	14,658,068	16,543,985
Reinsurers' share of claims provisions recorded	39,575,125	44,030,292
Reinsurers' share of claims provisions per IBNR and triangle	15,034,459	15,351,143
Reinsurer's share of claims provisions for expected subrogation	-652,565	-539,998
Total non-life insurance	68,615,087	75,385,422
LIFE INSURANCE		
Reinsurers' share of claims provisions recorded	28,264	6,135
Total life insurance	28,264	6,135
TOTAL ASSETS FROM REINSURANCE CONTRACTS	68,643,350	75,391,557

6.8. Receivables

	in EUR	
	2013	2012
1. RECEIVABLES FROM DIRECT INSURANCE OPERATIONS	63,302,197	70,291,060
- Receivables from insurers	62,011,814	69,382,412
gross value	99,899,176	107,697,363
value adjustment	-37,887,362	-38,314,951
- Receivables from insurance brokers	199,677	134,394
gross value	343,959	232,448
value adjustment	-144,282	-98,053
- Other receivables from direct insurance operations	1,090,706	774,253
gross value	2,311,432	2,040,843
value adjustment	-1,220,726	-1,266,590
2. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	9,140,990	8,243,477
- Premium receivable from co-insurance	626,164	875,442
- Receivables from co-insurers' share in claims	63,566	42,252
- Receivables from reinsurers' share in claims	8,451,260	7,325,783
3. CURRENT TAX RECEIVABLES	12,912,838	7,403,575
4. OTHER RECEIVABLES	16,650,018	12,336,252
- Other short-term receivables from insurance operations	6,795,566	7,996,375
gross value	97,099,383	95,002,643
value adjustment	-90,303,818	-87,006,268
- Short-term receivables from financing	6,670,794	1,020,929
gross value	6,750,677	1,144,869
impairment	-79,884	-123,940
- Other short-term receivables	3,066,160	3,179,052
gross value	3,150,755	3,320,336
impairment	-84,595	-141,284
- Long-term receivables	117,499	139,896
TOTAL RECEIVABLES	102,006,043	98,274,364

Changes in impairment allowance for receivables

	in EUR	
	2013	2012
VALUE ADJUSTMENT OF RECEIVABLES FROM POLICYHOLDERS		
Impairment allowance for receivables as at 1 January	38,314,950	35,150,618
- Increase of impairment allowance for receivables	8,653,202	12,585,739
- Decrease in impairment allowance for receivables	-6,670,352	-7,015,039
- Receivables write-off	-2,410,438	-2,406,368
Impairment allowance for receivables as at 1 December	37,887,362	38,314,950
IMPAIRMENT ALLOWANCE FOR OTHER SHORT-TERM RECEIVABLES		
Impairment allowance for receivables as at 1 January	87,006,268	84,293,865
- Increase of impairment allowance for receivables	12,915,323	12,617,271
- Decrease in impairment allowance for receivables	-8,181,189	-8,516,944
- Receivables write-off	-1,436,584	-1,387,924
Impairment allowance for receivables as at 1 December	90,303,818	87,006,268
OTHER		
Impairment allowance for receivables as at 1 January	1,629,867	2,384,349
- Increase of impairment allowance for receivables	382,778	441,687
- Decrease in impairment allowance for receivables	-180,073	-251,576
- Receivables write-off	-303,085	-944,593
Impairment allowance for receivables as at 1 December	1,529,487	1,629,867

6.9. Other assets

	in EUR	
	2013	2012
Inventories	302,971	294,900
Group software payments	657,400	522,783
Prepayments and accrued income	779,751	1,408,211
- deferred operating costs of materials	3,286	22,728
- deferred operating costs of services	609,749	1,110,019
- other deferred costs	44,197	132,593
- other	122,518	142,871
TOTAL	1,740,121	2,225,894

6.10. Cash and cash equivalents

	in EUR	
	2013	2012
Cash in bank accounts	4,639,297	2,155,340
Cash in other currencies	346,544	99,288
Cash on hand and cheques	14,240	23,457
TOTAL	5,000,081	2,278,085

Cash and cash equivalents of EUR 5,000,081 are available to fund Zavarovalnica Triglav's day-to-day operations.

6.11. Equity

As at 31 December 2013, 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.

Top 10 shareholders of Zavarovalnica Triglav are listed below.

Shareholder	Number of shares		Percentage of ownership	
	2013	2012	2013	2012
Zavod za pokojninsko in invalidsko zavarovanje, Ljubljana, Slovenija	7,836,628	7,836,628	34.47	34.47
Slovenska odškodninska družba, d.d., Ljubljana, Slovenija	6,380,728	6,380,728	28.07	28.07
Hypo Alpe Adria Bank d.d. Zagreb, Hrvaška	825,769	0	3.63	0
Claycroft Limited, Nicosia, Ciper	404,460	404,460	1.78	1.78
Hrvatska Poštanska banka d.d. Zagreb, Hrvaška	347,182	140,228	1.53	0.62
Skandinaviska Enskilda Banken S.A Luxembourg, Luxembourg	334,516	0	1.47	0
Eastern European Fund, Luxembourg, Luxembourg	333,034	0	1.46	0
Hypo Alpe Adria Bank AG Klagenfurt, Celovec, Avstrija	279,164	280,720	1.23	1.23
Unicredit Bank Austria AG, Dunaj, Avstrija	201,349	184,562	0.89	0.81
Pozavarovalnica Sava, d.d., Ljubljana, Slovenija	197,489	30,124	0.87	0.13
Other shareholders (each less than 1%)	5,594,829	7,477,698	24.60	32.89
TOTAL	22,735,148	22,735,148	100.00	100.00

Stock exchange listing and share price

On 5 December 2011, the shares of Zavarovalnica Triglav bearing the ZVTG ticker were transferred from the Standard to the Prime Market of the Ljubljana Stock Exchange. By listing shares on LSE Prime Market, Zavarovalnica Triglav became one of the most prominent issuers at the Ljubljana Stock Exchange.

The quoted price of the Company's share on the Ljubljana Stock Exchange at the year end is given below.

	in EUR	
	31 December 2013	31 December 2012
Quoted price of the share	19.00	16.50
Carrying amount per share	21.91	22.33

Distribution of accumulated profits

	in EUR	
	2013	2012
Net profit/loss for the year	48,290,466	50,392,174
Net profit brought forward	52,735,703	77,407,467
Share capital increase	0	0
Decrease in retained income of deferred tax	0	-4,593,641
Increase of other reserves from profit based on the decision by the Management and Supervisory Boards	-23,200,000	-25,000,000
ACCUMULATED PROFITS	77,826,169	98,206,000
Distribution of accumulated profits		
- to shareholders		-45,470,296
- allocation to other reserves from profit		0
- transfer to the following year		52,735,703

In 2012, dividend per share totalled EUR 2.00. The distribution of the accumulated profit for 2013 will be proposed by the Management and Supervisory Board and submitted for decision to the General Meeting of Shareholders of Zavarovalnica Triglav.

Authorised capital

In accordance with the Company's Articles and Memorandum of Association, the Management Board is authorised to increase the share capital of Zavarovalnica Triglav by up to EUR 11,055,209 through new shares issued for cash. The issue of new shares, the amount of share capital increases, the rights attached to new shares and the conditions for issuing new shares are decided by the Company's Management Board with 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 credit risk equalisation reserves and other profit reserves.

According to the Companies Act, 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 2013, the Management Board exercised this option and transferred EUR 23.2 million from net profit for the year to other reserves. In addition to prudent risk management, strategic capital needs are considered when forming these profit reserves.

Credit risk equalisation reserves in Slovenia are formed and calculated in line with the Insurance Act. The calculation of these reserves is also stipulated by local legislation in Montenegro and Serbia. The abovementioned legal requirements treat these equalisation reserves as insurance technical provisions. Any change in these reserves should be recognised through the income statement. Since the above mentioned requirements do not comply with IFRS, insurance companies in compliance with IFRS disclose equalisation provisions in reserves from profit. Any changes in these reserves are also recognised as an increase or decrease in the net profit/loss for the year in the statement of changes in equity.

According to Insurance Act requirements, credit risk reserves were adequate as at 31 December 2013, therefore the Company did not form additional reserves in 2013. Had the financial statements been prepared in line with the Insurance Act, insurance-technical provisions would be higher for EUR 30.6 million and there would be no impact on the income statement for the year 2013. Because the financial statements are prepared in accordance with IFRS, these reserves are disclosed as equity item (reserves from profit).

Fair value reserve

The fair value reserve represents changes in the fair value of available-for-sale financial assets recognised under other comprehensive income. The fair value reserve is reduced by the deferred tax liabilities.

Fair value reserve also includes actuarial gains and losses that arise from employee benefits. For explanation see Section 6.14.

Changes in fair value reserve are shown in the table below.

	in EUR		
	TOTAL	NON-LIFE	LIFE
As at 1 January 2012	5,969,185	6,958,384	-989,199
Use of revaluation surplus for impairment - decrease in fair value of available-for-sale financial assets.	44,044,534	4,532,150	39,512,384
Transfer of revaluation surplus to financial income / expenses (due to impairment)	42,448,404	34,714,620	7,733,784
Transfer of revaluation surplus to financial income / expenses (due to disposal)	-15,237,256	-9,647,045	-5,590,211
Transfer of revaluation surplus to mathematical provisions (+/-)	-23,745,609	0	-23,745,609
Transfer to deferred tax liabilities	-7,429,351	-4,006,176	-3,423,175
As at 31 December 2012	46,049,906	32,551,932	13,497,974
Increase in capital revaluation surplus, increase in fair value of available-for-sale financial assets	-13,666,161	-8,038,327	-5,627,834
Changes in revaluation surplus from net actuarial gains/losses on pension schemes	-77,385	-64,447	-12,939
Transfer of revaluation surplus to financial income / expenses (due to impairment)	20,337,896	13,954,590	6,383,306
Transfer of revaluation surplus to financial income / expenses (due to disposal)	-21,202,501	-12,693,285	-8,509,216
Transfer of revaluation surplus to mathematical provisions (+/-)	2,853,742	0	2,853,742
Transfer to deferred tax liabilities (+/-)	1,067,347	398,119	669,228
As at 31 December 2013	35,362,843	26,108,583	9,254,261

6.12. Subordinated liabilities

	in EUR			
	Amortised cost 2013	Amortised cost 2012	Fair value 2013	Fair value 2012
ZT01 bonds	0	8,769,000	0	9,038,213
ZT02 bonds	29,956,713	29,952,260	31,093,767	30,793,767
TOTAL SUBORDINATED LIABILITIES	29,956,713	38,721,260	31,093,767	39,831,980

The ZT01 bonds were issued in 2003 as euro-denominated subordinated bonds in a dematerialised form. The fell due on 20 October 2013. On the due date the principal and the last coupon were paid to bondholders amounting to EUR 8,790,000 and EUR 450,411 respectively.

As at the balance sheet date the principal of the ZT02 bonds – issued in 2009 as euro-denominated 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. For the calculation of fair values, the last known price on the Ljubljana Stock Exchange is taken into account. The price for ZT02 as at 31 December 2013 was 99% (vs. 98% as at 31 December 2012).

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 for of debt. ZT02 bonds were listed on the Ljubljana Stock Exchange in 2010.

6.13. Insurance technical provisions and insurance technical provisions for unit-linked insurance contracts

	in EUR	
	2013	2012
NON-LIFE INSURANCE		
GROSS UNEARNED PREMIUMS		
Gross unearned premiums	187,727,609	199,918,097
Gross provisions for unearned premiums from co-insurance	130,421	131,931
TOTAL GROSS UNEARNED PREMIUMS	187,858,030	200,050,028
GROSS CLAIMS PROVISIONS		
Gross provisions for incurred and reported claims	159,716,229	166,458,807
Gross claims provisions for co-insurance	1,193,378	1,374,658
Gross claims provisions for IBNR and IBNER	301,291,529	317,774,316
Expected subrogation	-9,842,561	-8,886,913
Provisions for claim handling costs	38,404,417	42,867,543
GROSS CLAIMS PROVISIONS	490,762,992	519,588,411
GROSS PROVISIONS FOR BONUSES AND DISCOUNTS	15,040,488	16,958,869
OTHER GROSS INSURANCE TECHNICAL PROVISIONS		
Provisions for cancellation	885,379	942,632
Provisions for unexpired risk	851,958	1,326,660
TOTAL OTHER GROSS INSURANCE TECHNICAL PROVISIONS	1,737,337	2,269,292
TOTAL NON-LIFE INSURANCE TECHNICAL PROVISIONS	695,398,847	738,866,601
LIFE INSURANCE		
GROSS UNEARNED PREMIUMS	428,747	403,360
GROSS MATHEMATICAL PROVISIONS*	646,842,807	651,879,766
Gross mathematical provisions covering life insurance	151,356,871	157,883,409
Gross mathematical provisions covering SVPI - 01,02,03,04	716,564	191,056
Gross mathematical provisions covering SVPI - 04,05	17,212,172	9,209,756
Gross mathematical provision covering SVPI during the annuity pay-out period	420,333,091	404,899,884
Gross mathematical provisions covering ULI	7,655,105	7,501,178
Non-distributed surplus	1,244,116,610	1,231,565,049
TOTAL GROSS MATHEMATICAL PROVISIONS		
GROSS CLAIMS PROVISIONS	2,860,804	3,355,200
Gross provisions for incurred and reported claims	16,205,981	15,703,252
Gross claims provisions for IBNR and IBNER	261,215	257,289
Provisions for claim handling costs	19,328,000	19,315,742
TOTAL GROSS CLAIMS PROVISIONS		
TOTAL LIFE INSURANCE TECHNICAL PROVISIONS	1,263,873,357	1,251,284,151
TOTAL INSURANCE TECHNICAL PROVISIONS	1,959,272,204	1,990,150,752

* Insurance technical provisions include gross mathematical provisions for the long-term business fund backing unit-linked insurance (ULI), which are disclosed in the financial statements under the separate item "Insurance technical provisions for unit-linked insurance".

Analysis of changes in gross insurance technical provisions

in EUR					
NON-LIFE INSURANCE	1 January 2013	Formation	Use	Release	31 December 2013
Gross unearned premium	200,050,028	155,585,881	-167,777,879	0	187,858,030
Gross claims provisions	519,588,411	167,219,257	-93,690,053	-102,354,623	490,762,992
Gross provisions for bonuses and discounts	16,958,869	10,298,335	-7,304,400	-4,912,317	15,040,487
Other gross insurance technical provisions	2,269,292	1,737,337	-2,269,292	0	1,737,337
TOTAL	738,866,600	334,840,810	-271,041,624	-107,266,940	695,398,846

LIFE INSURANCE	1 January 2013	Formation	Use	Release	31 December 2013
Gross unearned premium	403,360	428,747	-403,360	0	428,747
Gross mathematical provisions	826,665,165	101,300,660	-103,255,625	-926,681	823,783,519
Gross claims provisions	19,315,742	12,779,600	-7,912,643	-4,854,699	19,328,000
Gross mathematical provisions for unit-linked insurance	404,899,884	66,132,885	-50,172,974	-526,704	420,333,091
TOTAL	1,251,284,151	180,641,892	-161,744,603	-6,308,084	1,263,873,356

TOTAL	1 January 2013	Formation	Use	Release	31 December 2013
Gross unearned premium	200,453,388	156,014,628	-168,181,239	0	188,286,777
Gross mathematical provisions	826,665,165	101,300,660	-103,255,625	-926,681	823,783,519
Gross claims provisions	538,904,153	179,998,857	-101,602,696	-107,209,322	510,090,992
Gross provisions for bonuses and discounts	16,958,869	10,298,335	-7,304,400	-4,912,317	15,040,487
Other gross insurance technical provisions	2,269,292	1,737,337	-2,269,292	0	1,737,337
Gross insurance technical provisions for unit-linked insurance	404,899,884	66,132,885	-50,172,974	-526,704	420,333,091
TOTAL	1,990,150,753	515,482,702	-432,786,227	-113,575,024	1,959,272,202

Analysis of the decrease in gross mathematical provisions

in EUR		
	2013	2012
Surrenders	38,343,345	47,848,637
Endowments	57,530,720	52,360,873
Deaths	2,582,535	2,387,079
Other	5,725,706	6,147,295
TOTAL	104,182,306	108,743,884

Other releases comprise releases of additional provisions in the long-term business fund backing SVPI and annuities.

Analysis of changes in gross provisions for unearned premiums

in EUR					
NON-LIFE	1 January 2013	Increase (formation)	Use	Release	31 December 2013
Gross provisions for unearned premiums	200,050,028	155,585,881	-167,777,879	0	187,858,030
Unearned premium provisions transferred to reinsurance	-16,543,985	-4,994,491	2,798,327	4,082,081	-14,658,068
NET UNEARNED PREMIUMS	183,506,043	150,591,390	-164,979,552	4,082,081	173,199,962

in EUR					
LIFE	1 January 2013	Increase (formation)	Use	Release	31 December 2013
Gross provisions for unearned premiums	415,373	403,360	-415,373	0	403,360
Unearned premium provisions transferred to reinsurance	0	0	0	0	0
NET UNEARNED PREMIUMS	415,373	403,360	-415,373	0	403,360

Analysis of changes in gross claim provisions transferred to reinsurance

	in EUR				
NON-LIFE	1 January 2013	Increase (formation)	Use	Release	31 December 2013
Gross claim provisions	519,588,411	167,219,257	-93,690,053	-102,354,623	490,762,992
Claims provisions transferred to reinsurance	-58,841,437	-18,384,949	10,300,769	12,968,598	-53,957,019
NET CLAIMS PROVISIONS	460,746,974	148,834,308	-83,389,284	-89,386,025	436,805,973

	in EUR				
LIFE	1 January 2013	Increase (formation)	Use	Release	31 December 2013
Gross claim provisions	19,487,912	13,097,442	-7,947,707	-5,321,904	19,315,742
Claims provisions transferred to reinsurance	-6,135	-28,264	6,135	0	-28,264
NET CLAIMS PROVISIONS	19,481,777	13,069,178	-7,941,572	-5,321,904	19,287,478

Analysis of changes in loss events for non-life insurance

in EUR

	Year of occurrence											
	Before 2004	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TOTAL
Cumulative loss assessment												
- at the end of year of occurrence		300,321,582	293,648,724	333,104,982	375,371,479	474,044,321	428,334,819	397,894,156	344,766,188	357,523,991	317,835,549	3,622,845,792
- 1 year after year of occurrence		299,102,982	286,483,511	318,047,133	350,847,419	439,920,329	379,229,569	349,567,530	303,201,976	304,864,538		3,031,264,988
- 2 years after year of occurrence		302,629,528	283,428,670	306,581,723	340,005,493	419,626,410	365,975,020	333,049,538	288,324,957			2,639,621,338
- 3 years after year of occurrence		294,763,357	277,541,969	297,050,736	329,957,813	411,548,525	356,293,810	326,228,216				2,293,384,426
- 4 years after year of occurrence		291,469,189	275,113,667	294,148,611	325,364,482	405,638,003	352,427,627					1,944,161,579
- 5 years after year of occurrence		290,880,340	270,329,882	289,227,699	321,506,313	404,027,863						1,575,972,096
- 6 years after year of occurrence		288,717,188	271,391,244	286,419,831	319,930,935							1,166,459,199
- 7 years after year of occurrence		289,554,718	265,009,915	285,779,707								840,344,340
- 8 years after year of occurrence		284,867,399	264,379,197									549,246,596
- 9+ years after year of occurrence		284,461,462										284,461,462
Cumulative loss assessment		284,461,462	264,379,197	285,779,707	319,930,935	404,027,863	352,427,627	326,228,216	288,324,957	304,864,538	317,835,549	3,148,260,050
Cumulative payments until balance sheet date		273,760,140	253,368,788	269,911,300	300,839,446	380,802,496	323,843,712	291,170,773	246,753,806	229,837,366	161,495,757	2,731,783,584
Claims provisions balance	44,531,292	10,701,322	11,010,409	15,868,407	19,091,489	23,225,367	28,583,915	35,057,443	41,571,151	75,027,171	156,339,792	461,007,758

6.14. Employee benefits

	v EUR	
	2013	2012
As at 1 January	7,994,891	8,300,010
Increase	3,724,393	199,912
Decrease	-3,260,189	-505,031
As at 31 December	8,459,095	7,994,891
Provisions for unused annual leave	3,186,452	3,017,015
Provisions for retirement benefits	4,292,503	3,955,108
Provisions for jubilee payments	980,140	1,022,768
As at 31 December	8,459,095	7,994,891

For the maturity structure of provisions for employee benefits see Section 4.3.6.

