



Zavarovalnica Triglav, d.d.
Mikošičeva cesta 19, 1000 Ljubljana

triglav

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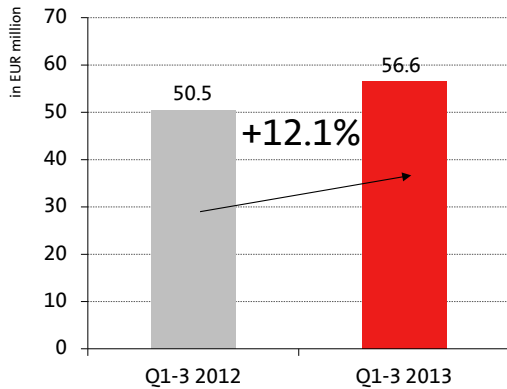
Unaudited interim report of Zavarovalnica Triglav d.d. and the Triglav Group for the period from 1 January 2013 to 30 September 2013



Ljubljana, 22 November 2013

PERFORMANCE OF THE TRIGLAV GROUP IN THE FIRST THREE QUARTERS OF 2013

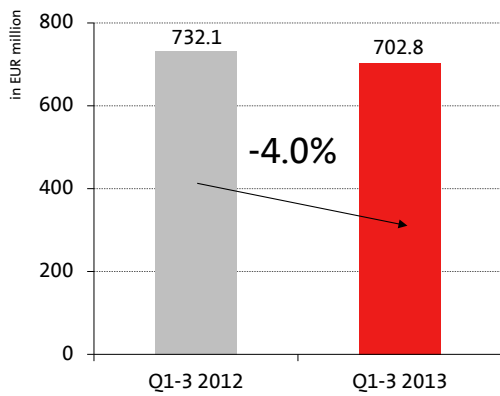
Net profit/loss



Consistent implementation of strategic guidelines is reflected in higher profit.

For additional information see page 42.

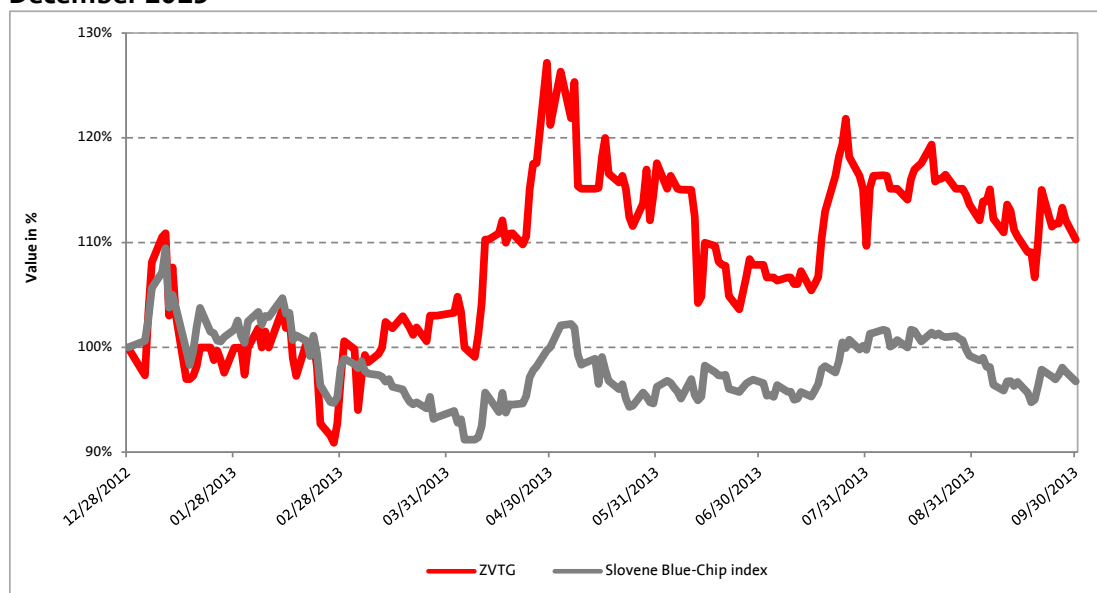
Gross written premium for insurance and co-insurance contracts



The decrease in gross written premium is a consequence of unfavourable economic conditions, the economic crisis and the Company's strategic direction to focus on profitability.

For additional information see page 21.

Movements in the closing price of the ZVTG share of Zavarovalnica Triglav and movements in the value of the Slovene Blue-Chip Index in the first nine months of 2013 compared to 31 December 2012



For additional information see page 16.



Dear shareholders,

In 2013, the Triglav Group continues to implement its strategy, placing focus on the core insurance business, profitability and safety of operations. In the first nine months of 2013, we earned **EUR 56.6 million in net profit**, which represents a **12% growth** compared to the respective period of 2012. Despite unfavourable operating conditions, the Group managed to maintain a high level of financial stability, as confirmed by credit rating agencies Standard & Poor's credit rating agency and A.M. Best, which both raised Zavarovalnica Triglav's credit rating to "A-". The ratings of Zavarovalnica Triglav and Pozavarovalnica Triglav Re were assigned a stable 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.

The sustained economic crisis continues to impact the **total written premium** of the Triglav Group, which **dropped by 4%**. The Triglav Group and Zavarovalnica Triglav have responded to the changed market situation and lower demand by different sales measures as well as by launching new products and redesigning the existing ones. However, this still falls short of completely offsetting the drop in premium due to reduced purchasing power of households, greater prudence of policyholders, lower insurance density, higher unemployment, new corporate bankruptcies, reduction in bank lending and lower sales of motor vehicles. Moreover, we continued with portfolio selection activities and focused on building relationships with high-quality clients. Intensive management of the non-life insurance portfolio led to a favourable **combined ratio** – a measure of profitability in core insurance operations – which at the end of Q3 **reached 92.3%**.

Profit generated in the first nine months was affected **by individual mass loss events**, primarily heavy snow and ice storms in entire Slovenia in January, which caused EUR 5.3 million of damage, particularly affecting one policyholder. Flooding in the Prekmurje region at the end of March and at the beginning of April resulted in more than 900 reported claims totalling EUR 750 thousand. At the beginning of May, the Upper Savinja Valley and Central Slovenia were hit by a hail storm entailing over 1,750 reported claims with total damage of EUR 1.5 million. At the end of July, entire Slovenia was hit by a storm which resulted in over 5,350 claims totalling EUR 4.6 million. Moreover, mass loss events due to floods at the end of May and in the beginning of June were recorded in the Czech Republic, thus affecting the business result of the Czech subsidiary and of Pozavarovalnica Triglav Re.

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. The global financial crisis caused market slumps and despite a conservative investment policy of the Triglav Group the value of some portfolio investments decreased.

Total balance sheet assets of the Triglav Group as at 30 September 2013 stood at **EUR 3,107.9 million** and were **1% lower** than as at the end of 2012. As at 30 September 2013, the insurance technical provisions amounted to **EUR 2,308.4 million**; and were at a level approximately equal

to the 2012 year-end (index 100). On the contrary, **total equity of the Triglav Group decreased by 1%**, as at the end of September 2013 amounting to **EUR 569.6 million**.

In the first nine months of 2013, **Zavarovalnica Triglav's shares (ZVTG)** - which are listed on the Ljubljana Stock Exchange - saw growth in price and average turnover. **From 31 December 2012 to the end of Q 3 2013**, the closing price of the Zavarovalnica Triglav's share **increased by 10%** and equalled EUR 18.20 as at 30 September 2013. In the reporting period, the Slovene Blue-Chip Index decreased by 3%. The average turnover of the ZVTG shares per trading day was EUR 178,048 which was considerably higher than the 2012 average of EUR 84,364.

According to forecasts, conditions in the markets in which Triglav operates will remain uncertain this year. In the light of the forecasted drop in GDP and the changes in the environment, Triglav plans to recast its strategy that will be increasingly development-oriented. The implementation of the Triglav Group's strategy will be supported by active management of operating costs, careful selection of the existing portfolio by redesigning and developing the insurance products, greater emphasis on risk assessment and underwriting, as well as a prudent investment policy with focus on a stable and profitable portfolio. We will continue to make efforts to develop the Triglav Group as the insurance hub of the Adria region.

Andrej Slapar

President of the Management Board of Zavarovalnica Triglav

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1. FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP IN THE FIRST THREE QUARTERS OF 2013

1.1 Performance of the Triglav Group

in EUR million			
	Q1-3 2013	Q1-3 2012	Index 2013/2012
Gross written premium from insurance and co-insurance contracts	702.8	732.1	96
Net premium earned	629.7	665.9	95
Gross claims settled	470.5	449.5	105
Net claims incurred	443.4	450.1	99
Gross operating costs*	166.5	169.5	98
Profit/loss before tax	65.4	62.6	105
Net profit/loss	56.6	50.5	112
Net profit/loss attributable to the controlling company	56.0	49.9	112
	30 Sept. 2013	31 Dec. 2012	Index 2013/2012
Insurance technical provisions as at	2,308.4	2,305.3	100
Equity as at	569.6	574.6	99
Equity attributable to the controlling company	563.1	567.9	99
Number of employees	5,410	5,379	101

*Insurance business gross operating costs

Key performance indicators of the Triglav Group

	Q1-3 2013	Q1-3 2012
ROE annualised	13.4%	13.1%
Claims ratio	64.3%	64.0%
Expense ratio	28.1%	27.8%
Combined ratio	92.3%	91.8%
Ratio between gross operating costs and gross premium written	23.7%	23.2%

1.2 Performance of Zavarovalnica Triglav

in EUR million			
	Q1-3 2013	Q1-3 2012	Index 2013/2012
Gross written premium from insurance and co-insurance contracts	478.2	513.3	93
Net premium earned	414.2	452.5	92
Gross claims settled	312.6	307.2	102
Net claims incurred	292.0	296.8	98
Gross operating costs	117.0	119.4	98
Profit/loss before tax	57.9	50.1	115
Net profit/loss	50.5	39.2	129
	30 Sept. 2013	31 Dec. 2012	Index 2013/2012
Insurance technical provisions as at	1,998.7	1,990.2	100
Equity as at	500.4	507.7	99
Number of employees	2,372	2,405	99

Key performance indicators of Zavarovalnica Triglav d.d.

	Q1-3 2013	Q1-3 2012
ROE annualised	13.6%	11.3%
Claims ratio	59.7%	58.1%
Expense ratio	28.1%	27.3%
Combined ratio	87.8%	85.4%
Ratio between gross operating costs and gross premium written	24.5%	23.3%

1.3 Activities and standing of the Triglav Group

The Triglav Group is the leading insurance/financial group in Slovenia and one of the leading groups in South-East Europe, where it is gaining ground and expanding its operations. It is present in eight markets and seven countries.

The Group's key business pillars are:

- insurance,
- asset management and
- support activities for the key financial pillars.

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

The insurance-oriented part of the Group encompasses:

- in Slovenia: Zavarovalnica Triglav d.d., Triglav Zdravstvena zavarovalnica d.d. and Pozavarovalnica Triglav Re d.d.;
- abroad: insurance undertakings in the Czech Republic, Croatia, Bosnia and Herzegovina, Montenegro, Serbia and in Macedonia.

Asset management is the activity of Triglav Skladi d.o.o., Triglav Naložbe d.d., Triglav nepremičnine d.o.o., Slovenijales d.d., Gradis IPGI d.d. and Pista d.o.o. Their business includes investments in securities, real property and other instruments.