Development of provisions for retirement benefits and jubilee payments

	v EUR		
	Provisions for retirement benefits	Provisions for jubilee payments	Total
Provisions as at 31 December 2012	3,955,107	1,022,768	4,977,875
Current service cost	353,151	129,921	483,072
Interest cost	64,729	8,412	73,141
Actuarial gains/losses due to:			
- changes in demographic assumptions	246,346	6,128	252,474
- changes in financial assumptions	-243,864	-27,937	-271,801
- experience adjustments	74,904	46,161	121,065
Past service cost	0	0	0
Gains/losses upon payment	-21,958	-34,406	-56,364
Retirement benefits paid during the year	-135,912	-170,908	-306,820
Provisions as at 31 December 2013	4,292,503	980,139	5,272,642

Changes in provisions for unused annual leave and jubilee payments are fully recognised as operating expenses in the income statement. The same applies to changes in provisions for retirement benefits, excluding actuarial gains and losses. The latter are recognised in comprehensive income where the differed tax charge is accounted for.

Sensitivity analysis of parameter changes

	in EUR	
Parameter	Parameter change	2013
Interest rate	shift in the discount curve by +0.25%	-122,067
	shift in the discount curve by -0.25%	126,899
Wage growth	change in annual wage growth by +0.5%	249,075
	change in annual wage growth by -0.5%	-220,816
Mortality rate	constant increase in mortality by +20%	-70,040
	constant increase in mortality by -20%	71,590
Early employment termination	shift in the expense curve by +20%	-80,277
	shift in the expense curve by -20%	83,456

6.15. Other provisions

	in EUR	
	2013	2012
As at 1 January	934,334	835,806
Increase	256,796	199,519
Decrease	-620,681	-100,991
As at 31 December	570,449	934,335

Other provisions relate to provisions for disabled employees, provisions for assets acquired free of charge and other long-term deferred income and accrued expenses.

6.16. Deferred tax assets and liabilities

	in EUR	
	2013	2012
Deferred tax assets		
As at 1 January	29,747,749	33,510,162
Increase	9,808,307	10,889,835
Decrease	-20,449,511	-14,652,248
As at 31 December	19,106,545	29,747,749
Deferred tax liabilities		
As at 1 January	15,109,271	3,086,278
Increase	-1,054,191	12,022,993
Decrease	0	0
As at 31 December	14,055,080	15,109,271
Net deferred tax assets	5,051,465	14,638,478

Deferred tax assets are recognised for temporary differences arising from the impairment of receivables, financial assets and investment property, from employee benefits and from differences between the tax and carrying amount on property, plant and equipment. Deferred tax assets are not recognised for impairments of investments in subsidiaries and associates. Due to tax rate change (from 15.2% to 17%) deferred tax assets increased for EUR 1,184,177 and deferred tax liabilities increased for EUR 1,400,912.

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, whilst 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 7.15.

6.17. Other financial liabilities

	in EUR	
	2013	2012
Financial liabilities for acquired securities	0	646,169
Liabilities for dividends	433,234	270,706
Liabilities for for guarantee deposits received	1,503	1,503
Liabilities for profit-sharing bonuses for employees	9,404	9,404
Liabilities from derivative financial instruments	0	17,486
Other financial liabilities	893,563	17,294
TOTAL	1,337,704	962,561

As at 31 December 2013 the Company has three outstanding credit lines with three different banks, totalling EUR 39 million (as at 31 December 2012 EUR 45 million). The interest rates on these credit lines are: 3.35% to 5.8% p.a., 1M or 3M EURIBOR plus 3.5 percentage points. As at 31 December 2013 the Company has no outstanding liabilities due to these credit lines.

The Company has also bank account limits with two different banks in total amount of EUR 9 million. Interest rates for these bank limits are 5.80% and 6.44%. As at 31 December 2013 the Company has no outstanding liabilities due to these bank limits.

6.18. Operating liabilities

	in EUR	
	2013	2012
DIRECT INSURANCE LIABILITIES		
Liabilities to policyholders	8,068,387	8,537,165
Liabilities to insurance brokers	1,098,413	798,104
Other liabilities from direct insurance operations	1,511,565	2,345,522
Liabilities from direct insurance operations to Group companies	965,263	839,199
TOTAL liabilities from direct insurance operations	11,643,628	12,519,990
LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS		
Liabilities for re/co-insurance premiums	599,121	956,090
Liabilities for co-insurers' share of claims	153,393	450,346
Other re/co-insurance liabilities to Group companies	10,383,349	12,208,889
TOTAL liabilities from co-insurance and re-insurance	11,135,863	13,615,325
TOTAL LIABILITIES FROM INSURANCE OPERATIONS	22,779,491	26,135,315

6.19. Other liabilities

	in EUR	
	2013	2012
Short-term liabilities to employees	10,211,309	10,823,064
Other short-term liabilities	11,061,580	10,080,799
Trade payables	1,953,732	3,455,403
Liabilities towards the Slovenian Insurance Association	1,660,627	1,697,116
Liabilities for tax on insurance services	1,393,767	1,487,600
Accrued interest on issued bonds	292,562	277,647
Other short-term liabilities from insurance operations	653,732	870,662
Liabilities for fire tax	1,761,163	1,710,232
Other accruals	240,990	101,474
TOTAL OTHER LIABILITIES	29,229,462	30,503,998

Short-term liabilities to employees relate to December salaries, which were paid in January 2013 and liabilities to employees for bonuses based on business results for 2013. Expense for this bonus in the amount of EUR 4.2 million is recognised as other expense in the income statements (see Section 7.14).

6.20. Fair value of assets and liabilities

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

- Level 1: valuation through market prices quoted for identical assets in an active market (stock exchange prices and Bloomberg generic prices). This group includes financial assets with available market prices in an active market, as well as listed derivative financial instruments.
- Level 2: valuation through comparable market data (other than prices of identical listed assets), acquired directly or indirectly for an identical or similar asset.
- Level 3: valuation through valuation models mostly using unobservable market inputs. This group includes shares in companies with no active market, valued through valuation models using unobservable market inputs, and security holdings measured at historical cost, since their fair value cannot be reliably measured.

The table below shows financial assets and liabilities carried at fair value, classified according to the fair value hierarchy as at 31 December 2013

	Measurement date	Level 1	Level 2	Level 3	Total
ASSETS - measured at fair value					
Equity securities	31.12.2013	73,732,792	0	3,700,385	77,433,178
Debt securities	31.12.2013	1,116,491,864	75,090,090	0	1,191,581,954
Derivative financial instruments	31.12.2013	231,332	433,834	0	665,166
Unit-linked insurance assets	31.12.2013	318,620,558	96,198,917	0	414,819,475
ASSETS - fair value disclosed					
Land and buildings for insurance activities	31.12.2012	0	0	56,120,455	56,120,455
Land and buildings for investment activities	30.06.2013	0	0	25,620,646	25,620,646
Debt securities	31.12.2013	207,007,348	0	0	207,007,348
LIABILITIES - fair value disclosed					
Subordinated bonds	31.12.2013	31,093,767	0	0	31,093,767

Financial assets at fair value according to hierarchy levels as at 31 December 2012

	v EUR 2012
Financial assets available for sale	1,144,343,784
- Level 1	1,021,018,411
- Level 2	107,129,000
- Level 3	16,196,374
Financial assets at fair value through profit and loss	502,010,844
- Level 1	370,824,695
- Level 2	131,186,149
- Level 3	-

Value assessment techniques and inputs used for measurement purposes

Financial asset	Assessment technique	Main parameters	Applied % of parameter	Fair value hierarchy
EXTERNAL APPRAISERS				
Debt securities				
- debt sec. – companies and finan. institutions	cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve		level 2
- debt sec. - composite	stochastic model	issuer required rate of return, index level, gap risk value		level 2
Equity securities	stochastic model	issuer required rate of return, index level, gap risk value		level 2
Derivatives	Black-Scholes model	index volatility		level 2
INTERNAL APPRAISERS				
Debt securities				
- debt sec. - government	cash flow discounting according to amortisation schedule	interest rate curve R Slovenia	1 st year: 1.945% .. 15 th year: 5.417%	level 2
- debt sec. - companies and finan. institutions	cash flow discounting according to amortisation schedule	interest rate curve R Slovenia, issuer credit spreads, value of a comparable finan. instrument	credit spread between 2.1 – 2.8%	level 2
- debt sec. – composite	instrument comparison approach, Bloomberg, stochastic model	value of a comparable finan. instrument, interest rate level and volatility		level 2
Equity securities				
	cash flow discounting, company comparison approach, asset accumulation method	g (growth rate in constant growth period)	2%	level 3
		EBIT margin (constant growth period)	32.80%	level 3
		discount rate	14.80%	level 3
		discount for the lack of liquidity	10%	level 3

Level 3 financial assets

Financial assets, classified into Level 3, include only equity securities recognised as available-for-sale financial assets.

For measuring the fair value of Banka Celje d.d. and Gorenjska Banka d.d. in 2013 the Company used the asset accumulation method and the stress tests results of the Slovene banking system from 2013. If the expected capital gap in a bank as a result of stress tests was greater than its loss-absorption capacity (impairment provisions as at 31 December 2012, operating profit before impairment and provisions in the 2013–2015 period and capital buffer – regulatory capital as at 31 December 2012 compared against capital requirements as at 31 December 2015), then, for measurement purposes, a potential devaluation of the remaining equity of shareholders – as those most responsible for taking the consequences of the bank’s recovery – was taken into account first, followed by any subordinated debt or hybrid instruments issued by that bank. According to this method the share value was zero. The Company assessed that by 30 June 2014 both banks will be unable to achieve mitigating effects sufficient for permanent capital adequacy and they will be unable to attract adequate investors, both shares were valued at zero. The investment in Erste d.o.o., za upravljanje obveznim mirovinskim fondom, was measured with cash flow discounting. Projections were made based on past business trends and taking into account decreasing growth rates.

The fair value of non-marketable equity investments, valued using the above-mentioned models, as at the reporting date, represented 0.1% of total assets.

Level 3 financial assets include assets recognised at cost of EUR 1.1 million, which is the same as in 2012.

Changes of Level 3 financial assets

	2013	2012
Opening balance	16,196,374	39,944,985
Acquisitions	0	686,564
Disposals	-4,215	-3,657,062
Revaluation through profit or loss	-11,710,395	-15,149,244
Revaluation in other comprehensive	-781,379	-5,628,869
Closing balance for the period	3,700,385	16,196,374

Revaluation through profit or loss pertains to the impairment of financial assets. Revaluation in other comprehensive income represents unrealised loss.

The disposal of Level 3 financial assets included:

- a loss of EUR 4 thousand disclosed in the income statement as expenses from financial assets.
- shares issued by NLB d.d. worth EUR 4,352,325 which were declared null are disclosed as sold or divested. Before the annulment the investment was fully impaired. Expenses from impairment are disclosed at expenses from financial assets in the income statement.

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 calculated range is shown in the table below:

	Total value in EUR	Estimated value deviation +/-
Non-marketable assets (Level 3)	3,700,385	-345,000 / +405,000

Reclassification of financial assets between levels

In 2013, the following reclassification was performed:

- from Level 1 to Level 2: debt securities of EUR 5,193, all classified as available-for-sale financial assets, concerning the RS 49 bond issued by the Republic of Slovenia. The reclassification was performed as it became evident in 2013 that these securities, due to their low trading activity on the Ljubljana Stock Exchange, no longer reflect their fair value. The discount rate used to establish the fair value of these assets was determined on the basis of active instruments of the same issuer.
- from Level 2 to Level 1: debt securities of EUR 31,728,463, all classified as available-for-sale financial assets (AFS) concerning the RS 62 bond issued by the Republic of Slovenia. The upgrading took place as the bond was listed on the stock exchange and its price quoted by Bloomberg.

Reclassification of financial assets in accordance with amendments to IFRS

In accordance with amendments to IFRS (IAS 39.50) and IAS 39.54, the Company opted for the reclassification of financial assets already in 2008. As at 1 July 2008 available-for-sale financial assets have been reclassified into categories »loans and receivables« and »held to maturity«. Reclassification into »loans and receivables« has been performed for the investments, for which their market values does not present their fair values due to illiquidity and forced

transactions. In 2010 additional reclassifications have been performed. The effects of reclassifications are shown below.

Reclassifications from the financial assets »available for sale« to »loans and receivables«

Date of reclassification: 1 July 2008
 Amount of reclassified financial assets: EUR 91,353,255
 Effective interest rate as at the reclassification date: 5.21 %

The effect of reclassification for the current and previous year is shown in the table below.

	in EUR	
	2013	2012
Carrying amount of reclassified assets as at 31 December	9,773,763	17,637,189
Fair value of reclassified assets as at 31 December	8,609,999	16,591,264
Impact on comprehensive income if not reclassified	-1,163,764	-1,045,926
Impact on net profit if not reclassified	0	0
Loss/profit at disposal of reclassified assets	0	-3,599,607
Estimated cash flows	10,585,656	19,818,131

In 2013 no additional reclassifications have been performed.

Reclassifications from financial assets »available for sale« to »held to maturity« financial assets

Date of the first reclassification: 1 July 2008
 Amount of reclassified financial assets: EUR 73,746,981
 Effective interest rate as at the reclassification date: 5.80 %

Date of the second reclassification: 13 January 2010
 Amount of reclassified financial assets: EUR 5,005,705
 Effective interest rate as at the reclassification date: 8.85 %

The effect of reclassification for the current and previous year is shown in the table below.

	in EUR	
	2013	2012
Carrying amount of reclassified assets as at 31 December	41,472,503	47,175,168
Fair value of reclassified assets as at 31 December	40,267,055	50,887,543
Impact on comprehensive income if not reclassified	-1,205,447	3,712,374
Impact on net profit if not reclassified	0	0
Profit from disposal of reclassified financial assets	0	0
Estimated cash flows	53,522,667	62,099,221

In 2013 no additional reclassifications have been performed.

7. NOTES TO THE INCOME STATEMENT

7.1. Premium income

	in EUR	
NON-LIFE INSURANCE	2013	2012
Gross written premium	424,579,717	453,802,130
Assumed co-insurance written premium	1,979,159	1,965,097
Ceded co-insurance written premium	-80,798	-103,848
Reinsurance written premium	-65,924,435	-68,737,097
Changes in gross provisions for unearned premiums	11,107,706	18,598,742
Changes in reinsurers' share of unearned premiums	-1,885,917	-214,847
NET PREMIUM INCOME FROM NON-LIFE INSURANCE	369,775,432	405,310,176
LIFE INSURANCE	2013	2012
Gross written premium	179,199,515	191,824,651
Reinsurance written premium	-327,247	-328,173
Changes in gross provisions for unearned premiums	-25,387	12,013
NET PREMIUM INCOME FROM LIFE INSURANCE	178,846,881	191,508,491
TOTAL NET PREMIUM INCOME	548,622,313	596,818,667

7.2. Overview of premium income by insurance class

	in EUR			
2013	Gross written premium	Re/co-insurers' share in gross written premium	Change in gross unearned premiums	Change in unearned premium for re/co-insurers' share
NON-LIFE INSURANCE				
- Accident insurance	31,759,125	-1,010,823	934,525	-20,886
- Comprehensive car insurance	103,007,604	-9,442,241	2,881,529	-542,942
- Property insurance	123,397,594	-36,170,819	2,592,960	-1,017,755
- Liability insurance	130,584,019	-11,972,641	4,288,853	-342,093
- Credit insurance	21,165,261	-2,656,068	591,513	-48,147
- Other non-life insurance	16,645,273	-4,752,641	-181,674	85,906
Total non-life insurance	426,558,876	-66,005,233	11,107,706	-1,885,917
LIFE INSURANCE				
- Life insurance	87,779,232	-327,247	-25,387	0
- Unit-linked life insurance	76,720,215	0	0	0
- Capital redemption insurance	14,700,068	0	0	0
Total life insurance	179,199,515	-327,247	-25,387	0
TOTAL	605,758,391	-66,332,480	11,082,319	-1,885,917

2012	in EUR			
	Gross written premium	Re/co-insurers' share in gross written premium	Change in gross unearned premiums	Change in unearned premium for re/co-insurers' share
NON-LIFE INSURANCE				
- Accident insurance	36,198,453	-1,186,272	1,807,267	-46,464
- Comprehensive car insurance	112,400,675	-11,302,312	6,577,201	-1,892
- Property insurance	127,689,476	-36,977,808	1,641,673	-212,683
- Liability insurance	142,737,115	-12,597,205	6,173,398	94,178
- Credit insurance	19,837,754	-2,630,879	2,034,711	-87,913
- Other non-life insurance	16,903,754	-4,146,470	364,492	39,926
Total non-life insurance	455,767,226	-68,840,945	18,598,742	-214,847
LIFE INSURANCE				
- Life insurance	85,209,421	-328,173	12,013	0
- Unit-linked life insurance	85,162,447	0	0	0
- Capital redemption insurance	21,452,783	0	0	0
Total life insurance	191,824,651	-328,173	12,013	0
TOTAL	647,591,877	-69,169,118	18,610,755	-214,847

7.3. Income from financial assets

	in EUR	
	2013	2012
Interest income from financial assets		
- available for sale	34,149,695	36,021,322
- at fair value through profit and loss	4,525,773	3,027,390
- derivative financial instruments	0	110,667
- held to maturity	9,510,648	9,910,539
- loans and deposits	9,102,965	12,782,212
- cash or cash equivalents	1,980	10,835
- interest on late payments of insurance receivables	1,030,710	1,033,185
- interest income from subrogated receivables	5,219,093	5,832,161
- other interest income from insurance operations	9,498	20,995
TOTAL INTEREST INCOME	63,550,362	68,749,306
Dividends from		
- available-for-sale financial assets	1,609,323	1,439,118
- financial assets at fair value through profit and loss	400,282	310,515
- subsidiaries and associates	4,525,425	750,904
TOTAL DIVIDENDS	6,535,029	2,500,537
Fair value gains	69,123,517	45,184,500
Realised gains on disposals	27,150,110	26,203,738
Other financial income	977,909	1,342,795
TOTAL INVESTMENT INCOME	167,336,928	143,980,876

Fair value gains are described in detail in Section 7.5 and realised gains on disposals in Section 7.6.

7.4. Expenses from financial assets and liabilities

	in EUR	
	2013	2012
Interest expense from derivative financial instruments held for trading	22,039	229,500
Other interest expense	62,029	100,870
Interest expense from bonds issued	2,140,578	2,295,226
TOTAL INTEREST EXPENSE	2,224,646	2,625,596
Fair value losses	54,045,254	18,014,951
Realised loss on disposals	14,405,172	22,249,251
Loss on impairment of financial assets	51,713,431	56,465,554
Other finance costs	5,611,610	4,552,475
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	128,000,114	103,907,826

Fair value losses are described in detail in Section 7.5 and realised losses on disposal of financial assets in Section 7.6.