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

	Insurance	Asset management	Other
Slovenia	<ul style="list-style-type: none"> ▪ Zavarovalnica Triglav d.d. ▪ Pozavarovalnica Triglav Re d.d. ▪ Triglav, Zdravstvena zavarovalnica d.d. ▪ Skupna pokojninska družba d.d. 	<ul style="list-style-type: none"> ▪ Triglav Skladi d.o.o. ▪ Triglav Naložbe d.d. ▪ Triglav nepremičnine d.o.o. ▪ Gradis IPGI d.d. ▪ Slovenijales d.d. 	<ul style="list-style-type: none"> ▪ Triglav INT d.d. ▪ TRI-PRO d.o.o. ▪ AS Triglav d.o.o. ▪ TriglavKo d.o.o.
Croatia	<ul style="list-style-type: none"> ▪ Triglav Osiguranje d.d., Zagreb 		
Bosnia and Herzegovina	<ul style="list-style-type: none"> ▪ Triglav Osiguranje d.d., Sarajevo ▪ Triglav Osiguranje a.d., Banja Luka 	<ul style="list-style-type: none"> ▪ Polara Invest d.d. ▪ PROF-IN d.o.o. 	<ul style="list-style-type: none"> ▪ TRI-PRO BH d.o.o. ▪ Triglav Auto d.o.o. ▪ Autocentar BH d.o.o. ▪ Unis automobili i dijelovi d.o.o.
Serbia	<ul style="list-style-type: none"> ▪ Triglav Osiguranje a.d.o., Belgrade 	<ul style="list-style-type: none"> ▪ Triglav Penzijski fondovi a.d. ▪ Pista d.o.o. 	
Montenegro	<ul style="list-style-type: none"> ▪ Lovćen Osiguranje a.d., Podgorica ▪ Lovćen životna osiguranja a.d., Podgorica 		<ul style="list-style-type: none"> ▪ Lovćen auto a.d.
Macedonia	<ul style="list-style-type: none"> ▪ Triglav Osiguruvanje a.d., Skopje 		
Czech Republic	<ul style="list-style-type: none"> ▪ Triglav Pojišť'ovna a.s., Brno 		

1.4 Composition and markets of the Triglav Group



The Triglav Group as at 30 September 2013:

Controlling company:

- **Zavarovalnica Triglav d.d.**

Subsidiaries of the Triglav Group:

- Pozavarovalnica Triglav Re d.d.
- Triglav, Zdravstvena zavarovalnica d.d.
 - Zdravstveni center morje d.o.o.
- Triglav INT, holdinška družba d.d.
 - Triglav Osiguranje d.d., Zagreb
 - Triglav Osiguranje d.d., Sarajevo
 - Autocentar BH d.o.o.
 - Unis automobili i dijelovi d.o.o.
 - Sarajevostan d.d.
 - Triglav Pojišt'ovna a.s., Brno
 - Lovćen Osiguranje a.d., Podgorica
 - Lovćen životna osiguranja a.d.
 - Lovćen auto a. d.
 - Triglav Osiguranje a.d.o., Belgrade
 - Triglav Osiguranje a.d., Banja Luka
 - Triglav Auto d.o.o.
 - Triglav Osiguruvanje a.d., Skopje
- Triglav Skladi, družba za upravljanje d.o.o.
 - PROF-IN d.o.o.
 - Polara Invest d.d.
- Triglav Naložbe, finančna družba d.d.
 - Golf Arboretum d.o.o.
 - SALNAL d.o.o.
 - AVRIGO, družba za avtobusni promet in turizem d.d.
 - Integral Notranjska d.o.o.
 - Alptours Turizem d.o.o.
 - Integral Zagorje d.o.o.
 - Integral Stojna Kočevje d.o.o.
- Triglav Penzijski fondovi a.d.
- TRI-PRO d.o.o.
 - TRI-PRO BH d.o.o.
- AS Triglav - servis in trgovina d.o.o.
- Triglav nepremičnine, upravljanje, svetovanje in trgovanje z lastnimi nepremičninami d.o.o.
 - Pista d.o.o.
- Slovenijales d.d.
 - Slovenijales trgovina d.o.o.
- Gradis IPGI d.d.
- Hotel Grad Podvin d.d.

Associated companies of the Triglav Group:

- Skupna pokojninska družba d.d.
- TriglavKo, zavarovalno zastopniška družba d.o.o.
- Tehnološki center varne vožnje Vransko d.o.o.
- Nama trgovsko podjetje d.d.
- Goriške opekarne d.d.
- Elan Skupina (Skimar) d.o.o.
- Info TV d.d.
- IF Prof Plus
- ZIP Polara Invest Fond a.d., Banja Luka

Changes in the Triglav Group in the first nine months of 2013:

- In the first three months of 2013, Zavarovalnica Triglav purchased 5,744 shares of Slovenijales d.d. from non-controlling shareholders, thus becoming the sole owner of the company. The purchase price for the 2.0% equity stake was EUR 686,006.
- Salnal d.d. changed its legal status and became 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 RSD 700 each – increasing the share of Triglav INT in the company from 97.10% to 99.15% in total.
- Lovćen Osiguranje, Podgorica increased the share capital of its subsidiary – Lovćen Auto a.d. – by EUR 800,000.

1.5 Significant events in the reporting period

Significant events in the reporting period were the following:

- In February 2013, the Standard and Poor's credit rating agency decreased the long-term rating of the Triglav Group, including 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 rating on the Republic of Slovenia. Due to the revised criteria for assessing credit ratings of insurance companies, S&P re-evaluated the Triglav Group's credit rating. Following this review, on 5 July 2013 S&P raised the Triglav Group's credit rating by one notch from »BBB+« to »A-«. The medium-term outlook for the credit rating is stable. On 21 March 2013, the A.M. Best Rating Services assigned Zavarovalnica Triglav d.d., and thus also the Triglav Group, a financial strength rating of »A-« (excellent) and an issuer credit rating of »A-«. The same joint credit rating was assigned to Pozavarovalnica Triglav Re d.d. The medium-term outlook assigned to the ratings is stable. Credit rating is discussed in greater detail in Section 3.3 *Credit rating*.
- The 37th General Meeting of Shareholders of Zavarovalnica Triglav was held on 14 February 2013. At the meeting, the 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 Mihajlović, Aljoša Valentinčič, Vladimir Uršič, Adolf Zupan, Gregor Kastelic and Jovan Lukovac;
 - the appointment of the following new Supervisory Board members – shareholder representatives with a four-year term of office commencing on 8 April 2013: Jovan Lukovac, Aleš Živkovič, Rok Strašek, Mihael Perman, Žiga Andoljšek and Blaž Šlemic;
 - the activities regarding the participation of Zavarovalnica Triglav d.d. in the share capital increase of Triglav INT d.d. and the entry of a strategic partner in the latter and, in particular, the 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 the strategic partner in the shareholder structure of Triglav INT d.d. For detailed information see the Report to the General Meeting of Shareholders of Zavarovalnica Triglav d.d. available on Triglav's website at:
http://www.triglav.eu/sl/odnosi_z_vlagatelj/porocila_in_objave/skupscina.
- On 28 February 2013, Zavarovalnica Triglav was served an action for voidness by the shareholder Association of Small Shareholders of Slovenia, Dalmatinova Street 10, 1000

Ljubljana (hereinafter: the MDS Association) with reference to certain resolutions passed at the 37th General Meeting of Shareholders of Zavarovalnica Triglav on 14 February 2013. In the action for voidness the MDS Association requires from the Court to declare the following resolutions null and void: Resolution No. 1, No. 3.1, No. 3.2, No. 3.3, No. 3.5 and No. 3.6. As two main reasons to challenge certain resolutions by the General Meeting of Shareholders, the MDS Association states the failure to prohibit the exercising of voting rights to persons who (in Zavarovalnica Triglav) allegedly acted in concert in accordance with the provisions of the Takeover Act, and the lack of power of Slovenska odškodninska družba d.d. to act as a proxy for the shareholder Zavod za pokojninsko in invalidsko zavarovanje Slovenije at the General Meeting of Shareholders of Zavarovalnica Triglav. Zavarovalnica Triglav d.d. agreed on the settlement of dispute with the Association of Small Shareholders of Slovenia with reference to the abovementioned judicial dispute. The Parties to the settlement agreed that the MDS Association will, within 8 days after the agreed settlement, withdraw its action and inform the Court that the Parties have agreed, each Party to bear all its own costs incurred in relation with this court issue. By having concluded and implemented this settlement, the Parties have no further claims to one another.

- On 5 March 2013, Zavarovalnica Triglav d.d. received the Securities Market Agency Decision, issued on 4 March 2013, in which the said Agency orders Zavarovalnica Triglav d.d. 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 ZVTG ticker symbol 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 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 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 the ZVTG shares so that they neither jointly nor severally no longer reach the takeover threshold.
- As the issuer of shares with the ZVTG ticker symbol ZVTG, Zavarovalnica Triglav d.d. on 22 March 2013 received from its shareholder Nova Ljubljanska banka d.d., Ljubljana, Trg republike 2, 1000 Ljubljana (hereinafter: NLB d.d. a P-DEL form (Notice on Changes in Major Holdings). Zavarovalnica Triglav d.d. was thereby informed of the fact that NLB d.d. on 15 March 2013 disposed of 696,213 shares issued by Zavarovalnica Triglav d.d., which accounted for 8.55% of the share capital of Zavarovalnica Triglav d.d. and the same percentage of total voting rights. After the disposal of the above stated shares, NLB d.d. no longer holds any shares issued by Zavarovalnica Triglav d.d.

- On 5 April 2013, the Supervisory Board of Zavarovalnica Triglav approved the Audited Annual Reports of Zavarovalnica Triglav and the Triglav Group for 2012.
- On 16 April 2013 the Supervisory Board of Zavarovalnica Triglav held its constitutive session, where it appointed Mihael Perman, a new Chairman of the Supervisory Board, while Jovan Lukovac, was appointed Vice-Chairman. The Supervisory Board also appointed the Audit Committee, Appointments and Compensation Committee and Strategy Committee members.
- Taking into account the provisions of the agreements from the end of March 2012 entered into by and between Zavarovalnica Triglav and Triglav INT on the one hand and IFC, a member of the World Bank Group (hereinafter: IFC), on the other, and, in particular, the fact, that IFC did not subscribe and pay-in the Triglav INT shares within the deadline set out in the agreements, i.e. 31 December 2012, Zavarovalnica Triglav and Triglav INT called upon the IFC to urgently fulfil all of the subscription conditions and undertake all other necessary activities to ensure a prompt subscription of the Triglav INT shares.
- On 22 May 2013, the Supervisory Board recalled Matjaž Rakovec from the office of the President of the Management Board for business and economic reasons. The Supervisory Board of Zavarovalnica Triglav d.d. appointed a then member of the Management Board, Andrej Slapar, temporary President of the Management Board with a term of office expiring with the appointment of a new President of the Management Board or until the expiry of his term of office as a member of the Management Board.
- On 6 June 2013, Zavarovalnica Triglav d.d. was served a Decision of the District Court in Ljubljana which denies issuing a temporary injunction requested by 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 Andrej Slapar as the President of the Management Board of Zavarovalnica Triglav.
- The 38th General Meeting of Shareholders of Zavarovalnica Triglav was held on 11 June 2013. At the meeting, the shareholders:
 - adopted a resolution on the distribution of accumulated profits;
 - granted a discharge for the financial year 2012 to both the Management and the Supervisory Boards of Zavarovalnica Triglav;
 - appointed the auditing company ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as auditors;
 - recalled the following members of the Supervisory Boards – shareholder representatives: Jovan Lukovac, Aleš Živkovič, Rok Strašek, Mihael Perman, Žiga Andoljšek and Blaž Šlemic on 11 June 2013. In their stead the following members of the Supervisory Board – shareholder representatives with a four-year term of office starting on 12 June 2013 were appointed: Dubravko Štimac, Mario Gobbo, Rajko Stankovič, Matej Runjak, Gregor Kastelic and Matija Blažič.
- Triglav Skladi d.o.o., a subsidiary of Zavarovalnica Triglav d.d., and Abanka Skladi d.o.o., a subsidiary of Abanka Vipava d.d., concluded the Agreement on the Transfer of Fund Management. Pursuant to the Investment Funds and Management Companies Act and the above mentioned agreement, the management of the sub-funds of the umbrella fund ABANKA SKLADI will be transferred to Triglav Skladi d.o.o. as soon as the latter is issued a relevant approval from the Securities Market Agency. Triglav Skladi d.o.o. currently manages 17 mutual funds, totalling EUR 473.2 million of assets as at 10 June 2013. According to the transfer agreement, the company will take over from Abanka Skladi d.o.o.

the management of additional 12 mutual funds and thereby assets amounting to EUR 51.2 million as at 10 June 2013. Simultaneously with the Agreement on the Transfer of Fund Management, Triglav Skladi d.o.o. and Abanka Vipa d.d. entered into the Agreement on the Brokerage of Services Related to Mutual Fund Coupons, with which the two partners agreed on long-term co-operation in the marketing of mutual funds.

- On 1 July 2013, the Supervisory Board of Zavarovalnica Triglav d.d. held its constitutive session, where it appointed Matej Runjak a new Chairman, whilst Gregor Kastelic was appointed its Vice-Chairman. The Supervisory Board also appointed the Audit Committee, Appointments and Compensation Committee and Strategy Committee members. Mario Gobbo was appointed Chairman of the Audit Committee, whilst Rajko Stanković and Branko Gorjan were appointed as its members. Matej Runjak was appointed Chairman of the Appointments and Compensation Committee, Dubravko Štimac and Miran Krštinc its members. The Strategy Committee had the following composition: Gregor Kastelic its Chairman, Mario Gobbo and Peter Celar its members.
- Taking into account the provisions of the agreements from the end of March 2012 entered into by and between Zavarovalnica Triglav and Triglav INT on the one hand and IFC, a member of the World Bank Group (hereinafter: IFC), on the other, and, in particular, the fact, that IFC did not subscribe and pay-in the Triglav INT shares within the deadline set out in the agreements, i.e. 31 December 2012, Zavarovalnica Triglav and Triglav INT called upon the IFC to fulfil all of the subscription conditions and undertake all other necessary activities to ensure a prompt subscription of the Triglav INT shares. Since IFC failed to comply with the said provisions and implement the said activities, Zavarovalnica Triglav on 2 July 2013 sent it a draft termination agreement in order to cancel all the contracts entered into between itself and IFC.
- On 19 August 2013, Zavarovalnica Triglav d.d. 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 recall as the President of the Management Board and the appointment of a new President in his stead. Mr Rakovec requests that the entry in the Companies Register which amends the name of the President of the Management Board be declared null and void and claims damages. In addition to the above stated declaratory claims, Mr Rakovec, in the alternative, claims from Zavarovalnica Triglav d.d. to call him to reassume the office of the President of the Management Board and to be granted all the related rights.
- As regards the case against Istrabenz Holdinška družba d.d., on which it is reported in the Company's Annual Report for 2012, on 19 August 2013 Zavarovalnica Triglav was served a decision of the Supreme Court of the Republic of Slovenia. The Supreme Court of the Republic of Slovenia decided to reject the by Zavarovalnica Triglav requested judicial review of the decision issued by the Higher Court in Koper.
- On 21 August 2013, Zavarovalnica Triglav d.d. was served a Decision on Violation issued by the Securities Market Agency sanctioning the infringement committed by Zavarovalnica Triglav d.d. in violation of Article 566 § 1, Item 4 of the Financial Instruments Market Act and by the person in charge in violation of § 3, pertaining to Article 566 § 1, Item 4 of the Financial Instruments Market Act. The decision of the Securities Market Agency states that the infringement relates to an inadequate publication of the amount of dividend proposed by the Management Board to the General Meeting of Shareholders (on 9 April 2013 published in Jutarnji list and on 11 April 2013 on SEOnet of the Ljubljana Stock Exchange). The Securities Market Agency affirms that this represents inside information pursuant to Article 373 of the Financial Instruments Market Act. The Securities Market Agency sanctioned Zavarovalnica Triglav d.d. and the person in charge by issuing warnings about the abovementioned violations to both parties.

- On 22 August 2013 the Supervisory Board appointed Barbara Nose an external member to the Audit Committee. Furthermore, it took note of Zavarovalnica Triglav d.d. 's intention to participate in the process of selling off Croatia Osiguranje d.d. and expressed its support.

2. GOVERNANCE OF THE TRIGLAV GROUP

2.1 Governance of Zavarovalnica Triglav d.d.

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

2.2 General Meetings of shareholders

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

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

2.2.1 General Meetings of Shareholders in 2013

In the first nine months of 2013, the General Meeting of Shareholders of Zavarovalnica Triglav was convened twice. At the 37th General Meeting of Shareholders of Zavarovalnica Triglav which took place on 14 February 2013 the shareholder representatives:

- took note of the fact that the terms of office of the Supervisory Board members – shareholder representatives expired as at 7 April 2013;
- appointed new members of the Supervisory Board – shareholder representatives with a four-year term of office, starting on 8 April 2013;
- took note of the activities regarding the participation of Zavarovalnica Triglav d.d. in the share capital increase of Triglav INT d.d. and the entry of a strategic partner in the latter and, in particular, of the 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 the strategic partner in the shareholder structure of Triglav INT d.d.

At the 38th General Meeting of Shareholders of Zavarovalnica Triglav which took place on 11 June 2013 the shareholder representatives:

- passed a resolution on the distribution of the accumulated profit of EUR 98,205,999.33 as at 31 December 2012 as follows:
 - a part of the accumulated profit in the amount of EUR 45,470,296.00 shall be used to pay dividends 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;
- granted a discharge for the financial year 2012 to both the Management and the Supervisory Boards of Zavarovalnica Triglav;
- appointed the auditing company ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as auditors;
- recalled the members of the Supervisory Boards – shareholder representatives and appointed new members of the Supervisory Board – shareholder representatives with a four-year term of office, starting on 12 June 2013.

See Section 1.5 *Significant events in the reporting period* for more details.

2.3 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.

According to the Articles and Memorandum 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 the 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 of the Management Board 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 obligations set out by primary and secondary legislation, and in other circumstances set out by law.

2.3.1 Management Board as at 30 September 2013

As at 30 September 2013, the Management Board of Zavarovalnica Triglav was composed of:

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

2.4 Supervisory Board

The nine members of the Supervisory Board perform the supervisory function and supervise the Company's business conduct with full responsibility. Six of them represent the shareholders and three the employees.

Shareholder representatives are elected by the General Meeting of Shareholders and employee representatives by the Works Council of Zavarovalnica Triglav. Their appointment or recall is subject to the relevant legislation and the Articles and Memorandum 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 term of office and can 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 a member deprived of their office, the General Meeting of Shareholders may elect a new member with a term of office lasting until the end of the term of office of the Supervisory Board.

2.4.1 Composition of the Supervisory Board

As at 30 September 2013, the Supervisory Board of Zavarovalnica Triglav had the following members:

- Shareholder representatives:
 - Matej Runjak, Chairman;
 - Gregor Kastelic, Vice-Chairman;
 - Rajko Stanković, Member;
 - Mario Gobbo, Member;
 - Dubravko Štimac, Member;
 - Matija Blažič, Member;
- Employee representatives:
 - Branko Gorjan, Member;
 - Peter Celar, Member;
 - Miran Krštinc, Member.

At the 38th General Meeting of Shareholders, the Supervisory Board Members were appointed starting their four-year term of office on 12 June 2013.

3. SHARE CAPITAL AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV

3.1 Capital

As at 30 September 2013, the share capital of Zavarovalnica Triglav amounted to EUR 73,701,391.79. It was divided into 22,735,148 ordinary registered par value shares bearing the ZVTG ticker and the ISIN code SI0021111651, which are freely transferable and issued in dematerialised form. Each represents the same stake and corresponding amount in the share capital. All have been paid up in full.

3.2 The share of Zavarovalnica Triglav

The shares of Zavarovalnica Triglav are listed on the Ljubljana Stock Exchange Prime Market. With the listing on the Prime Market, Zavarovalnica Triglav secured a highly visible position amongst the issuers on the Ljubljana Stock Exchange. Thereby, the Company committed to the highest standards of business and reporting in both the domestic and foreign markets.

Table: Key figures for the shares of Zavarovalnica Triglav

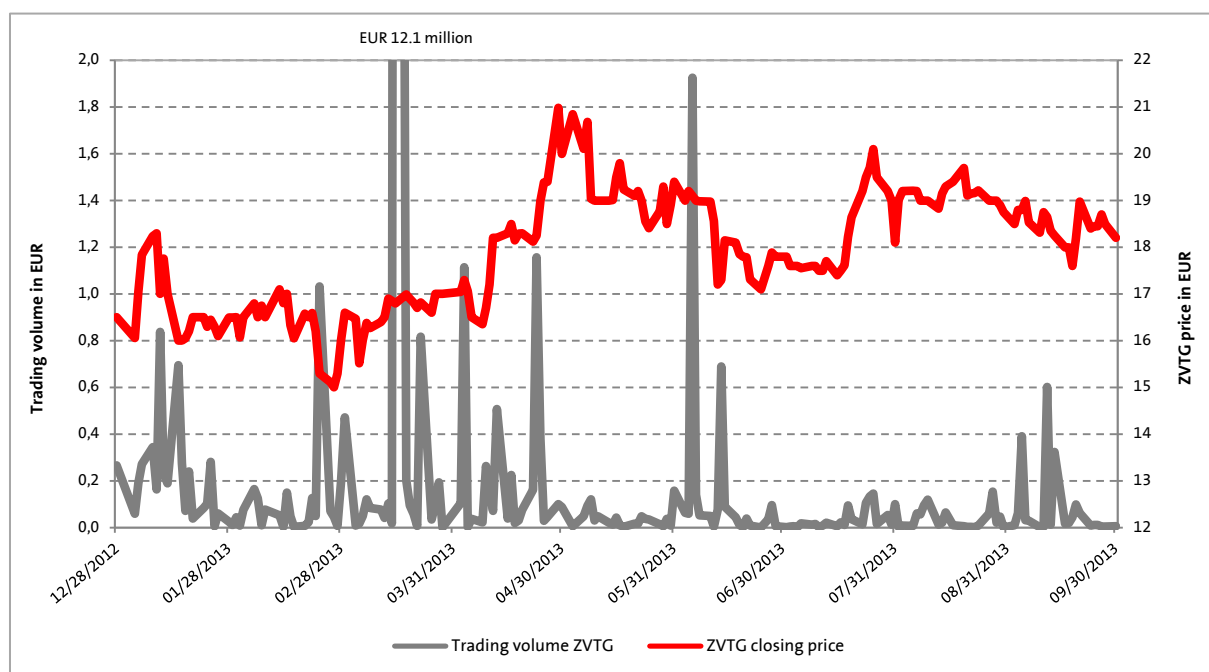
Items	30 September 2013	31 December 2012
Number of shares	22,735,148	22,735,148
Book value per share (in EUR)	22.01	22.33
Share market value (in EUR) - closing price	18.20	16.50
Market capitalisation (in EUR) - closing price	413,779,694	375,129,942
Net earnings/loss per share (in EUR)	2.22	2.22
Ticker 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 	
Bloomberg	ZVTG SV	
Reuters	ZVTG.LJ	

3.2.1 Trading on the Ljubljana Stock Exchange - LJSE

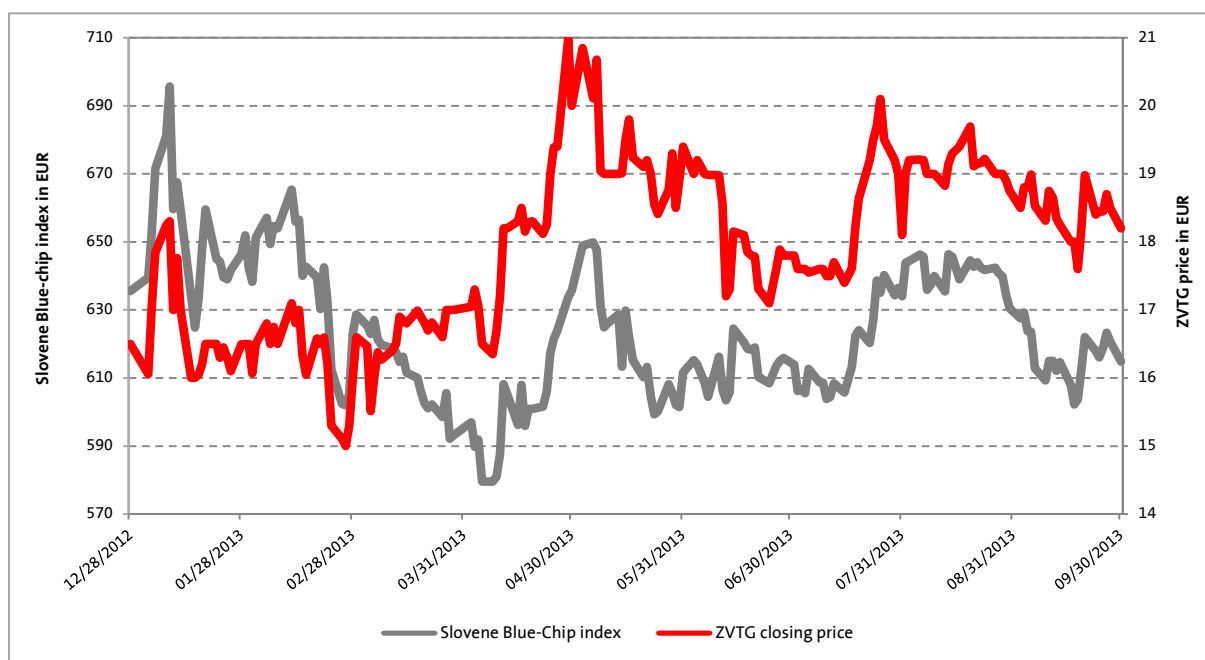
The first nine months of 2013 saw a growing price and average turnover of the ZVTG shares. From 31 December 2012 to the end of Q3, the closing price of Zavarovalnica Triglav's shares increased by 10% and as at 30 September 2013 equalled EUR 18.20. The highest closing price, EUR 20.99, was recorded on 29 April 2013.