Loss on impairment of financial assets comprises:

- EUR 26.6 million: subsidiaries, of which Triglav INT d.d. EUR 15.4 million;
- EUR 8.9 million: Banka Celje d.d. (shares and bonds);
- EUR 7.1 million: Abanka Vipa d.d.;
- EUR 4.4 million: NLB d.d.;
- EUR 2.4 million: Gorenjska banka d.d.;
- EUR 2.2 million: other financial investments.

Loss on impairment by categories of financial assets is shown in the table below.

	in EUR	
LOSS ON PERMANENT IMPAIRMENT OF FINANCIAL ASSETS	2013	2012
Available-for-sale financial assets	20,337,896	42,448,404
- Equity securities	18,264,699	42,448,404
- Debt securities	2,073,196	0
Financial assets held to maturity	4,750,960	0
- Debt securities	4,750,960	0
Investments in subsidiaries and associated companies	26,624,575	14,017,150
TOTAL LOSS ON PERMANENT IMPAIRMENT OF FINANCIAL ASSETS	51,713,431	56,465,554

7.5. Fair value gains and losses⁸

	in EUR	
	2012	2011
Derivative financial instruments (financial assets)	467,901	411,542
- gains	1,057,524	612,062
- losses	-589,623	-200,520
Derivative financial instruments (financial liabilities)	0	-16,569
- gains	0	0
- losses	0	-16,569
Financial assets recognised at fair value through profit/loss	14,610,362	26,774,577
- gains	68,065,993	44,572,438
- losses	-53,455,631	-17,797,861
Net gains from changes in fair value	15,078,263	27,169,550

7.6. Realised gains and losses

	in EUR	
	2013	2012
Financial assets recognised at fair value through profit/loss	-9,303,595	-3,386,379
- realised gains on disposals	2,143,433	3,029,166
- realised losses on disposals	-11,447,028	-6,415,545
Available-for-sale financial assets	21,827,680	15,187,410
- realised gains on disposals	24,692,417	22,496,943
- realised losses on disposals	-2,864,737	-7,309,533
Loans and deposits	-50,287	-3,625,050
- realised gains on disposals	20,526	605,243
- realised losses on disposals	-70,813	-4,230,294
Derivative financial instruments (financial assets)	271,627	-69,116
- realised gains on disposals	293,734	0
- realised losses on disposals	-22,107	-69,116
Held-to-maturity financial assets	-487	-4,034,936
- realised gains on disposals	0	0
- realised losses on disposals	-487	-4,034,936
Other financial assets (investment property)	0	-117,441
- realised gains on disposals	0	72,386
- realised losses on disposals	0	-189,827
Total realised gains and losses	12,744,938	3,954,487

⁸ Including fair value gains/losses on unit-linked life insurance assets.

7.7. Other insurance income

	in EUR	
	2013	2012
Fees and commission income		
Investment management services	127,181	12,705,373
Reinsurance commission income	10,911,072	11,502,824
TOTAL FEES AND COMMISSION INCOME	11,038,252	24,208,197
Other income from insurance operations		
Income from sale of green cards for motor vehicles	1,190,018	1,343,113
Income from claims settled for other insurance companies	550,293	481,440
Income from assistance services	15,027	65,838
Other income from insurance operations	2,458,760	3,359,063
TOTAL OTHER INCOME FROM INSURANCE OPERATIONS	4,214,099	5,249,454
OTHER INSURANCE INCOME	15,252,351	29,457,651

Other insurance income refers mostly to the reimbursement of costs arising from subrogations and the settlement of claims.

7.8. Other income

	in EUR	
	2013	2012
Income from other services	5,270,497	4,149,957
Income from investment property	1,863,486	1,906,848
Rental income	284,759	296,459
Profit from disposal of fixed assets	91,024	99,666
Claims refund	79,593	82,474
TOTAL	7,589,359	6,535,404

7.9. Claims

	in EUR	
	2013	2012
NON-LIFE INSURANCE		
Gross claims settled	253,017,057	259,066,493
Claim handling costs	17,959,957	18,521,438
Subrogation income	-17,032,902	-18,633,579
Co-insurers' share of gross claims settled	1,514,624	1,172,927
Reinsurers' share of gross claims settled	-26,179,868	-21,165,490
Change in gross claims provisions	-28,825,419	1,163,533
Change in gross claims provisions for re/co-insurer's share	4,884,418	-21,056,040
NET CLAIMS INCURRED – NON-LIFE INSURANCE	205,337,867	219,069,280
LIFE INSURANCE		
Gross claims settled	163,269,362	155,678,307
Claim handling costs	2,184,330	2,068,138
Reinsurers' share of gross claims settled	-126,748	-61,508
Change in gross claims provisions	12,258	-172,170
Change in gross claims provisions for re/co-insurer's share	-22,128	-2,454
NET CLAIMS INCURRED – LIFE INSURANCE	165,317,074	157,510,313
TOTAL NET CLAIMS INCURRED	370,654,941	376,579,593

Overview of net claims incurred by insurance class

					in EUR
2013	Gross claims settled	Subrogation receivables claimed and paid	Reinsurers' share of gross claims settled	Change in gross claims provisions	Change in gross claims provisions for re/co-insurers' share
Non-life insurance					
- accident insurance	14,469,598	-20,734	-408,591	-7,381,036	207,457
- comprehensive car insurance	83,056,586	-1,954,205	-2,644,846	-4,408,680	20,000
- property insurance	63,361,816	-676,543	-9,730,625	-1,213,946	-2,212,642
- liability insurance	86,100,008	-2,867,793	-9,798,714	-17,241,127	7,151,200
- credit insurance	14,943,081	-11,175,366	-1,225,385	-657,974	182,042
- other non-life insurance	9,045,926	-338,262	-857,082	2,077,344	-463,641
Total non-life insurance	270,977,014	-17,032,902	-24,665,243	-28,825,419	4,884,416
Life insurance					
- life insurance	93,136,178	0	-126,748	12,258	-22,129
- unit-linked life insurance	51,136,600	0	0	0	0
- supplementary voluntary pension insurance (SVPI)	21,180,914	0	0	0	0
Total life insurance	165,453,692	0	-126,748	12,258	-22,129
TOTAL	436,430,706	-17,032,902	-24,791,991	-28,813,161	4,862,287

					in EUR
2012	Gross claims settled	Subrogation receivables claimed and paid	Reinsurers' share of gross claims settled	Change in gross claims provisions	Change in gross claims provisions for re/co-insurers' share
Non-life insurance					
- accident insurance	15,822,915	-12,703	-427,775	-3,658,125	85,969
- comprehensive car insurance	85,854,825	-2,093,365	-3,277,046	-1,008,318	967,486
- property insurance	67,544,877	-226,716	-8,353,725	12,587,508	-1,445,562
- liability insurance	84,253,403	-4,378,831	-6,056,132	-7,901,966	-19,258,779
- credit insurance	15,353,883	-11,377,400	-1,098,274	735,816	-718,405
- other non-life insurance	8,758,022	-544,564	-779,611	408,621	-686,748
Total non-life insurance	277,587,925	-18,633,579	-19,992,563	1,163,536	-21,056,039
Life insurance					
- life insurance	90,505,971	0	-61,508	-172,170	-2,454
- unit-linked life insurance	38,467,178	0	0	0	0
- supplementary voluntary pension insurance (SVPI)	28,773,296	0	0	0	0
Total life insurance	157,746,445	0	-61,508	-172,170	-2,454
TOTAL	435,334,371	-18,633,579	-20,054,072	991,366	-21,058,493

Reinsurance result for 2013⁹

							in EUR
Insurance class	Reinsurance premiums (-)	Change in gross unearned premium for reinsurance (+/-)	Reinsurers' share of claims (-)	Change in claims provisions for reinsurers' shares (-/+)	Net result from reinsurance operations (2+3-4-5)	Reinsurance commission (-)	Gross reinsurance result (6-7)
1	2	3	4	5	6	7	8
Accident insurance	-1,010,823	-20,885	-408,871	207,458	-830,295	-227,124	-603,172
Land motor vehicle insurance	-8,792,335	-122,566	-3,730,991	-5,761	-5,178,149	-901,085	-4,277,064
Railway insurance	-509,625	0	0	0	-509,625	0	-509,625
Aircraft insurance	-112,372	-419,474	-14,680	21,401	-538,566	-17,461	-521,106
Marine insurance	-27,909	-902	-10,937	4,360	-22,234	-3,675	-18,559
Cargo insurance	-1,758,508	15,902	-7,320	2,890	-1,738,176	-213,218	-1,524,958
Fire and natural forces insurance	-21,862,218	-116,914	-4,592,893	-436,041	-16,950,199	-4,515,771	-12,434,428
Other damage to property insurance	-14,308,602	-900,842	-5,256,367	-1,776,601	-8,176,476	-2,286,274	-5,890,202
Motor TPL insurance	-6,153,602	-171,314	-4,553,711	2,016,336	-3,787,542	-736,130	-3,051,412
Aircraft liability insurance	-325,194	-215,981	-404,918	5,790	-142,047	-20,386	-121,661
Marine liability insurance	-30,120	-377	-6,535	-142,619	118,658	-4,002	122,660
General liability insurance	-5,463,724	45,579	-4,868,381	5,271,694	-5,821,458	-679,315	-5,142,143
Credit insurance	-2,656,068	-48,147	-1,225,385	182,042	-1,660,871	-468,970	-1,191,901
Suretyship insurance	-645,727	120,968	28,259	-242,327	-310,691	-108,171	-202,520
Miscellaneous financial loss insurance	-1,855,849	-9,429	-800,991	-187,602	-876,685	-351,558	-525,127
Legal expenses insurance	-43,485	-1,004	-347	-303	-43,839	-10,781	-33,057
Assistance insurance	-449,072	-40,529	-325,798	-36,298	-127,505	-63,722	-63,783
Total non-life insurance	-66,005,233	-1,885,917	-26,179,868	4,884,418	-46,595,700	-10,607,643	-35,988,057
Total life insurance	-327,247	0	-126,748	-22,128	-178,371	-303,429	125,058
TOTAL	-66,332,480	-1,885,917	-26,306,616	4,862,290	-46,774,071	-10,911,072	-35,862,999

⁹ Including amounts ceded to coinsurance.

Reinsurance result for 2012¹⁰

in EUR							
Insurance class	Reinsurance premiums (-)	Change in gross unearned premium for reinsurance (+/-)	Reinsurers' share of claims (-)	Change in claims provisions for reinsurers' shares (-/+)	Net result from reinsurance operations (2+3-4-5)	Reinsurance commission (-)	Gross reinsurance result (6-7)
1	2	3	4	5	6	7	8
Accident insurance	-1,186,272	-46,464	-427,775	85,969	-890,929	-263,288	-627,641
Land motor vehicle insurance	-9,547,466	-259,232	-3,915,076	438,918	-6,330,539	-984,033	-5,346,506
Railway insurance	-515,664	-6,486	0	560,000	-1,082,151	0	-1,082,151
Aircraft insurance	-1,206,843	264,502	-2,240	-6,374	-933,727	-14,359	-919,368
Marine insurance	-32,339	-676	-11,033	-25,056	3,075	-4,519	7,594
Cargo insurance	-1,676,935	309	-29,325	31,416	-1,678,716	-134,766	-1,543,950
Fire and natural forces insurance	-22,419,268	862,455	-4,256,789	-576,664	-16,723,360	-5,197,617	-11,525,743
Other damage to property insurance	-14,558,539	-1,075,138	-4,255,428	-868,899	-10,509,351	-2,425,449	-8,083,902
Motor TPL insurance	-6,613,844	-264,627	-4,246,726	-3,232,684	600,938	-822,648	1,423,586
Aircraft liability insurance	-986,712	122,705	-654,655	-4,660,917	4,451,565	-38,484	4,490,049
Marine liability insurance	-29,751	-179	-2,367	-38,733	11,170	-4,212	15,382
General liability insurance	-4,966,899	236,279	-1,260,072	-11,326,446	7,855,899	-613,333	8,469,232
Credit insurance	-2,630,879	-87,913	-1,098,274	-718,405	-902,112	-486,809	-415,304
Suretyship insurance	-510,511	53,474	-222,726	126,294	-360,606	-101,969	-258,637
Miscellaneous financial loss insurance	-1,421,081	-9,980	-483,907	-848,194	-98,960	-297,775	198,815
Legal expenses insurance	-47,653	-1,475	19	-119	-49,028	-11,818	-37,210
Assistance insurance	-490,290	-2,402	-299,115	3,854	-197,431	-69,959	-127,472
Total non-life insurance	-68,840,945	-214,847	-21,165,490	-21,056,040	-26,834,262	-11,471,037	-15,363,225
Total life insurance	-328,173	0	-61,508	-2,454	-264,211	-31,787	-232,424
TOTAL	-69,169,118	-214,847	-21,226,998	-21,058,494	-27,098,473	-11,502,824	-15,595,649

¹⁰ Including amounts ceded to coinsurance.

7.10. Change in other insurance-technical provisions

	in EUR	
	2013	2012
Changes in gross provisions for cancellations	-57,253	-279,010
Changes in gross provisions for unexpired risks	-474,702	-3,329,201
Changes in gross provisions for life insurance	-5,823,016	-9,106,089
Changes in gross provisions for bonuses from with-profits life insurance	5,799,862	5,977,525
Change in other insurance technical provisions	-555,109	-6,736,775
Change in gross provisions for unit-linked insurance contracts	15,433,207	49,999,757
TOTAL CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	14,878,098	43,262,983

7.11. Expenses for bonuses and discounts

	in EUR	
	2013	2012
Settled bonuses and discounts	7,304,400	7,044,576
Changes in gross provisions for bonuses and discounts	-1,918,382	561,266
TOTAL EXPENSES FOR BONUSES AND DISCOUNTS	5,386,018	7,605,842

7.12. Acquisition costs and other operating expenses

Gross operating expenses by function compared to 2010

	in EUR	
	2013	2012
Acquisition costs	95,983,106	96,740,329
Claim handling costs	20,144,287	20,589,577
Costs of asset management	2,794,602	3,516,538
Other operating costs	42,343,458	40,096,877
TOTAL	161,265,453	160,943,321

Acquisition costs and other operating costs are disclosed separately in the income statement. Claim handling costs are disclosed as a part of gross claims incurred, whereas asset management costs are disclosed as financial expenses.

Gross operating expenses by cost units

	in EUR	
	2013	2012
Accident insurance	9,919,710	10,591,655
Comprehensive car insurance	27,219,298	27,300,793
Property insurance	42,500,350	43,713,612
Liability insurance	37,218,664	34,421,972
Credit insurance	4,621,280	4,377,848
Other non-life insurance	5,800,042	5,497,726
TOTAL NONLIFE INSURANCE	127,279,344	125,903,607
Life insurance	16,819,293	15,542,483
Unit-linked life insurance	15,165,567	17,251,397
Capital redemption insurance	2,001,250	2,245,834
TOTAL LIFE INSURANCE	33,986,109	35,039,714
TOTAL OPERATING EXPENSES	161,265,452	160,943,321

Gross operating expenses by nature and function

2013

	in EUR				
Operating expenses by nature	TOTAL	Acquisition costs	Claim handling costs	Asset management costs	Other operating costs
1. Acquisition costs (fees and charges)	19,342,036	19,342,036	0	0	0
2. Depreciation of operating assets	10,120,894	5,509,132	1,658,020	252,509	2,701,233
3. Labour costs	89,490,981	49,276,493	14,878,841	1,906,099	23,429,548
- wages and salaries	67,053,812	37,269,006	10,840,617	1,495,401	17,448,788
- social security and pension insurance costs	11,151,543	6,189,149	1,809,679	233,686	2,919,030
- other labour costs	11,285,626	5,818,338	2,228,545	177,011	3,061,731
4. Costs of services provided by natural persons other than sole proprietors, including related taxes	1,962,550	622,522	781,311	11,348	547,368
5. Other operating costs	40,348,992	21,232,922	2,826,115	624,646	15,665,309
- costs of entertainment, advertising, trade shows	10,086,394	9,703,648	40,177	15,681	326,888
- costs of material and energy	4,522,038	2,117,207	838,627	83,399	1,482,806
- maintenance costs	7,109,126	1,418,752	717,350	140,212	4,832,812
- reimbursement of labour-related costs	3,479,594	2,964,621	85,045	52,033	377,895
- costs of intellectual and personal services	2,029,052	541,125	59,247	128,619	1,300,062
- non-income-related costs, excluding insurance	1,625,011	649,776	83,486	25,486	866,263
- costs of services - transport and communications	2,771,131	1,662,758	374,319	37,023	697,031
- costs for insurance premiums	1,315,810	205,266	49,792	34,457	1,026,295
- payment transaction costs and banking services	2,112,331	46,727	3,462	54,229	2,007,913
- rents	2,995,276	1,060,651	191,891	10,887	1,731,847
- costs of professional training services	833,497	250,309	110,811	14,796	457,582
- other costs of services	1,469,733	612,082	271,910	27,825	557,916
TOTAL Gross operating expenses	161,265,453	95,983,106	20,144,287	2,794,602	42,343,458

In addition to the above-stated amount of EUR 67,053,812 (vs. EUR 66,623,332 in 2012), total wages and salaries include employee bonuses based on performance results in 2013 in the total amount of EUR 3,671,571 (the same as in 2012). Total costs for wages and salaries in 2013 thus amount to EUR 70,671,383 (vs. EUR 70,240,903 in 2012).

Total costs of Zavarovalnica Triglav for the above-mentioned item, including taxes and other contributions chargeable to the employer, amount to EUR 4,2 million (the same as in 2012) and are disclosed as other expenses (see Section 7.14).

2012

	in EUR				
Operating expenses by nature	TOTAL	Acquisition costs	Claim handling costs	Asset management costs	Other operating costs
1. Acquisition costs (fees and charges)	18,305,679	18,305,679	0	0	0
2. Depreciation of operating assets	8,819,073	5,032,642	1,272,709	223,566	2,290,157
3. Labour costs	89,989,713	49,519,642	15,450,248	2,478,329	22,541,494
- wages and salaries	66,623,332	36,135,740	10,877,416	1,851,710	17,758,466
- social security and pension insurance costs	11,377,667	6,148,534	1,867,272	302,486	3,059,375
- other labour costs	11,988,713	7,235,367	2,705,560	324,133	1,723,652
4. Costs of services provided by natural persons other than sole proprietors, including related taxes	1,871,262	561,143	756,195	11,456	542,468
5. Other operating costs	41,957,593	23,321,223	3,110,425	803,187	14,722,759
- stroški reprezentance, reklame, sejmov	10,551,146	10,144,080	46,908	25,753	334,405
- costs of material and energy	4,895,177	2,265,349	942,666	113,879	1,573,283
- maintenance costs	6,817,466	1,262,950	645,061	148,002	4,761,453
- reimbursement of labour-related costs	3,872,283	3,238,367	89,580	81,351	462,985
- costs of intellectual and personal services	1,843,919	444,682	54,902	133,876	1,210,458
- non-income-related costs, excluding insurance	1,799,319	683,003	87,952	20,045	1,008,318
- costs of services - transport and communications	2,905,142	1,723,140	422,349	69,876	689,777
- costs for insurance premiums	1,341,042	460,118	203,069	52,195	625,660
- payment transaction costs and banking services	3,099,269	1,328,793	4,872	80,656	1,684,948
- rents	2,687,949	971,601	202,800	7,028	1,506,520
- costs of professional training services	823,218	303,694	129,427	33,715	356,383
- other costs of services	1,321,665	495,447	280,838	36,811	508,569
TOTAL Gross operating expenses	160,943,321	96,740,329	20,589,577	3,516,538	40,096,877

7.13. Other expenses from insurance operations

	in EUR	
	2013	2012
Subscription, redemption and management commission fee ¹¹	0	14,082,787
Impairment of insurance receivables	6,690,063	9,939,023
Fire protection fee	3,924,190	4,004,374
Expenses of preventive activity	1,712,148	1,788,773
Receivables write-offs	319,114	118,763
Supervisory authority fees	676,309	770,182
Other expenses from insurance operations	27,733	1,281,504
OTHER EXPENSES FROM INSURANCE OPERATIONS	13,349,557	31,985,406

7.14. Other expenses

	in EUR	
	2013	2012
Depreciation of investment property	560,412	537,107
Odhodki iz oslabitve naložbenih nepremičnin	1,991,673	0
Other investment property expenses	1,263,164	1,328,915
Impairment of other receivables	229,626	-77,954
Expenses from disposal of property, plant and equipment	48,642	63,601
Expenses from impairment of property, plant and equipment	0	4,855,649
Other expenses	4,517,734	4,269,256
OTHER EXPENSES	8,611,250	10,976,575

Other expenses relate to bonuses for employees based on business results for 2013 in total amount of EUR 4.2 million.