The average turnover per trading day was EUR 178,048, which was considerably higher than the 2012 average of EUR 84,364. This was mostly due to the sale of 696,213 shares (3.06%) that were held by NLB d.d. In the reporting period, the Slovene Blue-Chip Index decreased by 3%, whilst the value of the ZVTG share as at 30 September 2013 was 10% higher.

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



Graph: Movements in the of the ZVTG share of Zavarovalnica Triglav (right axis) and movements in the value of the Slovene Blue-Chip index in EUR (left axis)



Graph: Movements in the closing price of the ZVTG share of Zavarovalnica Triglav and movements in the value of the Slovene Blue-Chip Index in the first nine months of 2013 compared to 31 December

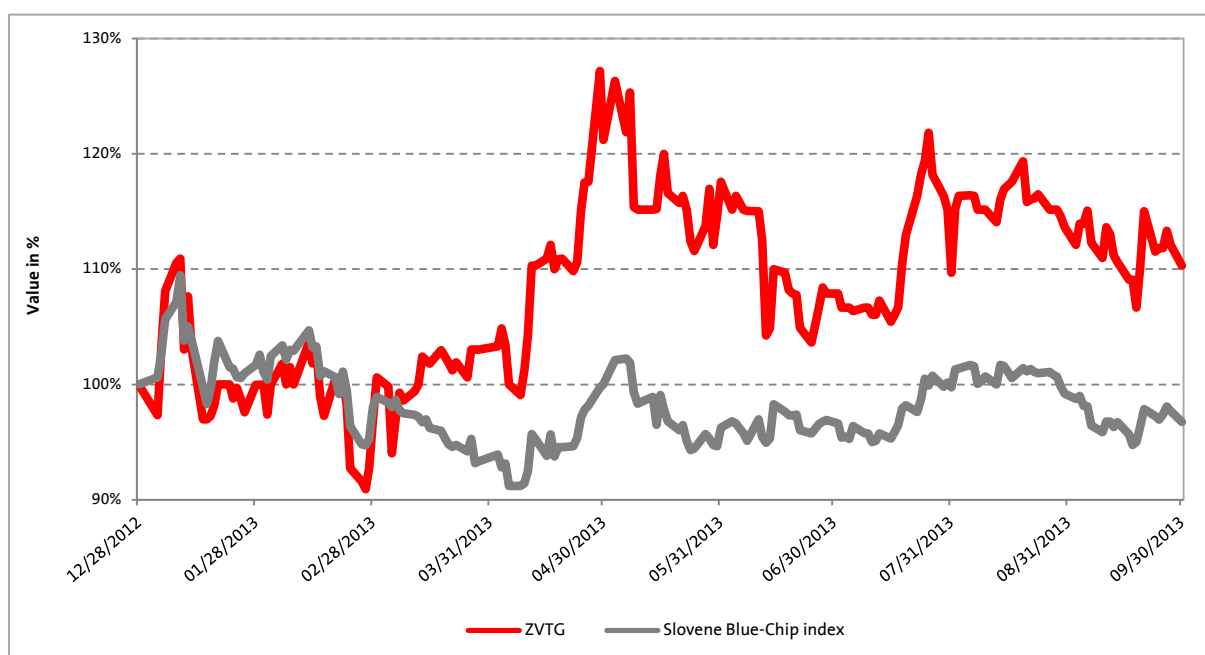
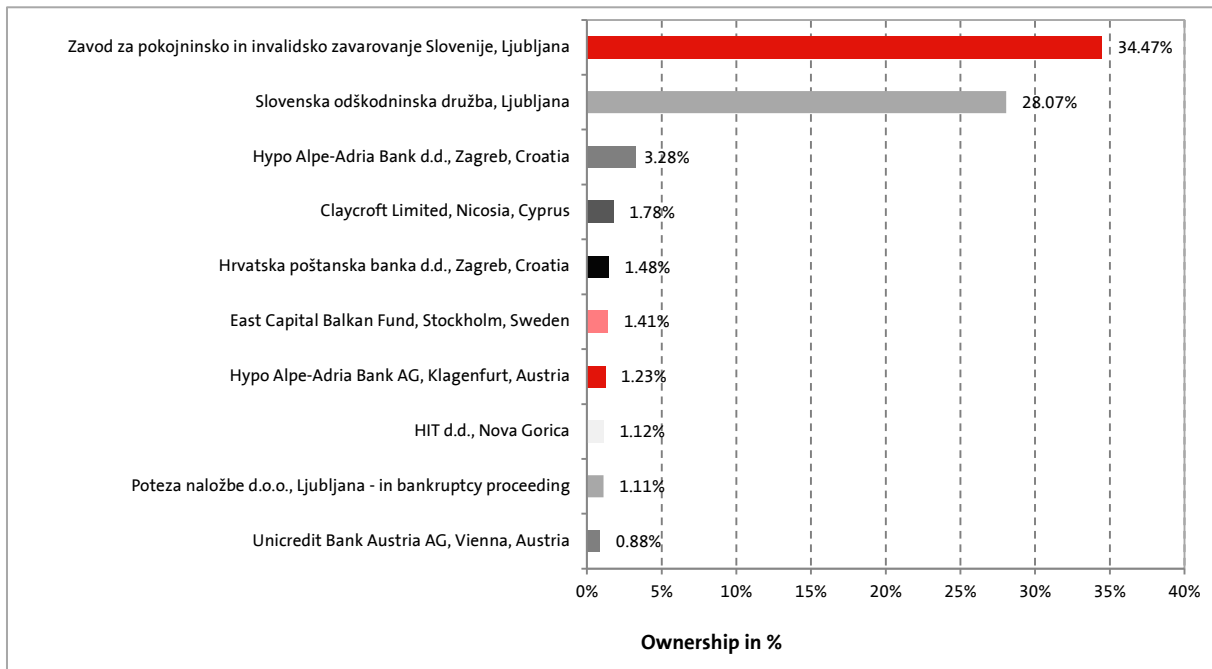


Table: Shareholder structure of Zavarovalnica Triglav as at 30 September 2013

	Total	Domestic	Foreign	Legal entities	Natural persons
Number of shares	22,735,148	19,351,671	3,383,477	19,919,423	2,815,725
Number of shareholders	28,725	28,243	482	660	28,065
Number of shares - percentage	100.00%	85.12%	14.88%	87.62%	12.38%
Number of shareholders - percentage	100.00%	98.32%	1.68%	2.30%	97.70%

Graph: Top ten shareholders of Zavarovalnica Triglav as at 30 September 2013



3.3 Credit rating

Due to the revised criteria for assessing credit ratings of insurance companies, Standard & Poor's Ratings Services (hereinafter: S&P) re-evaluated the Triglav Group's credit rating. Following this review, on 5 July 2013 S&P has raised the Triglav Group's long-term credit rating by one notch from »BBB+« to »A-« and issued a stable medium-term outlook. 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 also 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 view that the Triglav Group will maintain its strong competitive position and very strong capital adequacy and earnings.

On 21 March 2013, the A.M. Best Rating Services assigned Zavarovalnica Triglav d.d., and thus also the Triglav Group, a financial strength rating of »A-« (excellent) and an issuer credit rating of »A-«. The same joint credit rating was assigned to Pozavarovalnica Triglav Re d.d. The medium-term outlook assigned to the ratings is stable.

The ratings of Zavarovalnica Triglav and Pozavarovalnica Triglav Re reflect their supportive risk-adjusted capitalisation, good performance and strong competitive position of the Triglav Group within the Slovene market and the Western Balkans. The credit rating of Triglav Re also considers its strategic importance to Triglav, as the licensed reinsurer of the Group.

4. PERFORMANCE IN THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2013

4.1 Impact of the environment on the performance

In the first nine months of 2013, the performance of Zavarovalnica Triglav and the Triglav Group were marked by the continuation of the global economic and financial crisis. Its consequences can be seen foremost in lower demand for some insurance products due to reduced purchasing power of households, greater prudence of the insured, lower insurance density of legal entities and natural persons, higher unemployment, reduced scope of bank lending, lower sales of motor vehicles, etc. The reaction of competitors to the exacerbated conditions of economic operation is strong. They particularly affect out operations by reducing their premiums. Zavarovalnica Triglav and the Triglav Group are responding to the competition by introducing new sales approaches, bonus programmes, promotional offers and the placing of new products 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 for both the parent company and the Group.

Profit generated in the first nine months was also affected by individual mass loss events. The largest lost event was the heavy snow and ice storms that affected entire Slovenia in January, causing EUR 5.3 million of damage, 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 750 thousand. At the beginning of May, the Upper Savinja Valley and Central Slovenia were hit by a hail storm entailing over 1,750 reported claims with total damage of EUR 1.5 million. At the end of July, entire Slovenia was hit by a storm which resulted in over 5,350 claims totalling EUR 4.6 million. Mass loss events due to floods at the end of May and in the beginning of June were also recorded in the Czech Republic.

With consistent implementation of its business policy measures, designed to mitigate the adverse effects of the financial crisis, and an adequate portfolio management investment policy, the Triglav Group ended the first nine months of 2013 with a profit of EUR 56.6 million (index 112), while Zavarovalnica Triglav generated a profit of EUR 50.5 million EUR (index 129).

4.2 The insurance market and market position of the Group members in the first nine months of 2013

There were 15 insurance companies and 4 foreign branch offices active in the Slovene insurance market in the first nine months of 2013. Together they recorded gross written premium amounting to EUR 1,532.8 million, which was 2.2% less than in the same period of 2012.

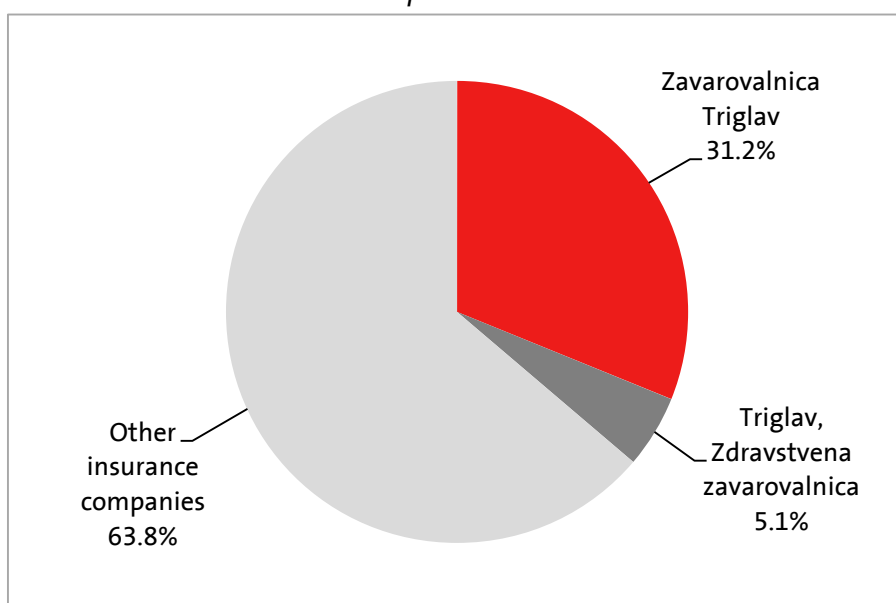
Traditional insurance companies (18) booked a total of EUR 1,530.9 million in premium, of which 74% stemmed from non-life insurance and the remainder from life insurance. Non-life insurance premium dropped slightly (by 0.5%), whereas health insurance premium recorded a high growth rate (according to the latest data published by the Slovenian Insurance Association they grew by 12% in the first half of 2013). Other non-life insurance recorded a decrease in premium written (according to the Slovenian Insurance Association they totalled 5% in the first half of 2013). The loss of premium can be primarily attributed to a premium drop in motor vehicle insurance. An almost 7% decrease was recorded in life insurance.

The market is characterised by a high degree of concentration. The four largest insurers controlled 71.0% of the traditional insurance market (vs. 71.8% in 2012). With a 31.2% share, Zavarovalnica Triglav remains the market leader. The second largest market share is held by Vzajemna zdravstvena zavarovalnica, a company 2.3 times smaller. At the end of the first nine months of 2013, Zavarovalnica Triglav and Triglav Zdravstvena zavarovalnica had a combined market share of 36.2%, which was 0.8 percentage points less than in 2012.

In Slovenia, the Triglav Group has a market share of 36.2%.

The Company held 30.4% of the non-life insurance market and 33.3% of the life insurance market. Since the Slovene insurance market is one of the more developed markets with a relatively high market concentration, the competition is targeting the existing Triglav's clients. Maintaining the leading position and increasing competitive advantages are therefore both demanding as well as stimulating for the development.

Graph: The market share of Zavarovalnica Triglav and other traditional insurance companies domiciled in Slovenia as at 30 September 2013



Source: Slovenian Insurance Association

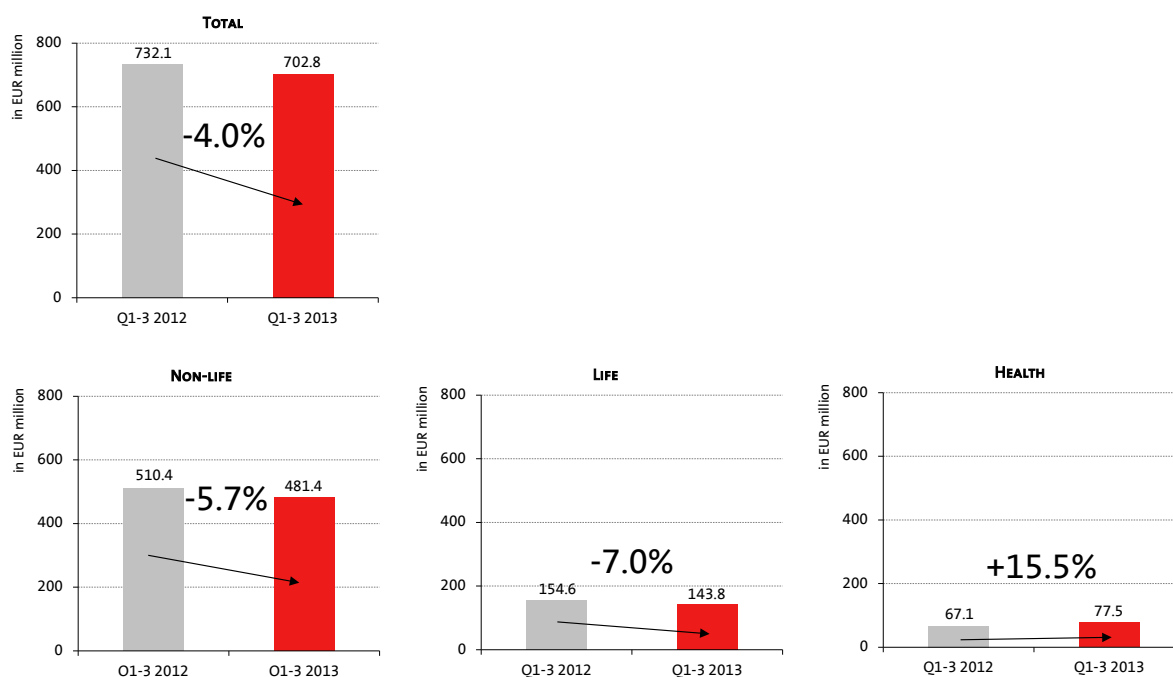
4.3 Performance of the Triglav Group

4.3.1 Gross written premium from insurance and co-insurance contracts

In the first nine months of 2013, the Triglav Group posted a total of EUR 702.8 million in consolidated gross insurance and co-insurance premium or 4% less than in the respective period of 2012. Gross non-life insurance premium was EUR 481.4 million (index 94), life insurance premium totalled EUR 143.8 million (index 93) and health insurance premium reached EUR 77.5 million (index 115).

From January to September 2013, EUR 702.8 million in gross insurance and co-insurance premium was charged.

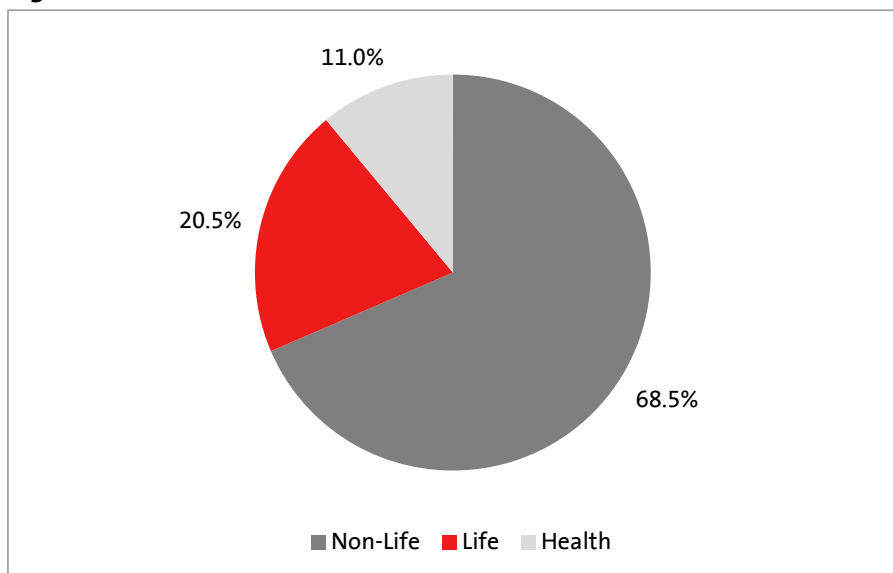
Graph: Gross written premium from insurance and co-insurance contracts of the Triglav Group in Q1-3 2013 compared to Q1-3 2012



Consolidated written premium had the following structure:

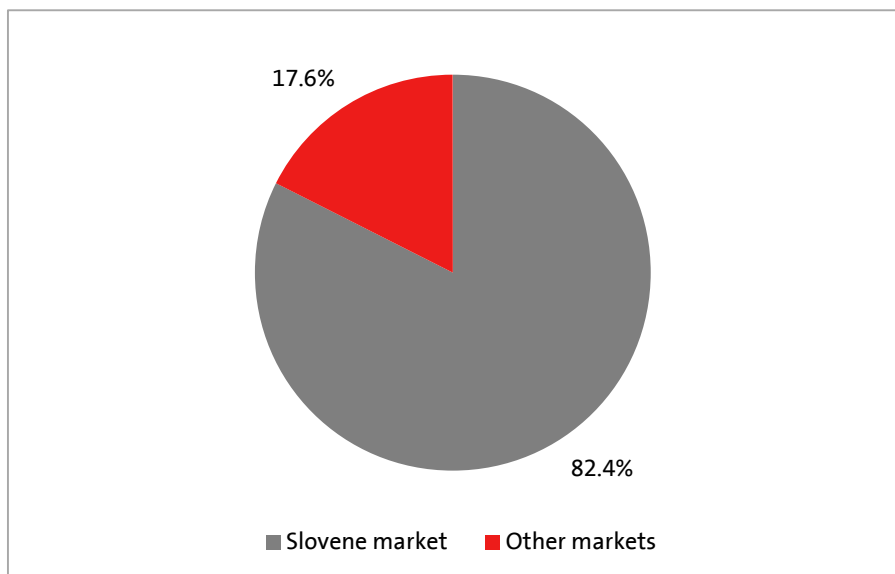
- non-life insurance accounted for 68.5%,
- life insurance for 20.5% and
- health insurance for 11.0%.

Graph: Gross written premium from insurance and co-insurance contracts of the Triglav Group by segment



In the reporting period, 82.4% of the consolidated gross written premium was charged in the Slovene insurance market, having decreased by 0.9 percentage point compared to the respective period last year.

Graph: Gross written premium from insurance and co-insurance contracts of the Triglav Group by market



The Triglav Group members (excluding Pozavarovalnica Triglav Re) booked EUR 679.1 million in non-consolidated gross insurance and co-insurance premium, or 3% less than in the same period last year. Trends varied depending on company and market. The insurance premium of Zavarovalnica Triglav was lower by 7% compared to 2012, whilst that of Triglav Zdravstvena zavarovalnica was higher by 15%. In addition, premium growth was recorded in Triglav Osiguranje, Banja Luka (by 12%), in Triglav Osiguranje, Belgrade (by 7%), Triglav Pojišt'ovna (by 5%), Lovćen Osiguranje (by 2%) and in Triglav Osiguranje, Zagreb (by 1%). Other members of the Group earned less premium. Lower premium was written in Triglav Osiguranje, Sarajevo (4%), Triglav Osiguruvanje, Skopje (7%) and Lovćen životna osiguranja by 11%.

Pozavarovalnica Triglav Re booked a total of EUR 82.3 million in gross reinsurance premium or 10% less than in the same period last year. The decrease in premium was to a great extent caused by a drop in premium from aircraft insurance, accident insurance, fire and natural disaster insurance and other damage to property insurance. Pozavarovalnica Triglav Re saw a high growth in premium from miscellaneous financial loss insurance. Lower gross reinsurance premium is the result of lower premium from optional business with the Triglav Group (index 94) as well as lower reinsurance premium earned outside the Triglav Group (index 83). The premium was also reduced due to the lower rating of Pozavarovalnica Triglav Re resulting in the failure to renew some insurance transactions and in exacerbated economic conditions.

Table: Gross written premium for insurance and co-insurance contracts in Q1-3 2013 by Triglav Group insurance company

Insurance company	Gross written premium			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1-3 2013
Zavarovalnica Triglav	343,681,794	134,505,648	478,187,442	93	93	93	70.4%
Triglav, Zdravstvena zavarovalnica	77,511,211	0	77,511,211	115		115	11.4%
Triglav Osiguranje, Zagreb	30,730,811	6,464,767	37,195,578	102	94	101	5.5%
Triglav Osiguranje, Sarajevo	10,983,742	1,736,444	12,720,186	96	99	96	1.9%
Triglav Pojišt'ovna, Brno	21,830,493	0	21,830,493	105		105	3.2%
Lovćen Osiguranje, Podgorica	21,287,158	0	21,287,158	102		102	3.1%
Triglav Osiguranje, Belgrade	12,354,332	477,780	12,832,112	107	104	107	1.9%
Triglav Osiguranje, Banja Luka	3,227,350	0	3,227,350	112		112	0.5%
Triglav Osiguruvanje, Skopje	13,366,184	0	13,366,184	93		93	2.0%
Lovćen životna osiguranja, Podgorica	0	947,432	947,432		89	89	0.1%
Total	534,973,075	144,132,071	679,105,146	98	93	97	100.0%
Pozavarovalnica Triglav Re	82,323,869	0	82,323,869	90		90	
Consolidation eliminations	-58,343,609	-313,771	-58,657,380	95	125	95	
Total - consolidated	558,953,335	143,818,300	702,771,635	97	93	96	

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

4.3.1.1 Non-life insurance

In non-life insurance, the Triglav Group insurance companies charged EUR 535.0 million in non-consolidated insurance and co-insurance premium, which represents a 2% decrease in nominal terms compared to the respective period of 2012.

In total written premium, the bulk was accounted by **motor vehicle insurance** (33.8%). Insurance companies of the Triglav Group collected EUR 95.3 million in **comprehensive car insurance** premium, or 7% less compared to the same period in 2012. Growth was recorded in Triglav Pojišt'ovna (index 117), Triglav Osiguranje, Banja Luka (index 108), Triglav Osiguruvanje, Skopje (index 105) and Triglav Osiguranje, Sarajevo (index 105). Other insurance companies of the Group recorded a decrease in premium written, the largest in Triglav Osiguranje, Zagreb (by 9%) and in the parent company. The Group collected EUR 134.1 million in **motor liability insurance** premium, which was 7% less than in the respective period last year. The decrease in premium was seen in the parent company (index 89), whose share in total premium from motor vehicle liability insurance represents almost 60%, and Triglav Osiguruvanje, Skopje (index 99). Premium written increased in most of the subsidiaries, by 5% in Triglav Osiguranje, Banja Luka, by 4% in Triglav Pojišt'ovna and by 2% in Triglav Osiguranje, Sarajevo, Triglav Osiguranje, Zagreb and Triglav Osiguranje, Belgrade. The premium by Lovćen Osiguranje remained at the same level as the year before (index 100).