7.15. Income tax expense

Tax expense in the income statement

	in EUR	
	2013	2012
Current tax expense	0	-14,916,435
Current tax expense for last year - correction	-649,582	3,433,854
Deferred tax (expense)/income:	-10,654,360	-3,762,413
- origination and reversal of temporary differences	-9,470,183	2,132,902
- change due to conversation to new tax rates	1,184,177	-5,895,315
TOTAL Tax expense in the income statement	-11,303,942	-15,244,994

¹¹ Entry, exit and management fees for SVPI, Rent and ULI in 2013 are offset, because they refer to internal income and expense of Zavarovalnica Triglav. For 2012 gross amounts are shown.

Tax expense in other comprehensive income

	in EUR					
	2013			2012		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Profit from increase in fair value of available-for-sale financial assets	-14,750,752	1,274,177	-12,991,438	73,646,911	-9,820,581	63,826,331
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	3,073,728	-219,986	2,368,606	-26,136,839	2,391,229	-23,745,609
Actuarial gains /losses	-77,385	13,156	-64,230	0	0	0
TOTAL Other comprehensive income	-11,754,409	1,067,347	-10,687,063	47,510,073	-7,429,351	40,080,721

Reconciliation between tax expense and accounting profit

	in EUR	
	2013	2012
ACCOUNTING PROFIT	59,594,408	65,637,168
Income tax rate - tax rate average of several countries	17%	18%
Accounting profit multiplied by tax rate	-10,131,049	-11,814,690
Reconciliation between tax expense and accounting profit for the year		
Tax effect of income deductible for tax purposes	3,487,207	2,905,160
Tax effect of expenses not deductible for tax purposes	-4,010,517	-10,666,219
Tax effect of income added for tax purposes	0	896,901
Correction of tax return for 2011	-649,582	3,433,854
TOTAL TAX EXPENSE	-11,303,942	-15,244,994
Final liabilities for corporate income tax	0	-14,916,435
Effective tax rate	18.97%	23.23%

In accordance with the Corporate Income Tax Act (hereinafter CITA-2), the Company applied a 17% tax rate to the taxable profit for 2013 (vs. 18% tax rate in 2012).

In 2013 the Company reported EUR 10.1 million in tax losses, as a result of a high fair value reserve from financial assets which was in previous periods disclosed as non-deductible tax losses. As at 31 December 2013 the amount due from the Tax Administration for corporate income tax prepayments was EUR 12.9 million. Current tax expense disclosed in the income statement was EUR 650 thousand as a result to the tax return adjustments for 2008 and 2009.

Deferred tax assets decreased by EUR 10.7 million, arising from EUR 17.7 million of deferred tax on non-deductible impairments of financial investments and EUR 2.7 million losses arising from the impairment of receivables. Receivables grew by EUR 1.7 million as unused tax losses were brought forward. Deferred tax assets were calculated at a 17% tax rate (15.2% in 2012). Due to the application of a 17% tax rate, deferred tax assets increased by EUR 1.2 million.

8. OTHER INFORMATION

8.1. Related party transaction

Related party transactions are disclosed separately for transactions with:

- subsidiary,
- associates,
- government related entities, and
- other related entities.

Subsidiaries are those entities which are controlled by the Company. Associates are those entities in which the Group has a significant influence. These companies are presented in detail in Sections 6.4 and 6.5.

Government related companies are all the companies in which the Republic of Slovenia has a significant influence. The Republic of Slovenia has a significant influence in Zavarovalnica Triglav through the two major shareholders (the Institute of Pension and Disability Insurance of Slovenia (Zavod za pokojninsko in invalidsko zavarovanje Slovenije - ZPIZ) and the Slovene Restitution Fund (Slovenska odškodninska družba - SOD), which hold 34.37% and 28.07% of share capital respectively).

Other related entities are those which are related to Zavarovalnica Triglav through the management, i.e. members of the management and supervisory boards.

In addition to capital links, business cooperation with associates mostly refers to financial services (deposits and certificates of deposits) and insurance operations (reinsurance and co-insurance, insurance acquisition, development and launch of new products, handling of claims). Only a minor part of cooperation refers to operating leases and other service activities.

Business cooperation with government related companies refers to financial services and insurance business. Zavarovalnica Triglav made no direct transactions with the Republic of Slovenia, except for the purchase of Government bonds and treasury bills; with other government related companies, however, Zavarovalnica Triglav concluded and carried out financial and insurance business under the same conditions as apply to other non-related companies. Business transactions with the main shareholders (Institute of Pension and Disability Insurance of Slovenia – ZPIZ and Slovene Restitution Fund – SOD) in 2013 related to insurance premiums amounting to EUR 12,405 and gross claim settled in the amount of EUR 49,704.

The services exchanged between Group companies are rendered at prices that are applied to other companies outside the Group.

Outstanding balances referring to the above-mentioned related parties as at the reporting date and income and expenses during the period are shown below.

	in EUR		
ASSETS	Subsidiary	Associates	Other related entities
Debt securities and loans	159,778,726	9,637,324	6,450,670
Debt securities and loans given to members of the Group	43,256,213	0	67,885,117
Other financial investments	1,426,466	0	0
Receivables from insurance premium	1,581,610	0	0
Co-insurance receivables	5,857	0	0
Receivables for reinsurer's share in claims	8,078,520	0	0
Other short-term receivables from insurance operations	12,500	0	13,444
Short-term receivables from financing	4,254,738	1,111,728	12,813
Other short-term receivables	1,053,339	28,061	39,967

All loans, given to subsidiaries and associates, are secured by mortgages or pledged securities.

	in EUR		
LIABILITIES	Subsidiary	Associates	Other related entities
Liabilities to insureds	686,996	0	0
Liabilities to agents and brokers	245,340	24,846	0
Liabilities for reinsurance premiums	10,383,349	0	0
Liabilities for shares in claims from coinsurance	99,553	0	3,165,493
Other short-term liabilities	0	0	384

	in EUR		
INCOME AND EXPENSES	Subsidiary	Associates	Other related entities
Gross written premium	3,781,252	96,906	4,307,826
Assumed coinsurance written premium	14,714	0	0
Outward reinsurance premium (-)	-59,370,682	0	0
Net premium income	-55,574,716	96,906	4,307,826
Reinsurance commission income	9,971,802	0	0
Other income from insurance operations	3,506,756	0	0
Interest income	2,183,420	0	4,329,741
Other insurance income	1,607,899	0	0
Income from land and buildings	172,951	0	0
Other income	1,049,548	0	0
Dividends	4,104,060	421,365	366,120
Income from gains on the sale of financial assets	631,399	660	0
Other income from financial assets	3,642	0	0
TOTAL INCOME	-32,343,240	518,931	9,003,687
Gross claims settled	2,004,542	70,423	1,229,263
Reinsurers' share in gross claims	-24,993,569	0	0
Net claims	-22,989,027	70,423	1,229,263
Other costs and expenses	7,172	0	16
TOTAL EXPENSES	-22,981,855	70,423	1,229,279

8.1.1. Members of the Management Board and Supervisory Board

2013, 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	144,397	784	28,353	71,904	22,677	7,026	2,371
Rakovec Matjaž	75,799	74,785	44,228	85,326	12,519	5,949	1,150
Vrtunski Stanislav	144,040	784	8,402	59,832	22,738	6,720	950
Jošar Benjamin	138,808	784	2,401	52,422	16,284	11,025	1,243
Makoter Marica	144,040	784	14,404	59,573	22,440	7,112	384
Stebernak Igor****	0	0	14,404	8,416	0	0	0
TOTAL	647,084	77,921	112,192	337,473	96,658	37,832	6,098

* Other additional payments include holiday allowances.

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

*** Other benefits include company cars.

**** In 2013 Igor Stebernak was not a member of the Management Board, but he was paid a benefit as compensation for his service on the Management Board in 2012.

As at 31 December 2013, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

	in EUR	
Management board	Receivables as at 31 December 2013	Liabilities as at 31 December 2013
Slapar Andrej	3	9,250
Vrtunski Stanislav	14	8,097
Jošar Benjamin	0	5,458
Makoter Marica	16	10,156
TOTAL	33	32,961

In 2013, 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	
Andoljšek Žiga	2,889	1,760	90	4,739	3,673	
Blažič Matija	7,186	1,375	549	9,110	7,060	
Celar Peter	16,079	3,795	535	20,409	15,816	
Gobbo Mario	10,436	2,431	9,772	22,639	17,546	
Gorjan Branko	16,079	6,116	2,328	24,523	19,005	
Jadek Srečko*	7,774	317	0	8,091	6,270	
Jauk Matjaž*	0	220	0	220	171	
Ješovnik Peter*	0	220	0	220	171	
Kastelic Gregor	16,253	2,420	11,417	30,090	23,320	
Krštinč Miran	16,079	4,675	147	20,901	16,198	
Lukovac Jovan	8,571	3,685	0	12,256	9,498	
Marolt Anton	292	0	0	292	227	
Mihajlovič Igor	7,006	1,540	0	8,546	6,623	
Nose Barbara*	4,268	2,266	0	6,534	5,064	
Perman Mihael	4,044	1,540	0	5,584	4,328	
Runjak Matej	12,873	1,815	808	15,496	12,010	
Stanković Rajko	8,811	2,211	0	11,022	8,542	
Strašek Rok	3,178	1,100	668	4,946	3,833	
Šlemić Blaž	3,178	1,540	0	4,718	3,656	
Uršič Vladimir	4,379	2,200	840	7,419	5,750	
Valentinčič Aljoša	4,378	2,200	0	6,578	5,098	
Zupan Adolf	4,379	1,320	334	6,033	4,675	
Živkovič Aleš	2,889	1,760	0	4,649	3,603	
SKUPAJ	161,021	46,506	27,488	235,015	182,137	

*External committee members.

As at 31 December 2013, Zavarovalnica Triglav the outstanding payables to the above stated members of the Supervisory Board, its committees and commission were as follows:

Surname and name	Net liabilities as at 31 December 2013
Štimac Dubravko	9,477
TOTAL	9,477

Draft criteria for the assessment of the performance of Management Board members are proposed by the Appointments and Compensation Committee and approved by the Supervisory Board. The purpose of these criteria is to maximise the objective monitoring of existing goal achievement and to periodically evaluate the performance of Management Board members. The performance criteria are designed to follow the long-term business objectives of the Company, making part of the annual business plans and other strategic documents of the Company. The definition of an individual objective includes the following: its description, expected target value, assigned weight and method for measuring or assessing its achievement. According to this method, a Management Board member is entitled to a bonus in the case of over-performance and a pay deduction in the case of underperformance.

A one-off annual bonus for good performance is paid in two parts: the first half within 30 days of the Supervisory Board approving the annual report and adopting a resolution on the bonus amount, or, in the event the annual report is approved at the General Meeting of Shareholders, within 30 days of the General Meeting of Shareholders approving the annual report and the Supervisory Board adopting a resolution on the bonus amount. The remaining half of the bonus is paid after two years; however, both payments must be proportionate to the period in office in any calendar year.

Management Board members are entitled to severance pay equalling six time average monthly salary they received as board members, if they are dismissed on economic and business

grounds, and their employment is terminated as a consequence. Severance is paid within one month of dismissal.

8.1.2. Employees under individual contracts

In 2013, Zavarovalnica Triglav had 162 employees under individual contracts who received a total of EUR 10,923,219 for performing their functions.

As at 31 December 2013, Zavarovalnica Triglav held EUR 99,970 of liabilities for loans extended to employees under individual contracts. Repayments of these loans amounted to EUR 73,819 in 2013.

The loans were granted on the following conditions:

- Purpose: housing loans;
- Maturity: 20 years;
- Interest rate: 5%–6%;
- Insurance: loan security agreement.

8.2. Amounts spent on auditors

The 2013 financial statements were audited by Ernst & Young d.o.o. with audit costs amounting to EUR 120,897 (contract amount including VAT totals EUR 121,695).

Part of the amounts totalling EUR 120,897 arise from the 2012 annual report audit (EUR 47,880) and the remaining EUR 73,017 arise from the 2013 annual report audit. Other auditing services were also provided by Ernst&Young d.o.o.

The reported audit fees are shown in the table below.

	in EUR	
	2013	2012
Auditing of Annual Report	120,897	171,901
Other assurance services	2,063	212,174
Tax advising services	0	22,531
TOTAL	122,960	406,606

8.3. Earnings per share

The calculation of earnings per share is based on the net profit for the current year attributable to shareholders of the Company. Number of shares is calculated as weighted average number of ordinary shares.

	in EUR	
	2013	2012
Net profit attributable to shareholders of the Company	48,290,466	50,392,174
Number of shares	22,735,147	22,735,147
Earnings per share	2.12	2.22

Diluted earning per share is not calculated as the Company has not issued any dilutive financial instruments.

8.4. Additional notes the cash flow statement

Operating cash flows are compiled using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature and items of income or expense associated with investing or financing cash flows. Cash flows from an investing or financing activity are compiled using the direct method.

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 table below shows the reconciliation of operating cash flows.

	in EUR	
	2013	2012
PROFIT/ LOSS BEFORE TAX	59,594,408	65,637,168
Depreciation	10,681,306	9,356,180
Impairment of receivables	7,364,242	9,861,069
Change in receivables	327,680	8,182,335
Change in inventory	-8,070	41,684
Change in liabilities	-67,862,767	-40,954,424
Payment of income tax	-12,913,765	-15,441,783
Operating cash flow	-2,816,966	36,682,228

8.5. Contingent assets and contingent liabilities

8.5.1. Off-balance sheet items

	in EUR	
	2013	2012
Receivables from swap contracts	0	3,000,000
Outstanding subrogated receivables	31,712,516	31,411,896
Bonds, guarantees and other sureties issued	3,066,410	3,086,692
Contingent receivables from legal actions	0	15,233,820
Receivables from option agreements	26,917,700	26,917,700
Receivables from Zavarovalnica Kopaonik based on a separation balance sheet	1,855,664	1,855,664
Receivables from forward contracts	19,375,000	0
Receivables from Association of Yugoslav Insurance Organizations	40,647	40,647
TOTAL OFF-BALANCE SHEET ITEMS	79,901,527	81,546,419

As at 31 December 2013 the contingent liability is recognised for a guarantee given to Triglav Osiguranje, a.d.o., Beograd for a loan amounting to EUR 3.066.410 (as at 31 December 2012: EUR 3.086.692). Guarantee expired on 21 January 2014.

Receivables from option agreements amounted to EUR 26.9 million, of which EUR 11.7 million were from Greek bonds. As at 31 December 2013 receivables from forward contracts totalled EUR 19.4 million.

8.5.2. Major pending legal disputes

- Zavarovalnica Triglav (plaintiff) versus Istrabenz holdinška družba d.d. (respondent)

On 28 December 2007, Zavarovalnica Triglav d.d. irrevocably and unconditionally accepted a binding offer made by Istrabenz holdinška družba d.d. to buy Petrol d.d. shares for a total price of EUR 19,950,000. As Istrabenz failed to meet its obligations arising from the abovementioned offer, Zavarovalnica Triglav brought legal action against Istrabenz.

Istrabenz filed a counterclaim against Zavarovalnica Triglav challenging the agreement on the sale of Petrol shares. Zavarovalnica Triglav responded by rejecting all the allegations of Istrabenz as unfounded.

On 9 February 2010, the District Court in Koper issued a decision rejecting the claim and the counterclaim by Istrabenz, holdinška družba d.d and ordered each party to bear its own costs. Zavarovalnica Triglav appealed against the ruling of the Court regarding its claim and the bearing of costs.

On 1 April 2011, the Higher Court in Koper issued a decision rejecting Zavarovalnica Triglav's appeal and confirming the judgement of the court of first instance. On 22 April 2011, Zavarovalnica Triglav requested a judicial review of the issued decision before the Supreme Court. On 19 August 2013, the Supreme Court in Ljubljana rejected the appeal on points of law. On 17 October 2013, Zavarovalnica Triglav lodged a constitutional appeal against the decision of the Supreme Court and the Constitutional Court dismissed that appeal on 3 December 2013.

- Zavarovalnica Triglav (plaintiff) versus Milan Marolt and Nadežda Klemenčič (respondents)

The Company filed a suit against Milan Marolt and Nadežda Klemenčič on 12 August 2004, claiming unlawful issuance of decisions and misuse of powers. The respondents alleged an erroneous interpretation of the Companies Act and claimed no elements of tort existed to prove their liability for damages. The Court accepted their argument, and on 8 November 2006 rendered a decision rejecting the claim. On 29 December 2006, Zavarovalnica Triglav appealed against the ruling of the court of first instance and on 9 January 2009 the Higher Court in Ljubljana ruled in favour of the appellant, reversed the decision and ordered a retrial at the court of first instance. On 11 January 2012, the court of first instance again rejected two statements of claim. On 23 February 2012, Zavarovalnica Triglav lodged an appeal against the decision of the court of first instance.

- Matjaž Rakovec (plaintiff) versus Zavarovalnica Triglav d.d. – claiming nullity and voidness of the resolution passed by the Supervisory Board on 22 May 2013 on his dismissal as President of the Management Board and appointment of Mr Andrej Slapar and claimed damages;

On 6 June 2013 Zavarovalnica Triglav d.d. was served a Decision of the District Court in Ljubljana which rejected issuing a temporary injunction requested by Mr Matjaž Rakovec to suspend the implementation of the resolution passed on 22 May 2013 by the Supervisory Board of Zavarovalnica Triglav on his dismissal from the office of the President of the Management Board and the appointment of Mr Andrej Slapar as its President. Mr Rakovec also requested from the court to declare himself the only President of the Management Board. In the grounds for its rejection of the requested temporary injunction the court stated that he has probably demonstrated his claim, but that there was no threat which would be the reason for issuing the said temporary injunction.

On 19 August 2013 Zavarovalnica Triglav was served a suit by Matjaž Rakovec for nullity and voidness of the resolution passed by the Supervisory Board on 22 May 2013 on his dismissal as President of the Management Board and appointment of Mr Andrej Slapar as the interim President of the Management Board. Mr Rakovec requested the entry in the Companies Register which amends the name of the President of the Management Board be declared null and void and claimed EUR 516,399.42 of damages. In the alternative Mr Rakovec claimed to be called to reassume the office of the President of the Management Board and to be granted all the rights arising from his employment contract in the period from his unlawful dismissal until his resumption of office as if he had stayed in office without interruption. Zavarovalnica Triglav answered the suit within the legal time.