Motor vehicle insurance remained the most important segment, accounting for 33.8% of total premium earned.

The decrease in premium from motor vehicle insurance was caused by several factors, including primarily the aggressive price competition among insurance companies, economic crisis, and lower premium due to lower prices of insurance products, the introduction of additional discounts (a bonus programme) and various special offers. The effects of the economic crisis are significant and manifested in reduced purchasing power of households, greater prudence of policyholders, lower sales of motor vehicles, lower insurance density of natural persons and legal entities (lower insurance density, failure to renew comprehensive car insurance for older vehicles, for vehicles after the expiration of leasing contracts or after loan repayment, cancellation of insurance contracts) stricter borrowing terms and conditions, higher unemployment and corporate bankruptcies. Premium from large policyholders which are won through public tenders continues to fall (stricter tender requirements, competition,

participation of insurance brokers and agencies and their commissions). Characteristic for the markets in Bosnia and Herzegovina, Montenegro and Macedonia competitive insurers that pay high commissions to agents, brokers, agencies and roadworthiness test providers, as well as unfair competition in a form of large discounts. In Bosnia and Herzegovina, competitive insurers make use of different material incentives, such as roadworthiness test or registration vouchers, gas coupons and partial premium reimbursement.

A high growth of 15% was recorded in **health insurance**, mostly owing to the results of Triglav Zdravstvena zavarovalnica. The growth in written premium stems from the successful marketing of supplemental health insurance products and a consequent increase of the number of insured persons, as well as from the increased price of the supplemental health insurance premium valid as of July 2012. Triglav, Zdravstvena zavarovalnica booked a total of EUR 77.5 million in gross insurance premium or 15% more than in the same period last year.

A high growth of 15% was achieved in health insurance.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance) a premium of EUR 124.2 million was booked, representing a decrease of 2% compared to Q1–3 2012. In both insurance classes, fire and natural disaster insurance as well as other damage to property insurance recorded a 2% premium decrease. The highest drop in premium was posted by Triglav Osiguruvanje, Skopje, Triglav Osiguranje, Sarajevo and Zavarovalnica Triglav, whose combined share in total premium from real property insurance represents 86%. The significant premium decrease (index 87) in Triglav Osiguruvanje, Skopje is predominantly a result of the discontinuation of business cooperation with a key client, planned late invoicing of premium to a major policyholder and unfair competition in public tenders (where competing insurers offer significantly lower premium rates). Triglav Osiguranje, Sarajevo generated less premium (index 88) due to the discontinuation of the cooperation or reduced scope of insurance coverage of some large policyholders. The premium decrease of 2% in Zavarovalnica Triglav is a result of a premium drop in machinery breakdown insurance, earthquake insurance, home insurance packages for individuals (DOM), car warranty and animal insurance (see *Section 4.4.1.* for details). On the other hand, growth rates were high in Triglav Osiguranje, Banja Luka, Triglav Osiguranje, Belgrade and Triglav Pojišt'ovna.

In **general liability insurance** the Triglav Group collected EUR 30.7 million in premium or 4% more than in Q1–3 2012, which represented 4.5% of total premium. In the current harsh economic conditions this growth is considered a success. Most insurance companies within the Triglav Group posted a high growth in premium as a result of effective sales campaigns and the portfolio extension. The strongest increase in premium written was seen in Triglav Osiguruvanje, Skopje, Triglav Osiguranje, Banja Luka, Triglav Osiguranje, Belgrade, Lovćen Osiguranje and Triglav Osiguranje, Zagreb. Zavarovalnica Triglav, accounting for 81% of total premium, saw a 1% decline in written premium, mostly due to a premium drop in liability insurance of attorneys-at-law, as business with a major client was discontinued and lower premium from general liability insurance, which is the biggest insurance subclass.

Accident insurance represented 5.0% of total written premium or EUR 33.6 million in nominal terms. Compared to the previous year, the premium booked fell by 11%. The drop in premium was posted by Zavarovalnica Triglav, Triglav Osiguranje, Zagreb and Triglav Osiguruvanje, Skopje, whose combined share in total premium from accident insurance represents 81%. Other insurance companies recorded premium increases. Almost half of accident insurance premium comes from two insurance subclasses taken out simultaneously with car insurance (driver and passenger accident insurance and AO-plus insurance), where the decrease in written premium results from the developments in the motor vehicle insurance market and in AO plus insurance as well as from the decrease in the price of premium in 2012. Nevertheless, growing unemployment and the poor state of the economy are the main reasons for the lower

group accident insurance premium. Premium drop was experienced by Triglav Osiguranje, Skopje, owing mostly to the loss of a large client in aviation accident insurance and fierce competition of insurers in public tenders.

Credit insurance accounted for 2.3% of total premium and was 2% higher than the year before. Zavarovalnica Triglav (accounting for 99% of total premium) posted a 5% increase in written premium on account of solid performance in most of the credit insurance subclasses (see *Section 4.4.1* for details). Apart from the parent company, credit insurance is also sold by Triglav Osiguranje, Sarajevo where the premium markedly decreased due to the drop in the volume of bank loans.

Premium **from other non-life insurance** (accounting for 3.4% of total premium) decreased by 1%, owing mostly to the loss of a large client in aircraft insurance in Triglav Osiguranje, Skopje, loss of premium from goods in transit insurance in Triglav Osiguranje, Sarajevo (discontinuation of business cooperation with a major client) and a drop in premium from railway insurance, assistance insurance and goods in transit insurance in Zavarovalnica Triglav. Good sales results were achieved in marine insurance, miscellaneous financial loss insurance and goods in transit insurance.

4.3.1.2 Life insurance

In total, the Triglav Group insurance companies charged EUR 144.1 million in non-consolidated gross written premium from **life insurance** contracts or 7% less than in the first nine months of 2012. This accounted for 21.2% of total gross written premium, which was 0.8 percentage points less than in the corresponding period of 2012. The main reasons for this decrease can be found in the sustained uncertainty of financial markets and the economic crisis, as clients are more prudent when purchasing long-term life insurance policies, in larger number of surrenders and in the ageing of the life insurance portfolio (maturities).

Due to the sustained uncertainty in the financial markets and the economic crisis, clients were more prudent when purchasing long-term life insurance policies.

Premium from **life insurance** (traditional life insurance, pension, annuity pension insurance, voluntary pension insurance and tontine) amounted to EUR 73.2 million or 50.8% of the life-insurance class total. Life insurance generated 2% more premium than in the same period of 2012. Solid sales results were achieved in annuity pension insurance, which is this year considered a part of the life insurance class, whilst in 2012 it was a part of the supplemental voluntary pension insurance.

The premium generated by **unit-linked life insurance** totalled EUR 60.3 million or 41.8% of gross written premium in the life insurance class. It was 11% lower than in the previous year. Unit-linked life insurance policies are available from Zavarovalnica Triglav and Triglav Osiguranje, Zagreb which booked EUR 57.7 million and EUR 2.6 million in written premium respectively, or 11% less than in the previous year each.

Supplemental voluntary pension insurance (capital redemption insurance) generated EUR 10.6 million or 7.3% of the total life insurance premium. Premiums of the former fell by 31% compared to the same period last year, however, the comparison with the same period last year is not realistic since in 2012 annuity pension insurance formed a part of unit-linked life insurance, whereas in 2013 it was considered under life insurance.

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

Insurance class	Gross written premium		Index	Structure
	Q1-3 2013	Q1-3 2012	Q1-3 2013/ Q1-3 2012	Q1-3 2013
Accident insurance	33,621,528	37,673,382	89	5.0%
Health insurance	77,995,203	67,624,287	115	11.5%
Comprehensive car insurance	95,328,823	103,007,338	93	14.0%
Real property insurance	124,230,804	127,185,575	98	18.3%
Motor liability insurance	134,088,115	143,533,160	93	19.7%
General liability insurance	30,731,546	29,680,644	104	4.5%
Credit insurance	15,606,735	15,294,983	102	2.3%
Other non-life insurance	23,370,321	23,709,184	99	3.4%
Non-life insurance	534,973,075	547,708,553	98	78.8%
Life insurance	73,237,023	71,805,281	102	10.8%
Unit-linked life insurance	60,308,103	67,726,519	89	8.9%
Capital redemption insurance	10,586,945	15,351,331	69	1.6%
Life insurance	144,132,071	154,883,131	93	21.2%
Total	679,105,146	702,591,684	97	100.0%

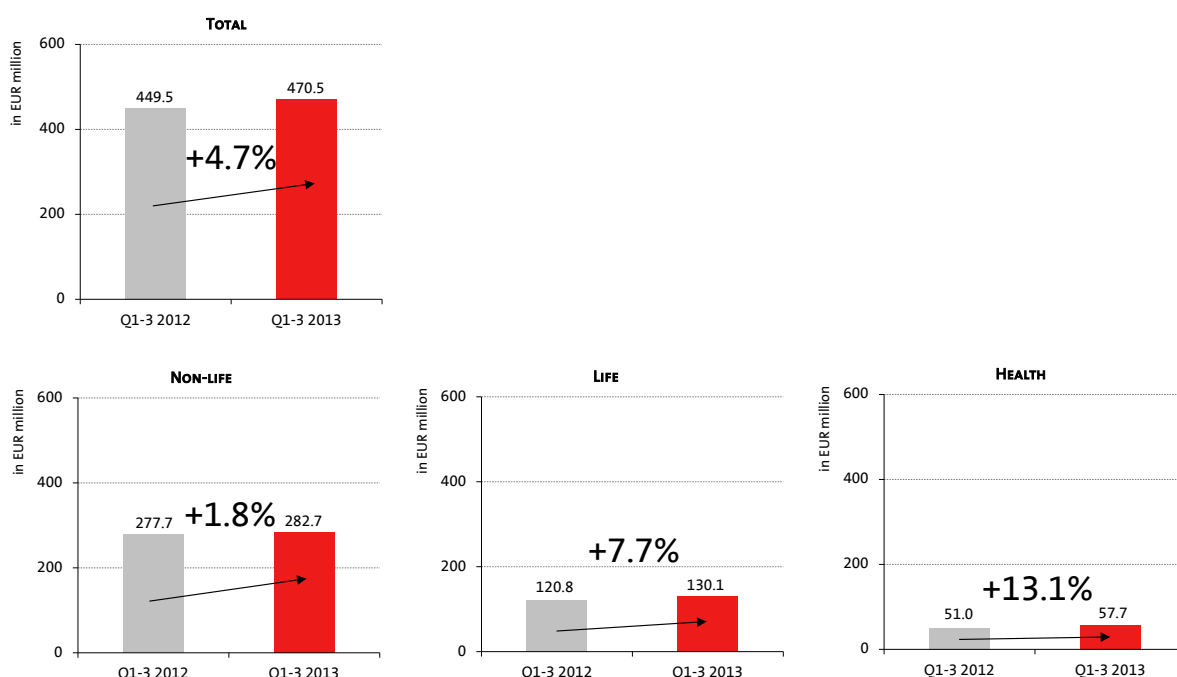
Note: The data on life insurance and capital redemption insurance for 2013 in 2012 are not comparable. Namely, in 2012 annuity pension insurance was a part of the capital redemption insurance class, whereas this year it is covered by the life insurance class.

4.3.2 Gross claims paid

In the first nine months of 2013, the Triglav Group posted a total of EUR 470.5 million in consolidated gross claims paid (including claim handling costs and subrogation receivables) or 5% more than in the same period of 2012. Gross claims paid in **non-life insurance** came to EUR 282.7 million (index 102), in the **life-insurance** segment they amounted to EUR 130.1 million (index 108) and in **health insurance** they totalled EUR 57.7 million (index 113).

Gross claims paid increased by 5%.

Graph: Gross claims paid in Q1-3 2013 compared to Q1-3 2012



Excluding Pozavarovalnica Triglav Re, the Triglav Group insurance companies posted EUR 452.6 million in non-consolidated gross claims, representing an increase of 5% over the preceding

year. Growth rates in gross claims paid were high in Lovćen životna osiguranja (index 204), Triglav Osiguranje, Belgrade (index 153), Triglav Pojišt'ovna (index 145), Triglav, Zdravstvena zavarovalnica (index 113), Triglav Osiguranje, Zagreb (index 112) and in Triglav Osiguranje, Sarajevo (index 112). A 2% increase in gross claims paid was observed in Zavarovalnica Triglav, while a decrease in gross claims paid was experienced by Triglav Osiguruvanje, Skopje (index 76), Triglav Osiguranje, Banja Luka (index 82) and by Lovćen Osiguranje (index 91).

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 47.8 million or 22% more than the preceding year. This growth was to a major degree caused by an increase in gross claims paid in general liability insurance (index 348) and fire and natural disaster insurance (index 144). A high 42% gross claims growth was recorded in operations in the Triglav Group, mostly as a result of claims arising from the flood events in Central and Eastern Europe and some individual cases of larger loss events. Gross claims in operations outside the Triglav Group increased by 1%.

Table: Gross claims paid in Q1-3 2013 by the Triglav Group insurance company

Insurance company	Gross claims settled			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1-3 2013
Zavarovalnica Triglav	187,224,970	125,384,658	312,609,628	98	107	102	69.1%
Triglav, Zdravstvena zavarovalnica	57,709,803	0	57,709,803	113		113	12.7%
Triglav Osiguranje, Zagreb	23,206,112	2,828,734	26,034,846	113	102	112	5.8%
Triglav Osiguranje, Sarajevo	5,486,533	643,571	6,130,104	108	167	112	1.4%
Triglav Pojišt'ovna, Brno	19,791,089	0	19,791,089	145		145	4.4%
Lovćen Osiguranje, Podgorica	10,769,832	0	10,769,832	91		91	2.4%
Triglav Osiguranje, Belgrade	9,228,414	191,667	9,420,081	153	152	153	2.1%
Triglav Osiguranje, Banja Luka	992,638	0	992,638	82		82	0.2%
Triglav Osiguruvanje, Skopje	8,115,828	0	8,115,828	76		76	1.8%
Lovćen životna osiguranja, Podgorica	0	1,057,513	1,057,513		204	204	0.2%
Total	322,525,219	130,106,143	452,631,362	104	108	105	100.0%
Pozavarovalnica Triglav Re	47,762,455	0	47,762,455	122		122	
Consolidation eliminations	-29,898,456	0	-29,898,456	144		144	
Total - consolidated	340,389,219	130,106,142	470,495,361	104	108	105	

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

4.3.2.1 Non-life insurance

Non-consolidated gross claims for **non-life insurance** amounted to EUR 322.5 million or 4% more than in the respective period of 2012.

Claims related to **motor liability insurance** represented 16.6% of total gross claims paid by the Triglav Group insurance companies. Total claims paid amounted to EUR 75.0 million, which was 2% less than in the first nine months of 2012. The majority of the Group members recorded a lower growth of gross claims settled in this insurance class; this applies particularly to Triglav Osiguranje, Banja Luka, Lovćen Osiguranje and Triglav Osiguranje, Zagreb. In Zavarovalnica Triglav, which accounts for a 64% of the total, claims settled in motor vehicle liability insurance, fell by 1%.

A 3% decrease in gross claims paid was recorded in the **comprehensive car insurance** class. Gross claims paid amounted to EUR 69.8 million, which was 15.4% of all claims settled. A growth in gross claim settlements in this insurance class was registered in Triglav Osiguranje, Banja Luka, Triglav Pojišt'ovna, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Sarajevo. A substantial decrease in gross claims was registered by Triglav Osiguruvanje, Skopje, Lovćen Osiguranje and Triglav Osiguranje, Zagreb. In the parent company, which accounts for 83% of the total gross claims settled in this insurance class, experienced a 2% decrease.

In **health insurance** gross claims increased by 14%. This is partly due to the adoption of the Fiscal Balance Act (ZUJF) in Slovenia, which transferred a part of health care costs from compulsory to supplemental health insurance. Equalisation scheme expenses totalled EUR 5.7 million, which was 4% more than in the same period last year (an increase of EUR 243 thousand).

In **real property insurance** a 13% increase in gross claims paid was recorded. Gross claims paid amounted to EUR 73.5 million, which was 16.2% of all claims settled. A high growth in claims was recorded by Triglav Pojišt'ovna, Triglav Osiguranje, Zagreb and Triglav Osiguranje, Belgrade, mostly due to substantial individual claims. An increase in gross claims was recorded by Triglav Pojišt'ovna as a result of this year's floods in Central and Eastern Europe. Substantial premium declines were posted by Triglav Osiguruvanje, Skopje, Lovćen Osiguranje and Triglav Osiguranje, Banja Luka. Zavarovalnica Triglav, holding a 60% share of this insurance class, recorded a 4% decrease in claims.

Gross claims paid in **accident insurance** decreased by 8%. This was mostly due to the decline in claims paid in the two largest insurance subclasses i.e. AO-plus insurance (driver insurance against bodily harm) and group accident insurance in Zavarovalnica Triglav (index 86), which account for a 61% share of the Group's total claims paid. Triglav Pojišt'ovna, Triglav Osiguranje, Zagreb and Triglav Osiguranje, Banja Luka also recorded a decrease in claims paid.

The volume of gross claims paid in **general liability insurance** was higher by 16%. The high growth was primarily a consequence of a 20% increase in gross written claims paid by Zavarovalnica Triglav (accounting for almost 94% of total claims in this insurance class) due to payments to the insured arising from large loss event. A high growth was also posted by Triglav Osiguranje, Banja Luka, Triglav Osiguranje, Belgrade, Lovćen Osiguranje and Triglav Osiguruvanje, Skopje, however their share in this insurance class accounts for only 1%. On the contrary, a substantial decrease in gross written claims was recorded by Triglav Pojišt'ovna, Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Zagreb.

In **credit insurance**, gross claims decreased by 8%. Gross claims paid by Zavarovalnica Triglav accounting for the majority of total claims (91%), increased by 8% and predominantly resulted from a high growth of domestic trade insurance and overdraft insurance claims. Other insurance companies recorded a decrease in gross claims paid.

A 4% increase in gross claims paid was recorded in **other non-life insurance**, owing to a high growth in Lovćen Osiguranje. This is mostly due to higher claims for goods in transit insurance that has been contested since 2010, two substantial claims for railway insurance and substantial claim for aircraft insurance. A decrease in claims paid was registered in suretyship insurance, aircraft liability insurance, railway insurance, marine insurance and miscellaneous financial loss insurance.

4.3.2.2 Life insurance

Gross claims paid in **life insurance** totalled EUR 130.1 million and were 8% higher compared to the respective period last year. Claims in the life insurance class accounted for 28.7% of total claims paid which is 0.7 percentage point more than the year before. The increase in claims paid from life insurance was caused by maturities due to the aging of the portfolio and due to surrenders mostly as a result of the economic crisis.

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 the **life insurance class** (traditional life insurance, pension, annuity insurance and voluntary pension insurance), which totalled EUR 72.1 million, i.e. 4% more than in the respective period last year. A high increase of claims paid was seen in **unit-linked life insurance**, where the growth index was 141 and claims paid amounted to EUR 39.8 million. Gross claims paid in **supplemental voluntary pension insurance** decreased by 21% and amounted to EUR 18.2 million, however the comparison with the same period last year is not realistic since in 2012 annuity pension insurance formed a part of unit-linked life insurance, whereas in 2013 it is considered under life insurance.

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

Insurance class	Gross claims paid		Index	Strukture
	Q1-3 2013	Q1-3 2012	Q1-3 2013/ Q1-3 2012	Q1-3 2013
Accident insurance	17,160,786	18,590,309	92	3.8%
Health insurance	58,276,530	51,317,172	114	12.9%
Comprehensive car insurance	69,809,357	71,884,463	97	15.4%
Real property insurance	73,476,176	65,032,182	113	16.2%
Motor liability insurance	74,996,921	76,657,336	98	16.6%
General liability insurance	15,102,202	13,045,383	116	3.3%
Credit insurance	3,224,274	3,505,858	92	0.7%
Other non-life insurance	10,478,973	10,114,117	104	2.3%
Non-life insurance	322,525,219	310,146,820	104	71.3%
Life insurance	72,096,357	69,403,543	104	15.9%
Unit-linked life insurance	39,784,115	28,212,309	141	8.8%
Capital redemption insurance	18,225,671	23,169,748	79	4.0%
Life insurance	130,106,143	120,785,600	108	28.7%
Total	452,631,362	430,932,420	105	100.0%

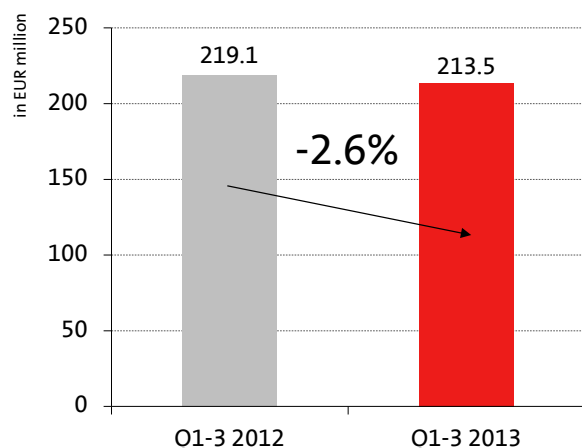
Note: The data on gross claims paid in life insurance and in capital redemption insurance for 2013 and 2012 are not comparable. Namely, in 2012, annuity pension insurance was a part of the capital redemption insurance class (supplemental voluntary pension insurance), whereas this year it is covered by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

4.3.3 Gross operating expenses

Gross consolidated operating expenses of the Triglav Group totalled EUR 213.5 million, decreasing 3% over the preceding year. **Insurance business costs** dropped by 2% to EUR 166.5 million. Gross operating expenses in **non-life insurance** came to EUR 135.7 million (index 99), in the **life-insurance** segment they amounted to EUR 25.7 million (index 95), in **health insurance** they totalled EUR 5.1 million (index 99) and in **non-insurance activities** they were EUR 47.0 million (index 95).

Insurance business operating expenses accounted for 23.7% of gross written premium, which was 0.5 percentage point more than in the respective period last year.

Graph: Gross operating costs in Q1-3 2013 compared to the same period of 2012



Acquisition costs (fees and charges) totalled EUR 25.6 million and increased by 2% over the preceding year. The costs of goods sold amounted to EUR 13.5 million and were 17% lower than the year before. Due to investments, predominantly in IT, depreciation charges increased by 12% and amounted to EUR 13.6 million. With 45.5%, labour costs accounted for the largest portion of total expenses. They amounted to EUR 102.2 million, decreasing by 2% compared to the respective period of the previous year. Costs of services provided by natural persons other than sole proprietors equalled EUR 2.2 million, representing an increase of 6% compared to the respective period of the previous year. Other operating costs increased by 1%, reaching EUR 67.4 million.

Labour costs, accounting for the majority of gross operating costs, fell by 2%.

Table: Gross operating expenses by nature in Q1-3 2013

Expenses by nature	Gross operating expenses		Index	Structure
	Q1-3 2013	Q1-3 2012	2013/2012	Q1-3 2013
Acquisition costs (fees and charges)	25,616,036	26,044,172	98	11.4%
Costs of goods sold	13,525,521	16,243,099	83	6.0%
Depretiation of operating assets	13,584,313	12,174,806	112	6.0%
Labour costs	102,180,839	104,674,138	98	45.5%
- wages and salaries	74,623,702	72,821,311	102	33.2%
- social security and pension insurance costs	15,344,541	16,722,446	92	6.8%
- other labour costs	12,212,596	15,130,381	81	5.4%
Costs of services provided by natural persons other than SPs including related taxes	2,203,193	2,083,229	106	1.0%
Other operating expenses	67,439,196	66,895,874	101	30.0%
- costs of entertainment, advertising, trade shows	10,612,750	9,725,625	109	4.7%
- costs of material and energy	10,519,856	10,584,241	99	4.7%
- maintenance costs	7,143,360	6,827,164	105	3.2%
- reimbursement of labour-related costs	3,305,501	3,619,525	91	1.5%
- costs of intellectual and personal services	2,707,491	2,819,066	96	1.2%
- non-income-related costs, excluding insurance	1,856,203	2,074,860	89	0.8%
- costs of transport and communication services	3,501,941	3,508,847	100	1.6%
- costs for insurance premiums	962,626	949,926	101	0.4%
- payment transation costs and banking services	2,184,150	2,963,136	74	1.0%
- rents	4,715,269	5,148,409	92	2.1%
- costs of services of professional training	749,285	747,763	100	0.3%
- other costs of services	18,923,285	17,390,120	109	8.4%
- long-term employee benefits	257,479	537,192	48	0.1%
Total	224,549,098	228,115,318	98	100.0%
Consolidation eliminations	-11,048,150	-9,024,569	122	
Total-consolidated	213,500,948	219,090,749	97	

4.3.4 Reinsurance

In the first nine months of 2013, the Triglav Group allocated EUR 56.6 million of reinsurance and coinsurance premium to external equalisation, which was 5% less than in the respective period of 2012. Reinsurance premium accounted for 8.1% of total gross written insurance and coinsurance premium. An amount of EUR 28.6 million was received from reinsurance (index 181).