- Zavarovalnica Triglav (plaintiff) versus Skupna pokojninska družba d.d., Ljubljana (defendant) and the counterclaim by the letter

On 26 February 2013 Zavarovalnica Triglav d.d. started a legal action against the company Skupna pokojninska družba d.d., Ljubljana, claiming EUR 750,904 in dividend payments which fell due in 2012. The defendant in support of its failure to make that dividend payments alleges the existence of an outstanding counterclaim of EUR 926,169.72 arising from an agreement on making supplementary pension payments under a pension scheme set up in 2000. Zavarovalnica Triglav d.d. denies the existence of that counterclaim. On 23 April 2013, the defendant responded to the plaintiff's claim and at the same time filed a counterclaim for the payment of EUR 926,169.72 with interest and any other related costs, by which the plaintiff fully negated the claim made by the defendant.

On 28 January 2013 Zavarovalnica Triglav d.d. started a new legal action against Skupna pokojninska družba d.d., Ljubljana, claiming EUR 360,844 in dividend payments which fell due in 2013.

8.6. Reviews by supervisory bodies

8.6.1. Insurance Supervision Agency (ISA)

- Operations review regarding the sale of life and non-life insurance through agent network in 2012 (internal and external)

Upon a request dated 27 December 2012, ISA started the operations review regarding the sale of life and non-life insurance through the insurance agent network in 2012 (internal and external), concentrating on Zavarovalnica Triglav's assurance of compliance with the Chapter 13 of the Insurance Act – Insurance agents and brokers. On 30 January 2014, Zavarovalnica Triglav received a report on the operations review of the ISA, showing that the review was completed on 14 January 2014. In this report the ISA did not identify any violations by Zavarovalnica Triglav of the Insurance Act, the pertaining secondary legislation nor other legislation regulating the insurance industry.

- Operations review of Zavarovalnica Triglav by the Insurance Supervision Agency (ISA)

On 27 January 2014 Zavarovalnica Triglav was served the request of the ISA for an operations review, in order to verify whether the Company in its operations complies with the Insurance Act, the pertaining secondary legislation and other legislation regulating the insurance industry. The review started on 3 February 2014.

8.6.2. Securities Market Agency

- On 5 March 2013, Zavarovalnica Triglav d.d. was served a Securities Market Agency Decision of 4 March 2013, ordering the Company to prohibit, as at the day the decision takes effect, the following persons from exercising their voting rights:
 - Slovenska odškodninska družba d.d., Mala ulica 5, Ljubljana, for the rights attached to the shares with the ticker symbol ZVTG held by Zavarovalnica Triglav d.d., and the rights attached to the shares, held by Zavod za pokojninsko in invalidsko zavarovanje, Kolodvorska 15, Ljubljana, which are exercised on behalf of and for the account of the letter by Slovenska odškodninska družba d.d., Mala ulica 5, Ljubljana;
 - HIT Hoteli, igralnice, Turizem d.d., Delpinova ulica 7a, Nova Gorica;
 - Elektro-Slovenija d.o.o., Hajdrihova ulica 2, Ljubljana;
 - D.S.U., družba za svetovanje in upravljanje, d.o.o., Dunajska cesta 160, Ljubljana;
 - Nova KBM d.d., Ulica Vita Kraigherja 4, Maribor;
 - Telekom Slovenije d.d., Cigaletova ulica 15, Ljubljana;

until Slovenska odškodninska družba d.d., Mala ulica 5, Ljubljana, on its own behalf and for its own account or on behalf of and for the account of Zavod za pokojninsko in invalidsko zavarovanje, HIT d.d., Elektro-Slovenija d.o.o., Luka Koper d.d., D.S.U., družba

za svetovanje in upravljanje, d.o.o., NOVA KBM d.d. and Telekom Slovenije d.d. jointly or severally, on behalf of and for the account of all, launch a take-over bid for the offeree company Zavarovalnica Triglav d.d., Miklošičeva cesta 19, Ljubljana, in accordance with the Takeover Act, or until the companies stated hereunder and holding voting rights in the offeree company divest ZVTG shares so that they neither jointly nor severally any longer reach the takeover threshold.

8.6.3. Tax matters

As at the balance sheet date, Zavarovalnica Triglav was not subject to any pending tax procedures nor did it have any outstanding tax matters.

8.6.4. Subsequent events

No events occurring after the reporting date were material to the separate financial statements for the year 2013.

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1. BALANCE SHEET AS AT 31 DECEMBER 2013

1.1. Balance sheet for Non-life and Life insurance as at 31 December 2013

in EUR

	31 December 2013	31 December 2012	Index
ASSETS (od A do G)	2.551.395.325	2.603.060.213	98
A. INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	52.638.444	53.298.272	99
1. Intangible assets	22.614.003	23.159.981	98
2. Goodwill	0	0	
3. Deferred acquisition costs	28.946.292	30.030.584	96
4. Other long-term deferred items	1.078.149	107.707	
B. LAND, BUILDINGS AND FINANCIAL ASSETS	1.952.003.535	2.015.693.414	97
I. LAND AND BUILDINGS	72.263.474	75.496.387	96
a.) Directly used in insurance activities	54.195.864	56.151.405	97
1. Land directly used in insurance activities	4.116.631	4.130.906	100
2. Buildings directly used in insurance activities	50.025.396	51.902.533	96
3. Other land and buildings directly used in insurance activities	53.837	117.966	46
b.) Investment property	18.067.610	19.344.982	93
1. Land	2.351.836	3.350.044	70
2. Buildings	15.715.774	15.994.938	98
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	214.098.728	243.290.186	88
1. Shares in subsidiaries	159.778.726	185.617.295	86
2. Debt securities and loans to subsidiaries	43.256.213	44.905.929	96
3. Shares in associated companies	9.637.324	12.766.962	75
4. Debt securities and loans to associated companies	0	0	
5. Other financial investments in subsidiaries and associates	1.426.466	0	
III. OTHER FINANCIAL INVESTMENTS	1.596.997.982	1.621.515.284	98
1. Long-term financial investments	1.493.235.492	1.534.463.718	97
1.1. Shares and other floating rate securities and fund coupons	76.681.556	93.969.644	82
1.2. Debt and other fixed return securities	1.333.445.442	1.337.353.791	100
1.3. Investment fund shares	0	0	
1.4. Mortgage loans	328.141	522.317	63
1.5. Other loans	41.876.856	41.694.457	100
1.6. Deposits with banks	38.558.576	55.988.341	69
1.7. Other financial investments	2.344.921	4.935.167	48
2. Short-term financial investments	103.762.490	87.051.566	119
2.1. Shares available for sale	0	0	
2.2. Securities available for sale and with maturity up to one year	70.321.333	40.775.588	172
2.3. Short-term loans	56.012	182.499	31
2.4. Short-term bank deposits	33.385.146	46.093.479	72
2.5. Other short-term financial investments	0	0	
IV. FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	0	0	
V. ASSETS FROM INVESTMENT CONTRACTS	0	0	
VI. ASSETS FROM REINSURANCE CONTRACTS AND CO-INSURANCE CONTRACTS	68.643.350	75.391.557	91
1. From unearned premium	14.658.068	16.543.985	89
- in reinsurance	14.641.557	16.529.805	89
- in co-insurance	16.511	14.180	116
2. From mathematical provision	0	0	

in EUR

	31 December 2013	31 December 2012	Index
3. From outstanding claims	53.985.282	58.847.572	92
- in reinsurance	53.966.483	58.784.845	92
- in co-insurance	18.800	62.728	30
4. From bonuses and discounts	0	0	
5. From other technical provisions	0	0	
6. From technical provisions for life insurance policy holders who bear investment risk	0	0	
C. UNIT-LINKED INSURANCE CONTRACT			
INVESTMENTS	422.849.370	406.502.788	104
D. RECEIVABLES	107.057.508	112.912.842	95
I. RECEIVABLES FROM DIRECT INSURANCE	63.302.197	70.291.060	90
1. Receivables from insurers	60.430.203	67.125.613	90
2. Receivables from insurance brokers	199.677	134.394	149
3. Other receivables from direct insurance operations	1.090.706	774.253	141
4. Receivables from direct insurance operations - associates and subsidiaries	1.581.610	2.256.799	70
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	9.140.990	8.243.477	111
1. Premium receivable from co-insurance	620.307	869.068	71
2. Premium receivable from reinsurance	0	0	
3. Receivables from co-insurers' share in claims	63.566	42.252	150
4. Receivables from reinsurers' share in claims	372.740	380.456	98
5. Other receivables from co-insurance and reinsurance	0	0	
6. Receivables from co-insurance and reinsurance- associates and subsidiaries	8.084.377	6.951.701	116
III. OTHER RECEIVABLES AND DEFERRED TAX RECEIVABLES	34.614.321	34.378.305	101
1. Receivables for advanced payments for intangible assets	0	0	
2. Other short-term receivables from insurance operations	6.783.066	7.986.373	85
3. Short term receivables from financing	1.304.328	256.595	508
4. Other short-term receivables	1.984.759	2.010.044	99
5. Long-term receivables	117.499	139.896	84
6. Current tax receivables	12.912.838	7.403.575	174
7. Deferred tax assets	5.051.465	14.638.478	35
8. Other short-term receivables - associates and subsidiaries	6.460.366	1.943.344	332
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	
E. OTHER ASSETS	16.066.718	13.244.685	121
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	10.106.266	10.148.918	100
1. Equipment and small tools	9.569.723	9.668.845	99
2. Other tangible fixed assets	536.543	480.073	112
II. CASH AT BANK AND IN HAND	5.000.081	2.278.084	219
III. INVENTORIES AND OTHER ASSETS	960.371	817.683	117
1. Inventories	302.971	294.900	103
2. Other assets	657.400	522.783	126
F. SHORT-TERM DEFERRED ASSETS	779.751	1.408.211	55
1. Accrued interest and rent	0	0	
2. Deferred short-term expenses of insurance contract acquisition	0	0	
3. Other short-term deferred items	779.751	1.408.211	55
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	
H. OFF BALANCE SHEET ASSETS	82.967.937	81.546.419	102

in EUR

	31 December 2013	31 December 2012	Index
EQUITY AND LIABILITIES (A to I)	2.551.395.325	2.603.060.213	98
A. EQUITY	499.790.208	507.657.101	98
I. SUBSCRIBED (CALLED UP) CAPITAL	73.701.392	73.701.392	100
1. Share capital	73.701.392	73.701.392	100
2. Unsubscribed capital (as deduction)	0	0	
II. CAPITAL RESERVES	53.412.884	53.412.884	100
III. RESERVES FROM PROFIT	259.486.919	236.286.919	110
1. Security reserves	0	0	
2. Legal and statutory reserves	4.662.643	4.662.643	100
3. Reserves for own shares	0	0	
4. Own shares (as deduction)	0	0	
5. Equalisation provision for credit insurance	30.624.276	30.624.276	100
6. Catastrophe reserves	0	0	
7. Other reserves from profit	224.200.000	201.000.000	112
IV. FAIR VALUE RESERVE	35.362.843	46.049.906	77
1. Fair value reserve for tangible fixed assets	2.485	2.485	100
2. Fair value reserve for long-term investments	35.481.604	46.047.456	77
3. Fair value reserve for short-term investments	-57.016	-35	
4. Other fair value reserve	-64.230	0	
V. NET PROFIT / LOSS CARRIED FORWARD	52.735.703	72.813.826	72
VI. NET PROFIT / LOSS FOR THE CURRENT YEAR	25.090.466	25.392.174	99
B. SUBORDINATED LIABILITIES	29.956.713	38.721.260	77
C. GROSS TECHNICAL PROVISIONS AND DEFERRED			
INCOME FROM PREMIUMS	1.538.939.112	1.585.250.868	97
1. Gross provisions for unearned premiums	188.286.777	200.453.389	94
2. Gross mathematical provisions	823.783.519	826.665.165	100
3. Gross claim provisions	510.090.992	538.904.153	95
4. Gross provisions for bonuses and discounts	15.040.488	16.958.869	89
5. Other gross technical provisions	1.737.337	2.269.292	77
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE			
POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	420.333.091	404.899.884	104
E. PROVISIONS FOR OTHER RISKS AND CHARGES	9.029.544	8.929.226	101
1. Provisions for pensions	8.459.095	7.994.891	106
2. Other provisions	570.449	934.334	61
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN			
REINSURANCE CONTRACTS	0	0	
G. OTHER LIABILITIES	51.711.899	56.012.799	92
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	11.643.628	12.519.990	93
1. Liabilities to policy holders	8.068.387	8.537.165	95
2. Liabilities to agents and brokers	1.098.413	798.104	138
3. Other liabilities from direct insurance operations	1.511.565	2.345.522	64
4. Liabilities from direct insurance operations- associates and subsidiaries	965.263	839.199	115
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	11.135.863	13.615.325	82
1. Liabilities for co-insurance premiums	5.845	12.282	48
2. Liabilities for reinsurance premiums	593.275	943.808	63
3. Liabilities for co-insurers' share in claims	153.393	450.346	34
4. Liabilities for reinsurers' share in claims	0	0	
5. Other liabilities from co-insurance and re-insurance	0	0	
6. Liabilities from co-insurance and re- insurance-associates and subsidiaries	10.383.349	12.208.889	85

in EUR

	31 December 2013	31 December 2012	Index
III. LOANS SECURED BY FIXED RATE SECURITIES	0	0	
IV. LIABILITIES TO BANKS	0	0	
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	
VI. OTHER LIABILITIES	28.932.409	29.877.484	97
a.) Other long term liabilities	1.503	1.503	100
1. Long term liabilities from finance leases	0	0	
2. Other long term liabilities	1.503	1.503	100
3. Deferred tax liabilities	0	0	
b.) Other short-term liabilities	28.930.906	29.875.981	97
1. Short-term liabilities to employees	10.211.309	10.823.064	94
2. Other short-term liabilities from insurance operations	4.560.653	6.300.828	72
3. Short-term liabilities from financing	1.336.201	961.058	139
4. Current income tax liabilities	0	0	
5. Other short-term liabilities	12.822.743	11.791.031	109
H. ACCRUED EXPENSES AND DEFERRED INCOME	1.634.757	1.589.075	103
1. Accrued expenses	1.459.205	1.499.661	97
2. Other accruals and deferred income	175.552	89.413	196
I. NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	
J. OFF BALANCE SHEET ASSETS	82.967.937	81.546.419	102

1.2. Balance sheet for Non-life insurance as at 31 December 2013

in EUR

	31 December 2013	31 December 2012	Index
ASSETS (od A do G)	1.189.909.138	1.254.190.963	
A. INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	50.469.368	50.792.438	
1. Intangible assets	20.444.927	20.654.146	
2. Goodwill	0	0	
3. Deferred acquisition costs	28.946.292	30.030.584	
4. Other long-term deferred items	1.078.149	107.707	
B. LAND, BUILDINGS AND FINANCIAL ASSETS	1.005.553.852	1.064.033.256	
I. LAND AND BUILDINGS	62.158.739	64.539.916	
a.) Directly used in insurance activities	45.439.337	47.153.668	
1. Land directly used in insurance activities	3.480.857	3.492.849	
2. Buildings directly used in insurance activities	41.904.643	43.542.854	
3. Other land and buildings directly used in insurance activities	53.837	117.966	
b.) Investment property	16.719.402	17.386.248	
1. Land	2.199.535	3.021.975	
2. Buildings	14.519.867	14.364.273	
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	202.946.733	229.009.528	
1. Shares in subsidiaries	158.264.054	184.102.623	
2. Debt securities and loans to subsidiaries	43.256.213	44.905.929	
3. Shares in associated companies	0	975	
4. Debt securities and loans to associated companies	0	0	
5. Other financial investments in subsidiaries and associates	1.426.466	0	
III. OTHER FINANCIAL INVESTMENTS	671.833.293	695.098.390	
1. Long-term financial investments	589.139.185	650.961.882	
1.1. Shares and other floating rate securities and fund coupons	54.022.144	64.690.375	
1.2. Debt and other fixed return securities	499.519.126	552.648.673	
1.3. Investment fund shares	0	0	
1.4. Mortgage loans	328.141	522.317	
1.5. Other loans	14.534.175	10.515.702	
1.6. Deposits with banks	19.078.833	20.920.016	
1.7. Other financial investments	1.656.767	1.664.798	
2. Short-term financial investments	82.694.107	44.136.508	
2.1. Shares available for sale	0	0	
2.2. Securities available for sale and with maturity up to one year	59.128.497	23.991.023	
2.3. Short-term loans	56.012	182.499	
2.4. Short-term bank deposits	23.509.599	19.962.986	
2.5. Other short-term financial investments	0	0	
IV. FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	0	0	
V. ASSETS FROM INVESTMENT CONTRACTS	0	0	
VI. ASSETS FROM REINSURANCE CONTRACTS AND CO-INSURANCE CONTRACTS	68.615.087	75.385.422	
1. From unearned premium	14.658.068	16.543.985	
- in reinsurance	14.641.557	16.529.805	
- in co-insurance	16.511	14.180	
2. From mathematical provision	0	0	

in EUR

	31 December 2013	31 December 2012	Index
3. From outstanding claims	53.957.019	58.841.437	
- in reinsurance	53.938.219	58.778.709	
- in co-insurance	18.800	62.728	
4. From bonuses and discounts	0	0	
5. From other technical provisions	0	0	
6. From technical provisions for life insurance policy holders who bear investment risk	0	0	
C. UNIT-LINKED INSURANCE CONTRACT			
INVESTMENTS	0	0	
D. RECEIVABLES	120.959.888	127.613.087	
I. RECEIVABLES FROM DIRECT INSURANCE	62.884.284	69.871.232	
1. Receivables from insurers	60.027.231	66.724.706	
2. Receivables from insurance brokers	199.677	134.394	
3. Other receivables from direct insurance operations	1.075.765	755.333	
4. Receivables from direct insurance operations - associates and subsidiaries	1.581.610	2.256.799	
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	9.127.019	8.231.380	
1. Premium receivable from co-insurance	620.307	869.068	
2. Premium receivable from reinsurance	0	0	
3. Receivables from co-insurers' share in claims	63.566	42.252	
4. Receivables from reinsurers' share in claims	372.740	380.456	
5. Other receivables from co-insurance and reinsurance	0	0	
6. Receivables from co-insurance and reinsurance- associates and subsidiaries	8.070.406	6.939.604	
III. OTHER RECEIVABLES AND DEFERRED TAX RECEIVABLES	48.948.585	49.510.475	
1. Receivables for advanced payments for intangible assets	0	0	
2. Other short-term receivables from insurance operations	9.754.563	10.091.436	
3. Short term receivables from financing	703.163	178.167	
4. Other short-term receivables	3.281.279	3.389.569	
5. Long-term receivables	117.499	139.896	
6. Current tax receivables	12.912.838	7.403.575	
7. Deferred tax assets	17.119.571	27.404.012	
8. Other short-term receivables - associates and subsidiaries	5.059.671	903.819	
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	
E. OTHER ASSETS	12.165.748	10.402.430	
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	7.628.818	8.501.833	
1. Equipment and small tools	7.142.131	8.053.448	
2. Other tangible fixed assets	486.686	448.385	
II. CASH AT BANK AND IN HAND	3.576.560	1.082.914	
III. INVENTORIES AND OTHER ASSETS	960.371	817.683	
1. Inventories	302.971	294.900	
2. Other assets	657.400	522.783	
F. SHORT-TERM DEFERRED ASSETS	760.282	1.349.752	
1. Accrued interest and rent	0	0	
2. Deferred short-term expenses of insurance contract acquisition	0	0	
3. Other short-term deferred items	760.282	1.349.752	
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	
H. OFF BALANCE SHEET ASSETS	57.767.599	63.096.081	

	31 December 2013	31 December 2012	Index
EQUITY AND LIABILITIES (A to I)	1.189.909.138	1.254.190.963	
A. EQUITY	412.363.814	422.753.538	
I. SUBSCRIBED (CALLED UP) CAPITAL	51.340.540	51.340.540	
1. Share capital	51.340.540	51.340.540	
2. Unsubscribed capital (as deduction)	0	0	
II. CAPITAL RESERVES	40.344.978	40.344.978	
III. RESERVES FROM PROFIT	220.723.028	204.723.028	
1. Security reserves	0	0	
2. Legal and statutory reserves	3.217.224	3.217.224	
3. Reserves for own shares	0	0	
4. Own shares (as deduction)	0	0	
5. Equalisation provision for credit insurance	30.624.276	30.624.276	
6. Catastrophe reserves	0	0	
7. Other reserves from profit	186.881.528	170.881.528	
IV. FAIR VALUE RESERVE	26.108.583	32.551.932	
1. Fair value reserve for tangible fixed assets	2.485	2.485	
2. Fair value reserve for long-term investments	26.188.483	32.549.447	
3. Fair value reserve for short-term investments	-28.895	0	
4. Other fair value reserve	-53.491	0	
V. NET PROFIT / LOSS CARRIED FORWARD	52.735.703	72.813.826	
VI. NET PROFIT / LOSS FOR THE CURRENT YEAR	21.110.982	20.979.234	
B. SUBORDINATED LIABILITIES	17.974.032	25.043.991	
C. GROSS TECHNICAL PROVISIONS AND DEFERRED			
INCOME FROM PREMIUMS	695.398.847	738.866.601	
1. Gross provisions for unearned premiums	187.858.030	200.050.028	
2. Gross mathematical provisions	0	0	
3. Gross claim provisions	490.762.992	519.588.411	
4. Gross provisions for bonuses and discounts	15.040.488	16.958.869	
5. Other gross technical provisions	1.737.337	2.269.292	
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE			
POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0	
E. PROVISIONS FOR OTHER RISKS AND CHARGES	7.523.023	7.452.582	
1. Provisions for pensions	6.956.543	6.569.954	
2. Other provisions	566.480	882.628	
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN			
REINSURANCE CONTRACTS	0	0	
G. OTHER LIABILITIES	55.572.172	58.917.734	
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	5.811.129	5.539.078	
1. Liabilities to policy holders	3.611.036	2.777.227	
2. Liabilities to agents and brokers	886.889	723.456	
3. Other liabilities from direct insurance operations	617.723	1.387.632	
4. Liabilities from direct insurance operations- associates and subsidiaries	695.481	650.763	
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	11.135.863	13.606.611	
1. Liabilities for co-insurance premiums	5.845	12.282	
2. Liabilities for reinsurance premiums	593.275	943.808	
3. Liabilities for co-insurers' share in claims	153.393	450.346	
4. Liabilities for reinsurers' share in claims	0	0	
5. Other liabilities from co-insurance and re-insurance	0	0	
6. Liabilities from co-insurance and re- insurance-associates and subsidiaries	10.383.349	12.200.175	

in EUR

	31 December 2013	31 December 2012	Index
III. LOANS SECURED BY FIXED RATE SECURITIES	0	0	
IV. LIABILITIES TO BANKS	0	0	
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	
VI. OTHER LIABILITIES	38.625.180	39.772.045	
a.) Other long term liabilities	9.953.754	10.340.917	
1. Long term liabilities from finance leases	0	0	
2. Other long term liabilities	1.503	1.503	
3. Deferred tax liabilities	9.952.251	10.339.414	
b.) Other short-term liabilities	28.671.427	29.431.129	
1. Short-term liabilities to employees	10.211.309	10.823.064	
2. Other short-term liabilities from insurance operations	4.586.358	6.379.446	
3. Short-term liabilities from financing	1.336.201	943.572	
4. Current income tax liabilities	0	0	
5. Other short-term liabilities	12.537.559	11.285.047	
H. ACCRUED EXPENSES AND DEFERRED INCOME	1.077.250	1.156.517	
1. Accrued expenses	901.698	1.067.104	
2. Other accruals and deferred income	175.552	89.413	
I. NON-CURRENT LIABILITIES HELD FOR SALE AND			
DISCONTINUED OPERATIONS	0	0	
J. OFF BALANCE SHEET ASSETS	57.767.599	63.096.081	

1.3. Balance sheet for Life insurance as at 31 December 2013

in EUR

	31 December 2013	31 December 2012	Index
ASSETS (od A do G)	1.381.235.603	1.368.740.758	101
A. INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	2.169.076	2.505.835	87
1. Intangible assets	2.169.076	2.505.835	87
2. Goodwill	0	0	
3. Deferred acquisition costs	0	0	
4. Other long-term deferred items	0	0	
B. LAND, BUILDINGS AND FINANCIAL ASSETS	946.449.683	951.660.157	99
I. LAND AND BUILDINGS	10.104.735	10.956.470	92
a.) Directly used in insurance activities	8.756.526	8.997.737	97
1. Land directly used in insurance activities	635.773	638.057	100
2. Buildings directly used in insurance activities	8.120.753	8.359.680	97
3. Other land and buildings directly used in insurance activities	0	0	
b.) Investment property	1.348.208	1.958.734	69
1. Land	152.302	328.069	46
2. Buildings	1.195.907	1.630.665	73
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	11.151.995	14.280.658	78
1. Shares in subsidiaries	1.514.671	1.514.671	100
2. Debt securities and loans to subsidiaries	0	0	
3. Shares in associated companies	9.637.324	12.765.987	75
4. Debt securities and loans to associated companies	0	0	
5. Other financial investments in subsidiaries and associates	0	0	
III. OTHER FINANCIAL INVESTMENTS	925.164.690	926.416.893	100
1. Long-term financial investments	904.096.307	883.501.836	102
1.1. Shares and other floating rate securities and fund coupons	22.659.413	29.279.268	77
1.2. Debt and other fixed return securities	833.926.317	784.705.117	106
1.3. Investment fund shares	0	0	
1.4. Mortgage loans	0	0	
1.5. Other loans	27.342.680	31.178.756	88
1.6. Deposits with banks	19.479.743	35.068.325	56
1.7. Other financial investments	688.155	3.270.369	21
2. Short-term financial investments	21.068.383	42.915.058	49
2.1. Shares available for sale	0	0	
2.2. Securities available for sale and with maturity up to one year	11.192.836	16.784.565	67
2.3. Short-term loans	0	0	
2.4. Short-term bank deposits	9.875.547	26.130.493	38
2.5. Other short-term financial investments	0	0	
IV. FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	0	0	
V. ASSETS FROM INVESTMENT CONTRACTS	0	0	
VI. ASSETS FROM REINSURANCE CONTRACTS AND CO-INSURANCE CONTRACTS	28.264	6.135	461
1. From unearned premium	0	0	
- in reinsurance	0	0	
- in co-insurance	0	0	
2. From mathematical provision	0	0	

in EUR

	31 December 2013	31 December 2012	Index
3. From outstanding claims	28.264	6.135	461
- in reinsurance	28.264	6.135	461
- in co-insurance	0	0	
4. From bonuses and discounts	0	0	
5. From other technical provisions	0	0	
6. From technical provisions for life insurance policy holders who bear investment risk	0	0	
C. UNIT-LINKED INSURANCE CONTRACT			
INVESTMENTS	422.849.370	406.502.788	104
D. RECEIVABLES	5.847.037	5.171.263	113
I. RECEIVABLES FROM DIRECT INSURANCE	417.913	419.827	100
1. Receivables from insurers	402.972	400.908	101
2. Receivables from insurance brokers	0	0	
3. Other receivables from direct insurance operations	14.941	18.920	79
4. Receivables from direct insurance operations - associates and subsidiaries	0	0	
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	13.971	12.097	115
1. Premium receivable from co-insurance	0	0	
2. Premium receivable from reinsurance	0	0	
3. Receivables from co-insurers' share in claims	0	0	
4. Receivables from reinsurers' share in claims	0	0	
5. Other receivables from co-insurance and reinsurance	0	0	
6. Receivables from co-insurance and reinsurance- associates and subsidiaries	13.971	12.097	115
III. OTHER RECEIVABLES AND DEFERRED TAX RECEIVABLES	5.415.153	4.739.339	114
1. Receivables for advanced payments for intangible assets	0	0	
2. Other short-term receivables from insurance operations	67.056	98.874	68
3. Short term receivables from financing	601.165	78.428	767
4. Other short-term receivables	1.359.264	1.178.775	115
5. Long-term receivables	0	0	
6. Current tax receivables	0	0	
7. Deferred tax assets	1.986.974	2.343.737	85
8. Other short-term receivables - associates and subsidiaries	1.400.695	1.039.525	135
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	
E. OTHER ASSETS	3.900.970	2.842.256	137
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	2.477.448	1.647.085	150
1. Equipment and small tools	2.427.592	1.615.396	150
2. Other tangible fixed assets	49.856	31.689	157
II. CASH AT BANK AND IN HAND	1.423.521	1.195.171	119
III. INVENTORIES AND OTHER ASSETS	0	0	
1. Inventories	0	0	
2. Other assets	0	0	
F. SHORT-TERM DEFERRED ASSETS	19.468	58.459	33
1. Accrued interest and rent	0	0	
2. Deferred short-term expenses of insurance contract acquisition	0	0	
3. Other short-term deferred items	19.468	58.459	33
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	
H. OFF BALANCE SHEET ASSETS	25.200.338	18.450.338	137

in EUR

	31 December 2013	31 December 2012	Index
EQUITY AND LIABILITIES (A to I)	1.381.235.603	1.368.740.758	101
A. EQUITY	87.426.394	84.903.563	103
I. SUBSCRIBED (CALLED UP) CAPITAL	22.360.852	22.360.852	100
1. Share capital	22.360.852	22.360.852	100
2. Unsubscribed capital (as deduction)	0	0	
II. CAPITAL RESERVES	13.067.907	13.067.907	100
III. RESERVES FROM PROFIT	38.763.891	31.563.891	123
1. Security reserves	0	0	
2. Legal and statutory reserves	1.445.419	1.445.419	100
3. Reserves for own shares	0	0	
4. Own shares (as deduction)	0	0	
5. Equalisation provision for credit insurance	0	0	
6. Catastrophe reserves	0	0	
7. Other reserves from profit	37.318.472	30.118.472	124
IV. FAIR VALUE RESERVE	9.254.261	13.497.974	69
1. Fair value reserve for tangible fixed assets	0	0	
2. Fair value reserve for long-term investments	9.293.121	13.498.009	69
3. Fair value reserve for short-term investments	-28.121	-35	
4. Other fair value reserve	-10.739	0	
V. NET PROFIT / LOSS CARRIED FORWARD	0	0	
VI. NET PROFIT / LOSS FOR THE CURRENT YEAR	3.979.484	4.412.939	90
B. SUBORDINATED LIABILITIES	11.982.682	13.677.269	88
C. GROSS TECHNICAL PROVISIONS AND DEFERRED			
INCOME FROM PREMIUMS	843.540.265	846.384.267	100
1. Gross provisions for unearned premiums	428.747	403.360	106
2. Gross mathematical provisions	823.783.519	826.665.165	100
3. Gross claim provisions	19.328.000	19.315.742	100
4. Gross provisions for bonuses and discounts	0	0	
5. Other gross technical provisions	0	0	
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE			
POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	420.333.091	404.899.884	104
E. PROVISIONS FOR OTHER RISKS AND CHARGES	1.506.521	1.476.644	102
1. Provisions for pensions	1.502.552	1.424.937	105
2. Other provisions	3.969	51.707	8
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN			
REINSURANCE CONTRACTS	0	0	
G. OTHER LIABILITIES	15.889.143	16.966.573	94
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	5.832.498	6.980.912	84
1. Liabilities to policy holders	4.457.351	5.759.938	77
2. Liabilities to agents and brokers	211.524	74.648	283
3. Other liabilities from direct insurance operations	893.842	957.890	93
4. Liabilities from direct insurance operations- associates and subsidiaries	269.782	188.435	143
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	0	8.714	
1. Liabilities for co-insurance premiums	0	0	
2. Liabilities for reinsurance premiums	0	0	
3. Liabilities for co-insurers' share in claims	0	0	
4. Liabilities for reinsurers' share in claims	0	0	
5. Other liabilities from co-insurance and re-insurance	0	0	
6. Liabilities from co-insurance and re- insurance-associates and subsidiaries	0	8.714	

in EUR

	31 December 2013	31 December 2012	Index
III. LOANS SECURED BY FIXED RATE SECURITIES	0	0	
IV. LIABILITIES TO BANKS	0	0	
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	
VI. OTHER LIABILITIES	10.056.645	9.976.947	101
a.) Other long term liabilities	4.102.829	4.769.857	86
1. Long term liabilities from finance leases	0	0	
2. Other long term liabilities	0	0	
3. Deferred tax liabilities	4.102.829	4.769.857	86
b.) Other short-term liabilities	5.953.816	5.207.090	114
1. Short-term liabilities to employees	0	0	
2. Other short-term liabilities from insurance operations	3.012.848	2.125.320	142
3. Short-term liabilities from financing	0	17.486	
4. Current income tax liabilities	0	0	
5. Other short-term liabilities	2.940.968	3.064.283	96
H. ACCRUED EXPENSES AND DEFERRED INCOME	557.507	432.557	129
1. Accrued expenses	557.507	432.557	129
2. Other accruals and deferred income	0	0	
I. NON-CURRENT LIABILITIES HELD FOR SALE AND			
DISCONTINUED OPERATIONS	0	0	
J. OFF BALANCE SHEET ASSETS	25.200.338	18.450.338	137

2. INCOME STATEMENT FOR THE YEAR ENDING AT 31 DECEMBER 2012

		in EUR		
		2013	2012	Index
A.	Tehchnical account for non-life insurance except health insurance business			
I.	Net premium earned	369.775.431	405.310.176	91
1.	Gross written premium	424.579.717	453.802.130	94
2.	Assumed co-insurance written premium (+)	1.979.159	1.965.097	101
3.	Ceded co-insurance written premium (-)	-80.798	-103.848	78
4.	Outward reinsurance premium (-)	-65.924.435	-68.737.097	96
5.	Change in gross provision for unearned premiums (+/-)	11.107.706	18.598.742	60
6.	Change in provision for unearned premiums, reinsurers' and co-insurers' share (+/-)	-1.885.917	-214.847	878
II.	Allocated investment return transferred from the non-technical account (item D VIII)	20.741.943	16.505.628	126
III.	Other net income from insurance operations	4.213.769	3.708.862	114
IV.	Net claims incurred	205.337.866	219.069.280	94
1.	Gross claims settled	270.977.013	277.587.931	98
2.	Income from gross subrogated receivables (-)	-17.032.902	-18.633.579	91
3.	Co-insurers' share (+/-)	1.514.624	1.172.927	129
4.	Reinsurers' share (-)	-26.179.868	-21.165.490	124
5.	Changes in gross provisions for claims outstanding (+/-)	-28.825.419	1.163.533	
6.	Changes in provisions for claims outstanding, reinsurers' and coinsurers' share (+/-)	4.884.418	-21.056.040	
V.	Change in other net technical provisions (+/-)	-531.955	-3.608.211	15
VI.	Net expenses for bonuses and discounts	5.386.018	7.605.842	71
VII.	Net operating expenses	96.907.220	93.545.900	104
1.	Acquisition costs	76.481.557	77.347.782	99
2.	Change in deferred acquisition costs (+/-)	0	0	
3.	Other operating expenses	31.033.306	27.669.155	112
3.1.	Depreciation of assets used in insurance business	1.864.554	1.595.468	117
3.2.	Labour costs	17.858.864	16.527.281	108
	- wages and salaries	13.258.588	12.981.588	102
	- social security and pension insurance costs	2.216.963	2.238.414	99
	- other labour costs	2.383.314	1.307.279	182
3.3.	Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	446.794	427.683	104
3.4.	Other operating expenses	10.863.095	9.118.722	119
4.	Income from reinsurance commissions and shares in the technical profit from reinsurance contracts (-)	-10.607.643	-11.471.037	92
VIII.	Other net insurance expenses	12.453.243	17.185.714	72
1.	Expenses of preventive activity	4.936.168	5.325.487	93
2.	Contributions for covering losses on uninsured and unknown vehicles	-889.360	509.337	
3.	Other net insurance expenses	8.406.435	11.350.891	74
IX.	Result of the technical account for non-life insurance business, except health insurance business (I+II+III-IV+-V-VI-VII-VIII)	75.178.750	91.726.141	82
B.	Tehchnical account for life insurance business			
I.	Net premium earned	178.846.881	191.508.491	93
1.	Gross written premium	179.199.515	191.824.651	93
2.	Assumed co-insurance written premium (+)	0	0	
3.	Ceded co-insurance written premium (-)	0	0	
4.	Outward reinsurance premium (-)	-327.247	-328.173	100
5.	Change in gross provision for unearned premiums (+/-)	-25.387	12.013	
6.	Change in provision for unearned premiums, reinsurers' and co-insurers' share (+/-)	0	0	
II.	Income from investments	69.778.479	65.537.194	106
1.	Income from dividends	1.310.019	1.493.899	88
1.1.	Group companies	0	0	
1.2.	Associates	421.365	750.904	56
1.3.	Others	888.654	742.995	120

		in EUR		
		2013	2012	Index
2.	Income from other investments	55.557.651	50.557.134	110
2.1.	Income from land and buildings	70.014	65.426	107
	- in group companies	0	0	
	- in associates	0	0	
	- in others	70.014	65.426	107
2.2.	Interest income	35.233.528	37.679.683	94
	- in group companies	0	22	
	- in associates	0	0	
	- in others	35.233.528	37.679.661	94
2.3.	Other investment income	20.254.110	12.812.025	158
2.3.1.	Financial income from revaluation	20.252.992	12.812.025	158
	- in group companies	0	0	
	- in associates	0	0	
	- in others	20.252.992	12.812.025	158
2.3.2.	Other financial income	1.118	0	
	- in group companies	0	0	
	- in associates	0	0	
	- in others	1.118	0	
3.	Income from asset value adjustments	0	0	
4.	Profit on disposal of investments	12.910.809	13.486.160	96
III.	Net unrealised gains on unit-linked life insurance assets	47.380.445	28.280.816	168
IV.	Other net income from insurance operations	127.511	14.245.966	1
V.	Net claims incurred	165.317.074	157.510.313	105
1.	Gross claims settled	165.453.692	157.746.445	105
2.	Income from gross subrogated receivables (-)	0	0	
3.	Reinsurers' share (-)	-126.748	-61.508	206
4.	Changes in gross provisions for claims outstanding (+/-)	12.258	-172.170	
5.	Changes in provisions for claims outstanding, reinsurers' share (+/-)	-22.128	-2.454	902
VI.	Change in other net technical provisions (+/-)	15.410.053	46.871.194	33
1.	Change of mathematical provisions (+/-)	15.410.053	46.871.194	33
1.1.	Change in gross mathematical provision (+/-)	15.410.053	46.871.194	33
1.2.	Change of reinsurers' share (+/-)	0	0	
2.	Change of other net technical provisions (+/-)	0	0	
2.1.	Change of other gross technical provision(+/-)	0	0	
2.2.	Change of reinsurers' share (+/-)	0	0	
VII.	Net expenses for bonuses and discounts	0	0	
VIII.	Net operating expenses	30.508.273	31.788.483	96
1.	Acquisition costs	19.501.549	19.392.547	101
2.	Change of deferred acquisition costs (+/-)	0	0	
3.	Other operating expenses	11.310.152	12.427.722	91
3.1.	Depreciation of assets used in insurance business	836.679	694.688	120
3.2.	Labour costs	5.570.685	6.014.213	93
	- wages and salaries	4.190.200	4.776.878	88
	- social security and pension insurance costs	702.067	820.961	86
	- other labour costs	678.417	416.373	163
3.3.	Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	100.575	114.784	88
3.4.	Other operating expenses	4.802.214	5.604.037	86
4.	Income from reinsurance commissions and from participation in the positive technical result from reinsurance contracts (-)	-303.429	-31.787	955
IX.	Expenses from investments	40.966.584	42.544.192	96
1.	Depreciation and amortization of assets not used in operations	42.671	41.629	103
2.	Expenses arising from asset management, interest expenses and other financial expenses	2.244.198	2.430.978	92
3.	Revaluation financial expenses	26.132.655	22.361.315	117
4.	Loss on disposal of investments	12.547.061	17.710.269	71
X.	Net unrealised losses on investments for insurance of which the policyholders bear the investment risk	33.789.102	374.116	

		in EUR		
		2013	2012	Index
XI.	Other net insurance expenses	896.314	14.799.692	6
1.	Expenses of preventive activity	700.170	467.660	150
2.	Other net insurance expenses	196.144	14.332.032	1
XII.	Allocated investment return transferred to the non-technical account (-) (item d.v.)	-9.063.707	-8.387.303	108
XIII.	Result of the technical account for life insurance business (I+II+III+IV-V+/-VI-VII-VIII-IX-X-XI-XII)	18.309.623	14.071.780	130
C.	Result of the technical account for health insurance business			
D.	Non-technical account			
I.	Result of the technical account for non-life insurance business, except health insurance business (A IX)	75.178.750	91.726.141	82
II.	Result of technical the account for life insurance business (B XIII)	18.309.623	14.071.780	130
III.	Result of technical account for health insurance business (C XIII)			
IV.	Income from investment	52.041.490	52.069.715	100
1.	Income from participations	5.225.011	1.006.637	519
1.1.	Group companies	4.104.060	0	
1.2.	Associates	0	0	
1.3.	Others	1.120.951	1.006.637	111
2.	Income from other investments	32.551.792	37.202.437	87
2.1.	Income from land and buildings	1.792.286	1.841.422	97
	- group companies	172.951	175.631	98
	- associates	0	0	
	- others	1.619.335	1.665.791	97
2.2.	Interest income	28.316.834	31.069.623	91
	- group companies	2.183.420	1.773.227	123
	- associates	0	0	
	- others	26.133.415	29.296.395	89
2.3.	Other income from investments	2.442.672	4.291.393	57
2.3.1.	Financial income from revaluation	2.439.596	4.268.788	57
	- group companies	3.642	16.431	22
	- associates	0	0	
	- others	2.435.954	4.252.357	57
2.3.2.	Other financial income	3.076	22.605	14
	- group companies	0	0	
	- associates	0	0	
	- others	3.076	22.605	14
3.	Income from asset value adjustments	24.200	1.143.063	2
4.	Profit on disposal of investments	14.240.487	12.717.577	112
V.	Allocated investment return transferred from life insurance technical account (B XII)	-9.063.707	-8.387.303	108
VI.	Allocated investment return transferred from the health insurance technical account (C X)			
VII.	Expenses from investments	57.059.677	62.855.541	91
1.	Depreciation and amortization of assets not used in operations	517.741	495.478	104
2.	Expenses arising from asset management, interest expenses and other financial expenses	4.820.837	5.911.457	82
3.	Revaluation financial expenses	49.794.536	51.909.625	96
4.	Loss on disposal of investments	1.926.562	4.538.982	42
VIII.	Allocated investment return transferred to the technical account for non-life insurance business, except health insurance business (A II)	20.741.943	16.505.628	126
IX.	Other income from insurance business	3.931.904	3.683.362	107
1.	Other income from property insurance except for health insurance	789.898	839.037	94
2.	Other income from life insurance	3.142.006	2.844.325	110
3.	Other income from health insurance	0	0	

		in EUR		
		2013	2012	Index
X.	Other expenses	4.267.859	9.128.379	47
1.	Other expenses from property insurance except for health insurance	3.383.975	7.439.723	45
2.	Other expenses from life assurance	883.885	1.688.656	52
3.	Other expenses from health insurance	0	0	
XI.	Other income	1.793.969	945.194	190
1.	Other income from property insurance except for health insurance	1.682.772	943.132	178
2.	Other expenses from life assurance	111.197	2.061	
3.	Other expenses from health insurance	0	0	
XII.	Other expenses	528.142	-17.827	
1.	Other income from property insurance except for health insurance	451.354	-29.944	
2.	Other expenses from life assurance	76.788	12.117	634
3.	Other income from health insurance	0	0	
XIII.	Profit/loss before tax			
	(I+II+III+IV+V+VI-VII-VIII+IX-X+XI-XII)	59.594.408	65.637.168	91
1.	Net profit / -loss from property insurance, except health insurance	48.055.962	58.807.077	82
2.	Net profit / -loss from life assurance	11.538.446	6.830.091	169
3.	Net profit / -loss from health insurance			
XIV.	Corporate income tax	649.582	11.482.581	6
XV.	Deferred taxes	10.654.360	3.762.413	283
XVI.	Net profit / -loss for the accounting period (XIII-XIV-XV)	48.290.466	50.392.174	96
-	Net profit / -loss from property insurance, except health insurance	37.110.982	45.979.234	81
-	Net profit / -loss from life assurance	11.179.484	4.412.939	253
-	Net profit / -loss from health insurance			
E.	Comprehensive income			
I.	Net profit/loss for the accounting period after tax	48.290.466	50.392.174	96
II.	Other comprehensive income after tax (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	-10.687.063	40.080.721	
1.	Net profit / loss recognised in a fair value reserve relating to tangible assets	0	0	
2.	Net profit / loss recognised in a fair value reserve relating to intangible assets	0	0	
3.	Actuarial gains / loss for pension programs	-77.385	0	
4.	Valuation gains / losses on available-for-sale financial assts	-11.677.024	47.510.073	
5.	Net profit / loss from non-current assets held for sale	0	0	
6.	Net profit / loss relating to cash flows hedges	0	0	
7.	Share of other comprehensive income /loss of entities accounted for using the equity method	0	0	
8.	Other net profit / loss from other comprehensive income	0	0	
9.	Tax on other comprehensive income	1.067.347	-7.429.351	
III.	Comprehensive Income for the period after tax (I + II)	37.603.404	90.472.895	42

3. ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT AS AT 31 DECEMBER 2013

3.1. Assets and liabilities of technical account for life insurance, rent and supplementary pension insurance

	in EUR		
	31 December 2013	31 December 2012	Index
ASSETS (from A to D)	701.244.673	702.107.174	100
A. INVESTMENT PROPERTY AND FINANCIAL INVESTMENTS	695.855.030	697.396.084	100
I. INVESTMENT PROPERTY	444.738	846.109	53
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES			
1. Shares in subsidiaries	0	0	
2. Shares in associates	0	0	
III. OTHER FINANCIAL INVESTMENTS	695.382.029	696.543.840	100
1. Shares and other floating rate securities	16.673.819	17.013.113	98
2. Debt securities with fixed return	635.766.523	612.395.492	104
3. Investment fund coupons	0	0	
4. Mortgage loans	0	0	
5. Other loans	21.095.328	27.941.442	75
6. Bank deposits	21.846.359	39.193.793	56
7. Other financial investments	0	0	
IV. ASSETS FROM REINSURANCE CONTRACTS AND CO-INSURANCE CONTRACTS	28.264	6.135	461
1. from unearned premium	0	0	
2. from mathematical provision	0	0	
3. from outstanding claims	28.264	6.135	461
- co-insurance	28.264	6.135	461
- reinsurance	0	0	
4. from bonuses and discounts	0	0	
5. from technical provisions for life insurance policy holders who bear investment risk	0	0	
B. RECEIVABLES	4.722.452	4.335.479	109
I. RECEIVABLES FROM DIRECT INSURANCE	410.665	410.127	100
1. Receivables from insurers	402.972	400.908	101
2. Receivables from insurance brokers	0	0	
3. Other receivables from direct insurance operations	7.693	9.219	83
II. RECEIVABLES FROM RE-INSURANCE	13.971	12.097	115
III. OTHER RECEIVABLES	4.297.816	3.913.255	110
C. OTHER ASSETS	647.722	317.152	204
I. Cash and cash equivalents	647.722	317.152	204
II. Other assets	0	0	
D. SHORT-TERM DEFERRED ASSETS	19.468	58.459	33
1. Accrued interest and rent	0		
2. Deferred expenses for insurance contract acquisition	0		
3. Other deferred items	19.468	58.459	33
E. OFF BALANCE SHEET ITEMS	16.880.700	10.130.700	167

in EUR

	31 December 2013	31 December 2012	Index
LIABILITIES (A to F)	701.244.673	702.107.174	100
A. FAIR VALUE RESERVE	0	3.410.147	
B. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	674.254.659	679.100.046	99
1. gross provision for unearned premium	428.747	403.360	106
2. gross mathematical provisions	654.497.912	659.380.944	99
3. gross provisions for outstanding claims	19.328.000	19.315.742	100
4. gross provisions for bonuses and discounts	0	0	
5. other gross technical provisions	0	0	
C. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-ASSURANCE			
POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0	
D. LIABILITIES FOR INVESTMENTS OF REINSURERS UNDER REINSURANCE			
CONTRACTS WITH CEDING UNDERTAKINGS	0	0	
E. OTHER LIABILITIES	26.990.014	19.596.981	138
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	4.238.587	4.248.709	100
1. Liabilities towards policyholders	3.492.726	3.594.023	97
2. Liabilities towards intermediaries	481.305	263.083	183
3. Other liabilities from direct insurance operations	264.556	391.602	68
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE	0	8.714	
III. OTHER LIABILITIES	22.751.427	15.339.558	148
F. ACCRUED EXPENSES AND DEFERRED INCOME	0	0	
G. OFF-BALANCE SHEET ITEMS	16.880.700	10.130.700	167

3.2. Assets and liabilities of technical account - supplementary voluntary pension insurance - PN - ZT - 01, 02, 03, 04

in EUR

	31 December 2013	December 2012	Index
I. ASSETS (from A to E)	152.562.739	160.311.604	95
A. INVESTMENT PROPERTY AND OTHER PROPERTY RIGHTS	0	0	
1. Investment property	0	0	
2. Other property rights	0	0	
B. FINANCIAL INVESTMENTS	152.393.477	160.131.218	95
1. in loans and deposits	9.429.265	26.350.983	36
2. held to maturity:	0	0	
- debt securities	0	0	
3. available for sale:	47.670.621	85.640.625	56
- debt securities	46.563.758	82.511.357	56
- equity securities	1.106.863	3.129.268	35
4. measured at fair value:	95.293.590	48.139.611	198
- debt securities	94.164.360	48.139.611	196
- equity securities	1.129.230	0	
C. RECEIVABLES	2.520	13.693	18
1. Receivables to the managing company failing to achieve a guaranteed return	0	0	
2. Other receivables	2.520	13.693	18
D. CASH AND CASH EQUIVALENTS	166.742	166.693	100
E. OTHER ASSETS	0	0	
F. OFF BALANCE ASSETS	1.890.000	1.890.000	100
1. From derivative financial instruments	1.890.000	1.890.000	100
2. From guarantees given	0	0	
3. Other off balance assets	0	0	

v EUR

	31.12.2013	31.12.2012	Indeks
II. LIABILITIES (from A to D)	152.562.739	160.311.604	95
A. TECHNICAL PROVISIONS	151.356.871	157.883.409	96
1. Mathematical provisions for payable net premium	138.211.859	143.788.061	96
2. Mathematical provisions for attributed return of assets covering mathematical provisions	13.145.012	14.095.348	93
3. Technical provisions for insurance where the assets covering mathematical provisions are split to units (VEP)	0	0	
B. FINANCIAL LIABILITIES	0	0	
C. OPERATING LIABILITIES	1.195.347	2.427.370	49
1. Liabilities arising from the purchase of securities and other financial instruments	0	0	
2. Liabilities to the managing company of the assets covering mathematical provisions	228.006	256.189	89
3. Liabilities arising from redemption value to the members of the assets covering mathematical provisions	952.779	2.165.060	44
4. Other operating liabilities	14.561	6.121	238
D. OTHER LIABILITIES	10.521	825	
F. OFF BALANCE LIABILITIES	1.890.000	1.890.000	100
1. From derivative financial instruments	1.890.000	1.890.000	100

2. From guarantees given	0	0
3. Other off balance liabilities	0	0

3.3.Assets and liabilities of technical account - supplementary voluntary pension insurance - guaranteed

in EUR			
	31 December 2013	December 2012	Index
I. ASSETS (from A to E)	733.505	194.334	377
A. INVESTMENT PROPERTY AND OTHER PROPERTY RIGHTS	0	0	
1. Investment property	0	0	
2. Other property rights	0	0	
B. FINANCIAL INVESTMENTS	715.455	181.511	394
1. in loans and deposits	70.407	42.056	167
2. held to maturity:	0	0	
- debt securities	0	0	
3. available for sale:	0	0	
- debt securities	0	0	
- equity securities	0	0	
4. measured at fair value:	645.048	139.455	463
- debt securities	645.048	139.455	463
- equity securities	0	0	
C. RECEIVABLES	1.500	0	
1. Receivables to the managing company failing to achieve a guaranteed return	0	0	
2. Other receivables	1.500	0	
D. CASH AND CASH EQUIVALENTS	16.550	12.823	129
E. OTHER ASSETS	0	0	
F. OFF BALANCE ASSETS	0	0	
1. From derivative financial instruments	0	0	
2. From guarantees given	0	0	
3. Other off balance assets	0	0	

v EUR			
	31.12.2013	31.12.2012	Indeks
II. LIABILITIES (from A to D)	733.505	194.334	377
A. TECHNICAL PROVISIONS	716.564	191.056	375
1. Mathematical provisions for payable net premium	681.682	185.124	368
2. Mathematical provisions for attributed return of assets covering mathematical	34.882	5.932	588
3. Technical provisions for insurance where the assets covering mathematical provisions are split to units (VEP)	0	0	
B. FINANCIAL LIABILITIES	0	0	
C. OPERATING LIABILITIES	16.941	3.278	517
1. Liabilities arising from the purchase of securities and other financial instruments	0	0	
2. Liabilities to the managing company of the assets covering mathematical provisions	2.261	574	394
3. Liabilities arising from redemption value to the members of the assets covering mathematical provisions	11.614	0	
4. Other operating liabilities	3.066	2.704	113
D. OTHER LIABILITIES	0	0	
F. OFF BALANCE LIABILITIES	0	0	
1. From derivative financial instruments	0	0	
2. From guarantees given	0	0	

3. Other off balance liabilities

0

0

3.4. Assets and liabilities of technical account - supplementary voluntary pension insurance at the time of payment of rent

		in EUR		
		31 December 2013	31 December 2012	Index
ASSETS (from A to D)		18.044.045	9.805.681	184
A.	INVESTMENT PROPERTY AND FINANCIAL INVESTMENTS	17.948.776	9.691.418	185
I.	INVESTMENT PROPERTY	0	0	
II.	FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	0	0	
1.	Shares in subsidiaries	0	0	
2.	Shares in associates	0	0	
III.	OTHER FINANCIAL INVESTMENTS	17.948.776	9.691.418	185
1.	Shares and other floating rate securities	0	0	
2.	Debt securities with fixed return	17.042.641	8.220.284	207
3.	Investment fund coupons	0	0	
4.	Mortgage loans	0	0	
5.	Other loans	0	0	
6.	Bank deposits	906.134	1.471.134	62
7.	Other financial investments	0	0	
IV.	ASSETS FROM REINSURANCE CONTRACTS	0	0	
1.	from unearned premium	0	0	
2.	from mathematical provision	0	0	
3.	from outstanding claims	0	0	
4.	from bonuses and discounts	0	0	
5.	from technical provisions for life insurance policy holders who bear investment risk	0	0	
B.	RECEIVABLES	33	0	
I.	RECEIVABLES FROM DIRECT INSURANCE	33	0	
1.	Receivables from insurers	0	0	
2.	Receivables from insurance brokers	0	0	
3.	Other receivables from direct insurance operations	33	0	
II.	RECEIVABLES FROM RE_INSURANCE	0	0	
III.	OTHER RECEIVABLES	0	0	
C.	OTHER ASSETS	95.235	114.263	83
I.	Cash and cash equivalents	95.235	114.263	83
II.	Other assets	0	0	
D.	SHORT-TERM DEFERRED ASSETS	0	0	
1.	Accrued interest and rent	0	0	
2.	Deferred expenses for insurance contract aquisition	0	0	
3.	Other deferred items	0	0	
E.	OFF BALANCE SHEET ITEMS	0	0	

in EUR

	31 December 2013	31 December 2012	Index
LIABILITIES (A to F)	18.044.045	9.805.681	184
A. FAIR VALUE RESERVE	0	0	
B. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	17.212.172	9.209.756	187
1. gross provision for unearned premium	0	0	
2. gross mathematical provisions	17.212.172	9.209.756	187
3. gross provisions for outstanding claims	0	0	
4. gross provisions for bonuses and discounts	0	0	
C. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-ASSURANCE			
POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0	
D. LIABILITIES FOR INVESTMENTS OF REINSURERS UNDER REINSURANCE			
CONTRACTS WITH CEDING UNDERTAKINGS	0	0	
E. OTHER LIABILITIES	831.873	595.925	140
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	609.657	554.154	110
1. Liabilities towards policyholders	232	855	27
2. Liabilities towards intermediaries	0	0	
3. Other liabilities from direct insurance operations	609.425	553.299	110
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE	0	0	
III. OTHER LIABILITIES	222.216	41.772	532
F. ACCRUED EXPENSES AND DEFERRED INCOME	0	0	
G. OFF-BALANCE SHEET ITEMS	0	0	

3.5. Assets and liabilities of technical account - unit-linked insurance

in EUR

	31 December 2013	31 December 2012	Index
ASSETS (from A to D)	423.084.126	406.933.685	104
A. INVESTMENT PROPERTY AND FINANCIAL INVESTMENTS	422.849.370	406.502.788	104
I. INVESTMENT PROPERTY	0	0	
II. FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	0	0	
1. Shares in subsidiaries	0	0	
2. Shares in associates	0	0	
III. OTHER FINANCIAL INVESTMENTS	422.849.370	406.502.788	104
1. Shares and other floating rate securities	359.474.434	344.509.806	104
2. Debt securities with fixed return	55.345.042	57.478.642	96
3. Investment fund coupons	0	0	
4. Mortgage loans	0	0	
5. Other loans	0	0	
6. Bank deposits	8.029.894	4.514.340	178
7. Other financial investments	0	0	
IV. ASSETS FROM REINSURANCE CONTRACTS	0	0	
1. from unearned premium	0	0	
2. from mathematical provision	0	0	
3. from outstanding claims	0	0	
4. from bonuses and discounts	0	0	
5. from technical provisions for life insurance policy holders who bear investment risk	0	0	
B. RECEIVABLES	8.803	17.728	50
I. RECEIVABLES FROM DIRECT INSURANCE	5.798	7.371	79
1. Receivables from insurers	0	0	
2. Receivables from insurance brokers	0	0	
3. Other receivables from direct insurance operations	5.798	7.371	79
II. RECEIVABLES FROM REINSURANCE	0	0	
III. OTHER RECEIVABLES	3.005	10.357	29
C. OTHER ASSETS	225.953	413.169	55
I. Cash and cash equivalents	225.953	413.169	55
II. Other assets	0	0	
D. SHORT-TERM DEFERRED ASSETS	0	0	
1. Accrued interest and rent	0	0	
2. Deferred expenses for insurance contract acquisition	0	0	
3. Other deferred items	0	0	
E. OFF BALANCE SHEET ITEMS	6.429.638	6.429.638	100

in EUR

	31 December 2013	31 December 2012	Index
LIABILITIES (A to F)	423.084.126	406.933.685	104
A. FAIR VALUE RESERVE	0	0	
B. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	0	0	
1. gross provision for unearned premium	0	0	
2. gross mathematical provisions	0	0	
3. gross provisions for outstanding claims	0	0	
4. gross provisions for bonuses and discounts	0	0	
C. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-ASSURANCE			
POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	420.333.091	404.899.884	104
D. LIABILITIES FOR INVESTMENTS OF REINSURERS UNDER REINSURANCE			
CONTRACTS WITH CEDING UNDERTAKINGS	0	0	
E. OTHER LIABILITIES	2.751.035	2.033.800	135
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	2.234	4.163	54
1. Liabilities towards policyholders	0	0	
2. Liabilities towards intermediaries	0	0	
3. Other liabilities from direct insurance operations	2.234	4.163	54
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE	0	0	
III. OTHER LIABILITIES	2.748.801	2.029.637	135
F. ACCRUED EXPENSES AND DEFERRED INCOME	0	0	
G. OFF-BALANCE SHEET ITEMS	6.429.638	6.429.638	100

4. INCOME STATEMENTS OF TECHNICAL ACCOUNT

4.1. Income statement for life insurance, rent and supplementary pension insurance

in EUR

	2013	2012	Index
I. Premium earned	96.133.983	101.239.161	95
1. Gross premium earned	96.159.370	101.227.148	95
2. Change of unearned premium	-25.387	12.013	
II. Income from investments	39.140.810	44.981.863	87
1. Income from dividends	314.905	266.283	118
1.1. Dividends from subsidiaries	0	0	
1.2. Dividends from associated companies	0	0	
1.3. Dividends from others	314.905	266.283	118
2. Income from other investments	30.823.273	37.067.249	83
2.1. Income from land and buildings	23.997	29.405	82
2.2. Interest income	26.871.372	28.833.084	93
2.3. Other income from investments	3.927.904	8.204.761	48
2.3.1. Financial income from revaluation	3.926.945	8.204.761	48
2.3.2. Other financial income	959	0	
3. Income from investment value adjustments	0	0	
4. Gains from disposal of investments	8.002.632	7.648.330	105
III. Other income from insurance	124.402	612.651	20
IV. Expenses from claims	91.388.413	90.276.829	101
1. Claims expenses	91.398.284	90.451.453	101
2. Change in provisions from claims	-9.870	-174.624	6
V. Change in other technical provisions (+/-)	-1.833.826	235.438	
1. Change in mathematical provision (+/-)	-1.833.826	235.438	
1.1. Change in mathematical provisions without share in profit(+/-)	-7.633.688	-5.742.087	133
1.2. Change in mathematical provision from share in profit (+/-)	5.799.862	5.977.525	97
2. Change in other technical provisions(+/-)	0	0	
VI. Expenses for bonuses and discounts	0	0	
VII. Expenses included in policies	16.187.547	16.186.350	100
1. Entry fees	3.042.111	2.792.636	109
2. Incasso, administrative expenses	13.145.436	13.393.714	98
3. Costs of claims settlement	0	0	
VII.a Net operating expenses	14.845.885	13.830.359	107
1. Cost of contract aquisition	9.819.275	8.147.232	121
2. Change in deferred costs of contract aquisition (+/-)	0	0	
3. Other operating expenses	5.330.038	5.714.914	93
3.1. Amortisation and depreciation of assets, needed for operations	371.186	309.393	120
3.2. Labour costs	2.518.344	2.590.624	97
- salaries	1.900.891	2.076.655	92
- costs of social and pension insurance	318.433	357.139	89
- other labour costs	299.020	156.830	191
3.3. Costs of services provided by outsourced netural persons other than Sole Traders together with pertaining taxes	42.298	51.191	83
3.4. Other operating expenses	2.398.210	2.763.706	87
4. Income from reinsurance commissions and from participation in the positive technical result from reinsurance contracts (-)	-303.429	-31.787	955

		in EUR		
		2013	2012	Index
VIII.	Investment expenses	7.034.494	21.902.267	32
1.	Depreciation of assets, not necessary for operations	9.329	9.985	93
2.	Expenses for asset management, interest expenses and othe financial expenses	966.287	1.038.243	93
3.	Financial expenses from revaluation	5.292.806	7.951.082	67
4.	Losses from disposal of financial investments	766.072	12.902.957	6
IX.	Other net insurance expenses	895.568	1.166.377	77
X.	Profit / Loss from life assurance (I+II+III-IV+/-V-VI-VII-VIII-IX)	21.727.000	17.066.413	127
X.a	Profit / Loss from life assurance (I+II+III-IV+/-V-VI-VIIa-VIII-IX)	23.068.662	19.422.404	119

**4.2. Income statement for supplementary voluntary pension insurance -
PN - ZT - 01, 02, 03, 04**

		in EUR		
		2013	2012	Index
I.	Payments or premiums	14.113.845	15.709.463	90
II.	Financial income	14.383.882	10.982.345	131
1.	Income from dividends	30.501	4.080	748
2.	Interest income	5.126.891	6.207.038	83
3.	Gains on disposals of financial investments	1.529.126	3.113.585	49
4.	Profit arising from a change in the fair value of a financial asset through profit and loss	7.694.255	1.657.641	464
5.	Other financial income	3.109	1	
III.	Investment property income	0	0	
1.	Income from rental of investment property	0	0	
2.	Gains on disposals of investment property	0	0	
3.	Profit arising from a change in the fair value of investment property through profit and loss	0	0	
IV.	Income from payment of management company due to failing to achieve guaranteed	0	0	
V.	Expenses from repurchase	19.892.620	26.463.783	75
1.	Ordinary termination	0	0	
2.	Extraordinary termination	19.892.620	26.463.783	75
2.1.	Withdrawal from contract	19.686.609	26.258.819	75
2.2.	Cancellation of contract	0	0	
2.3.	Death of policyholder	206.011	204.964	101
VI.	Assets transfer from or on the other transactor (+/-)	-1.049.939	-1.454.976	72
1.	Assets transfer from the other transactor	75.576	100.862	75
2.	Assets transfer on the other transactor	1.125.515	1.555.838	72
VII.	Change of technical provisions (+/-)	-3.286.718	-8.479.012	39
1.	Change in mathematical provisions without the profit of the current year (+/-)	-3.286.718	-8.479.012	39
2.	Change of other technical provisions (+/-)	0	0	
3.	Change in provisions for insurance where assets covering mathematical provisions are splitted to units (VEP)	0	0	
VIII.	Costs of management company	2.537.887	2.788.268	91
1.	Entry fees	447.197	537.619	83
2.	Termination costs	208.330	279.795	74
3.	Management commission	1.882.360	1.970.854	96
IX.	Expenses in respect of custodian bank	0	0	
X.	Other expenses regarding management rules which directly charge assets covering m	0	0	
XI.	Financial expenses	8.303.999	4.463.793	186
1.	Interest expenses	0	0	
2.	Loss on disposal of financial investments	242.004	2.518.886	10
3.	Losses arising from a change in the fair value of financial assets through profit and loss	8.061.995	1.944.907	415
XII.	Investment property expenses	0	0	
1.	Expenses arising from management and rental of investment property	0	0	
2.	Losses arising from a change in the fair value of investment property through profit and loss	0	0	
XIII.	Net income of the current period (+/-)			
	(I. +II. +III. +IV. -V. +VI. +VII. -VIII. -IX. -X. -XI. -XII.)	0	0	

4.3. Income statement for supplementary voluntary pension insurance - guaranteed

		in EUR		
		2013	2012	Index
I.	Payments or premiums	301.223	40.666	741
II.	Financial income	76.309	5.450	
1.	Income from dividends	0	0	
2.	Interest income	14.758	1.362	
3.	Gains on disposals of financial investments	6.250	0	
4.	Profit arising from a change in the fair value of a financial asset through profit and loss	49.225	4.088	
5.	Other financial income	6.076	0	
III.	Investment property income	0	0	
1.	Income from rental of investment property	0	0	
2.	Gains on disposals of investment property	0	0	
3.	Profit arising from a change in the fair value of investment property through profit and loss	0	0	
IV.	Income from payment of management company due to failing to achieve guaranteed	0	0	
V.	Expenses from repurchase	19.924	0	
1.	Ordinary termination	0	0	
2.	Extraordinary termination	19.924	0	
2.1.	Withdrawal from contract	19.853	0	
2.2.	Cancellation of contract	0	0	
2.3.	Death of policyholder	71	0	
VI.	Assets transfer from or on the other transactor (+/-)	209.425	145.788	144
1.	Assets transfer from the other transactor	209.425	145.788	144
2.	Assets transfer on the other transactor	0	0	
VII.	Change of technical provisions (+/-)	525.507	191.056	275
1.	Change in mathematical provisions without the profit of the current year (+/-)	525.507	191.056	275
2.	Change of other technical provisions (+/-)	0	0	
3.	Change in provisions for insurance where assets covering mathematical provisions are splitted to units (VEP)	0	0	
VIII.	Costs of management company	9.028	832	
1.	Entry fees	3.944	419	941
2.	Termination costs	201	0	
3.	Management commission	4.884	413	
IX.	Expenses in respect of custodian bank	0	0	
X.	Other expenses regarding management rules which directly charge assets covering m	0	0	
XI.	Financial expenses	32.498	16	
1.	Interest expenses	0	0	
2.	Loss on disposal of financial investments	16	0	
3.	Losses arising from a change in the fair value of financial assets through profit and loss	32.482	16	
XII.	Investment property expenses	0	0	
1.	Expenses arising from management and rental of investment property	0	0	
2.	Losses arising from a change in the fair value of investment property through profit and loss	0	0	
XIII.	Net income of the current period (+/-)			
	(I. +II. +III. +IV. -V. +VI. +VII. -VIII. -IX. -X. -XI. -XII.)	0	0	

4.4. Income statement for supplementary voluntary pension insurance at the time of payment of rent

		in EUR		
		2013	2012	Index
I.	Transfer of funds from the pension plan for supplementary voluntary pension insurance	9.004.202	7.418.230	121
1.	These legal entities	3.068.790	1.962.226	156
2.	Other insurance	0	0	
3.	Other pension companies	5.935.412	5.456.004	109
4.	Mutual pension fund	0	0	
II.	Income from investments	559.678	205.738	272
1.	Income from dividends in companies	0	0	
1.1.	Group companies	0	0	
1.2.	Associated companies	0	0	
1.3.	Other	0	0	
2.	Income from other investments	487.105	205.738	237
2.1.	Income from investment property	0	0	
2.2.	Interest income	487.105	205.726	237
2.3.	Other income from investments	0	13	
2.3.1.	Revaluation income	0	0	
2.3.2.	Other financial income	0	13	
3.	Income from revaluation of investments	0	0	
4.	Gains on disposals of investments	72.573	0	
III.	Expenses from claims	1.622.075	609.580	266
1.	Claims expenses	1.622.075	609.580	266
2.	Change in provisions from claims	0	0	
IV.	Change of other technical provisions(+/-)	7.640.673	6.886.180	111
1.	Change of mathematical provision (+/-)	7.640.673	6.886.180	111
2.	Change of other technical provisions (+/-)	0	0	
V.	Expenses included in policies	258.828	125.169	207
1.	Entry fees	36.091	33.524	108
2.	Incasso, administrative expenses	178.790	75.716	236
3.	Costs of claims settlement	43.946	15.929	276
V.a	Net operating expenses	164.584	127.560	129
1.	Cost of contract aquisition	109.183	108.349	101
2.	Change in deferred costs of contract aquisition (+/-)	0	0	
3.	Other operating expenses	55.401	19.211	288
3.1.	Amortisation and depreciation of assets, needed for operations	4.762	1.177	405
3.2.	Labour costs	31.533	11.018	286
	- Salaries	23.838	8.620	277
	- Costs of social and pension insurance	3.976	1.478	269
	- Other labour costs	3.719	920	404
3.3.	Costs of services provided by outsourced netural persons other than Sole Traders together with pertaining taxes	525	209	251
3.4.	Other operating expenses	18.581	6.807	273
4.	Income from reinsurance commissions and from participation in the positive technical result from reinsurance contracts (-)	0	0	
VI.	Investment expenses	42.304	3.040	
1.	Depreciation of assets, not necessary for operations	0	0	
2.	Expenses for asset management, interest expenses and othe financial expenses	42.304	0	
3.	Financial expenses from revaluation	0	0	
4.	Losses from disposal of financial investments	0	3.040	
VII.	Profit / Loss of technical account (I+II-III+IV-V-VI)	0	0	
VII.a	Profit / Loss of technical account (I+II-III+IV-V.a-VI)	94.244	-2.391	

4.5. Income statement for unit-linked insurance

		in EUR		
		2013	2012	Index
I.	Gross written premium	62.077.417	68.816.547	90
II.	Income from investments	49.754.621	30.321.319	164
	1. Income from dividends in companies	374.160	310.515	120
	1.1. Group companies	0	0	
	1.2. Associated companies	0	0	
	1.3. Other	374.160	310.515	120
	2. Income from other investments	47.891.983	28.804.836	166
	2.1. Income from investment property	0	0	
	2.2. Interest income	511.537	524.020	98
	2.3. Other income from investments	47.380.446	28.280.816	168
	2.3.1. Revaluation income	47.380.445	28.280.816	168
	2.3.2. Other financial income	1	0	
	3. Income from revaluation of investments	0	0	
	4. Gains on disposals of investments	1.488.479	1.205.969	123
III.	Expenses from repayment of insurance amounts or repurchase	50.173.446	37.578.482	134
	1. Ordinary termination	14.118.595	0	
	2. Extraordinary termination	36.054.851	37.578.482	96
	2.1. Withdrawal from contract	35.260.039	36.621.354	96
	2.2. Cancellation of contract	0	0	
	2.3. Death of policyholder	794.812	957.128	83
IV.	Assets transfer on the other transactor			
V.	Change of other technical provisions(+/-)	15.433.207	49.999.757	31
	1. Change of mathematical provision (+/-)	15.433.207	49.999.757	31
	2. Change of other technical provisions (+/-)	0	0	
VI.	Costs and commissions	7.669.978	9.182.365	84
	1. Entry fees	2.203.028	2.611.275	84
	2. Termination costs	0	0	
	3. Management commission	5.466.950	6.571.090	83
VII.	Investment expenses	37.072.861	840.581	
	1. Depreciation of assets, not used in operations	0	0	
	2. Expenses arising from asset management, interest expenses and other financial expenses	0	0	
	3. Impairment expenses	33.789.849	374.116	
	4. Loss on disposal of investments	3.283.012	466.465	704
VIII.	Other income / expenses	-1.482.546	-1.536.681	96
IX.	Profit / Loss of technical account (I+II-III+/-IV-V-VI-VII+-VIII)	0	0	

5. INVESTMENT RETURN

5.1. Investment return - 2013

5.1.1. Allocated investment return transferred from the non-technical account – non-life insurance 2013

	in EUR		
	Income - non - life technical provisions	Income – non life own funds	Total income
Income from dividends	1.994.869	3.230.142	5.225.011
Income from land and buildings	1.331.237	461.049	1.792.286
Interest income	26.799.188	1.517.646	28.316.834
Financial income from revaluation	1.645.234	794.361	2.439.596
Other financial income	1.026	2.050	3.076
Income from investment value adjustments	0	24.200	24.200
Gains from disposal of investments	14.239.827	660	14.240.487
Total income	46.011.382	6.030.108	52.041.490
	Expenses - non - life technical provisions	Expenses – non - life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	308.907	208.835	517.741
Expenses from asset management, interest expenses and other financial expenses	2.631.063	2.189.774	4.820.837
Financial expenses from revaluations	20.829.717	28.964.819	49.794.536
Loss on disposal of investments	1.499.752	426.810	1.926.562
Total	25.269.439	31.790.238	57.059.677
Investment income (income - expenses)	20.741.943	-25.760.129	-5.018.187

5.1.2. Allocated investment return transferred from the non-technical account – life insurance 2013

	in EUR		
	Income - non - life technical provisions	Income - non - life own funds	Total income
Income from dividends	719.566	590.453	1.310.019
Income from land and buildings	23.997	46.017	70.014
Interest income	33.011.663	2.221.865	35.233.528
Financial income from revaluation	11.670.426	8.582.566	20.252.992
Other financial income	959	159	1.118
Income from investment value adjustments	0	0	0
Gains from disposal of investments	11.099.060	1.811.749	12.910.809
Net unrealised gains on unit-linked life insurance assets	47.380.445	0	47.380.445
Total	103.906.115	13.252.809	117.158.924
	Expenses - non - life technical provisions	Expenses – non - life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	9.329	33.342	42.671
Expenses from asset management, interest expenses and other financial expenses	966.287	1.277.910	2.244.198
Financial expenses from revaluations	13.383.348	12.749.307	26.132.655
Loss on disposal of investments	4.291.104	8.255.957	12.547.061
Net unrealised losses on unit-linked life insurance assets	33.789.102	0	33.789.102
Total	52.439.170	22.316.516	74.755.686
Investment income (income - expenses)	51.466.945	-9.063.707	42.403.238

5.2. Investment return - 2012

5.2.1. Allocated investment return transferred from the non-technical account – non-life insurance 2012

	in EUR		
	Income - non - life technical provisions	Income - non - life own funds	Total income
Income from dividends	1.004.449	2.188	1.006.637
Income from land and buildings	1.364.559	476.863	1.841.422
Interest income	29.756.165	1.313.458	31.069.623
Financial income from revaluation	4.117.521	151.267	4.268.788
Other financial income	0	22.605	22.605
Income from investment value adjustments	0	1.143.063	1.143.063
Gains from disposal of investments	11.844.187	873.390	12.717.577
Total	48.086.880	3.982.834	52.069.715
	Expenses - non - life technical provisions	Expenses – non - life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	310.212	185.266	495.478
Expenses from asset management, interest expenses and other financial expenses	3.241.426	2.670.031	5.911.457
Financial expenses from revaluations	24.321.421	27.588.204	51.909.625
Loss on disposal of investments	3.708.194	830.788	4.538.982
Total	31.581.252	31.274.289	62.855.541
Investment income (income - expenses)	16.505.628	-27.291.454	-10.785.826

5.2.2. Allocated investment return transferred from the non-technical account – life insurance 2012

	in EUR		
	Income - non - life technical provisions	Income - non - life own funds	Total income
Income from dividends	580.878	913.022	1.493.899
Income from land and buildings	29.405	36.021	65.426
Interest income	35.771.230	1.908.453	37.679.683
Financial income from revaluation	9.866.490	2.945.535	12.812.025
Other financial income	0	0	0
Income from investment value adjustments	0	0	0
Gains from disposal of investments	11.967.884	1.518.276	13.486.160
Net unrealised gains on unit-linked life insurance assets	28.280.816		28.280.816
Total	86.496.702	7.321.307	93.818.009
	Expenses - non - life technical provisions	Expenses – non - life own funds	Total expenses
Amortisation and depreciation of assets not used in insurance business	9.985	31.644	41.629
Expenses from asset management, interest expenses and other financial expenses	1.038.243	1.392.735	2.430.978
Financial expenses from revaluations	9.896.005	12.465.311	22.361.315
Loss on disposal of investments	15.891.349	1.818.920	17.710.269
Net unrealised losses on unit-linked life insurance assets	374.116	0	374.116
Total	27.209.697	15.708.610	42.918.307
Investment income (income - expenses)	59.287.005	-8.387.303	50.899.702