4.3.5 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured parties. As at 30 September 2013, the Triglav Group allocated EUR 2,308.4 million to gross insurance technical provisions, which is approximately at the same level as at the 2012 year-end (index 100). In non-life and life insurance, the amount of gross insurance technical provisions remained at a level approximately equal to the 2012 year-end (index 100), whilst in health insurance it increased by 20%.

The total amount of gross insurance technical provisions remained at a level approximately equal to 2012.

Provisions by type as at 30 September 2013 compared to 31 December 2012:

- **Gross provisions for unearned premiums** increased by 10% and reached EUR 294.3 million.
- **Gross claims provisions** decreased by 3% and amounted to EUR 701.5 million. Claims provisions for non-life insurance totalled EUR 674.7 million (index 97), those for health insurance EUR 7.2 million (index 105) and those for life insurance EUR 19.7 million (index 96).
- **Mathematical provisions** remained at the same level as at the end of 2012 (index 100), amounting to EUR 1,287.1 million. Of the total amount of mathematical provisions, EUR 861.0 million originated in the long-term business fund backing life insurance and long-term business fund backing SVPI and EUR 426.2 million in long-term business fund backing unit-linked life insurance.
- **Provisions for bonuses and discounts** rose by 1% to EUR 17.2 million.
- **Other insurance technical provisions** totalled EUR 8.1 million or 12% less than on 31 December 2012.

Table: Gross insurance technical provisions as at 30 September 2013

	Gross insurance technical provisions		Index
	30 Sept. 2013	31 Dec. 2012	2013/2012
Unearned premium	294,335,630	268,424,573	110
Mathematical provisions	1,287,148,929	1,287,288,920	100
Claims provisions	701,544,914	723,176,114	97
Provisions for bonuses and rebates	17,246,264	17,153,835	101
Other insurance technical provisions	8,105,234	9,216,323	88
Total insurance technical provisions	2,308,380,971	2,305,259,765	100

4.3.6 Structure of financial investments as at 30 September 2013

As at 30 September 2013, financial assets, investment property and investments in associates stood at EUR 2,527.6 million, which was 1% less than at the 2012 year-end. Their share accounted for 81.3% of total assets.

With 64.5%, debt and other fixed-return securities accounted for the bulk of total financial investments. Compared to 31 December 2012, they remained at the approximately same level (index 100) and as at 30 September 2013 reached EUR 1,629.7 million. As at the end of the reporting period, government bonds represented the majority of these securities with 48%. Their share in the total decreased from 60% as at 2012 year-end. The share of corporate bonds in total debt and other fixed-return securities rose by 28% (2012 vs. 24%). Furthermore, bonds issued by financial institutions in the total increased from 12% as at 31 December 2012 to 17% as at the reporting date. The exposure to Slovene bond issuers went down from 29.3% as at the 2012 year-end to 23.9% as at 30 September 2013.

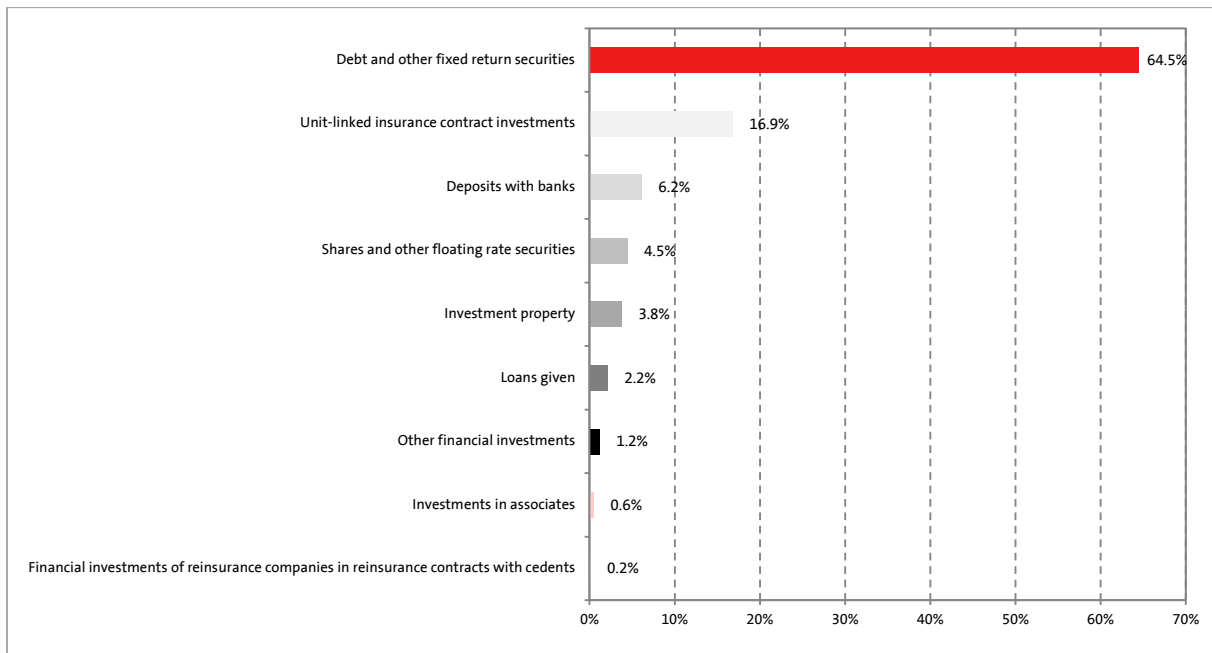
Debt and other fixed-return securities accounted for 64.5% of total financial investments.

In terms of volume, debt and other fixed-return securities are followed by unit-linked insurance contract investments, which recorded a 2% increase over the end of 2012 and totalled EUR 426.2 million. As at 30 September 2013, deposits with banks accounting for 6.2% of total investment, increased by 2% to EUR 156.5 million. Shares and other floating rate securities totalled EUR 113.8 million, having decreased by 17%. They accounted for 4.5% of total investments. Investment property decreased by 3% and totalled EUR 96.8 million (accounting for 3.8% of total investment). Loans stood at EUR 54.9 million, accounting for 2.2% of total investments, whilst other financial investments reached EUR 31.4 million, representing 1.2% of the total. Loans decreased by 10%, whereas other financial investments decreased by 26% over the end of 2012. The smallest share in total investments (0.6%) was represented by investments in the associates, which decreased by 3% down to EUR 14.0 million and financial investments of reinsurance companies arising from reinsurance contracts with cedents totalling EUR 4.2 million (0.2%).

Table: Financial investments as at 30 September 2013

	Financial investments			Structure
	30 Sept. 2013	31 Dec. 2012	2013/2012	30 Sept. 2013
Investment property	96,753,838	100,186,863	97	3.8%
Investments in associates	14,015,388	14,384,184	97	0.6%
Shares and other floating rate securities	113,787,993	136,804,915	83	4.5%
Debt and other fixed return securities	1,629,719,571	1,629,251,530	100	64.5%
Loans given	54,937,024	61,200,586	90	2.2%
Deposits with banks	156,496,149	152,970,974	102	6.2%
Other financial investments	31,435,486	42,582,859	74	1.2%
Financial investments of reinsurance companies in reinsurance contracts with cedents	4,204,256	4,185,878	100	0.2%
Unit-linked insurance contract investments	426,229,243	418,881,917	102	16.9%
Total	2,527,578,948	2,560,449,706	99	100.0%

Graph: Financial investments as at 30 September 2013



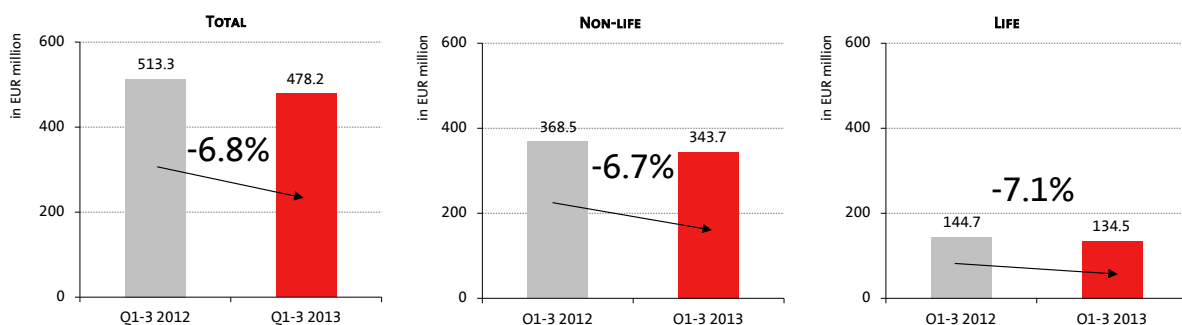
4.4 Operating performance of Zavarovalnica Triglav

4.4.1 Gross written premium from insurance and co-insurance contracts

In the first nine months of 2013, Zavarovalnica Triglav booked a total of EUR 478.2 million of gross written premium from insurance and co-insurance contracts or 7% less than in the same period of the previous year.

From January to September 2013 EUR 478.2 million in gross insurance and co-insurance premium was charged.

Graph: Gross written premium from insurance and co-insurance contracts in Q1-3 2013 compared to the same period in 2012



Non-life insurance premium totalled EUR 343.7 million (index 93), while life insurance premium amounted to EUR 134.5 million (index 93). In the structure of total gross written premium, non-life insurance accounted for 71.9% and life insurance for 28.1%. The share of non-life insurance premium in total gross written premium increased by 0.1 percentage point compared to the same period of the previous year.

Table: Gross written premium from insurance and co-insurance contracts for Zavarovalnica Triglav in Q1-3 2013 by insurance class

Insurance class	Gross written premium		Index	Structure
	Q1-3 2013	Q1-3 2012	Q1-3 2013/ Q1-3 2012	Q1-3 2013
Accident insurance	25,009,228	28,921,787	86	5.2%
Health insurance	0	0	0	0.0%
Comprehensive car insurance	79,820,672	87,896,944	91	16.7%
Real property insurance	100,749,001	103,163,241	98	21.1%
Motor liability insurance	80,324,907	90,843,166	88	16.8%
General liability insurance	25,002,330	25,361,529	99	5.2%
Credit insurance	15,502,537	14,789,061	105	3.2%
Other non-life insurance	17,266,151	17,560,943	98	3.6%
Non-life insurance	343,674,825	368,536,671	93	71.9%
Life insurance	66,255,634	64,614,616	103	13.9%
Unit-linked life insurance	57,670,805	64,757,508	89	12.1%
Capital redemption insurance	10,586,945	15,351,331	69	2.2%
Life insurance	134,513,384	144,723,456	93	28.1%
Total	478,188,210	513,260,127	93	100.0%

Note: The data on life insurance and capital redemption insurance for 2013 in 2012 are not comparable. Namely, 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 **non-life insurance**, a 5% increase in written premium was achieved in credit insurance. The results of most sub-classes of credit insurance were solid, especially in financial gap, payment card claims, small business credits and other credit insurance. In the largest credit insurance sub-class, consumer loan insurance (representing a 63% share), the written premium increased by 6%.

Other insurance groups generated less premium than in the same period of the previous year. The main reasons for this decrease are:

- aggressive price competition among insurance companies, particularly in the motor vehicle insurance sector;
- continued economic crisis decreasing the purchasing power of population and causing greater prudence of policyholders including retail and corporate clients (policy degradation, lower insurance density, cancellation of insurance contracts and consequently less premium);
- lower premium due to the introduction of the »Triglav komplet« discount scheme (on average, premium decreased by 10% compared to 2012), additional discounts and various special offers (e.g. Eurobasket);
- 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 premium and a simultaneous improvement of insurance technical results.

The largest (33.5%) share in total written premium was accounted for by motor vehicle insurance. Motor liability insurance premium and comprehensive car insurance premium decreased by 12% and 9% respectively. As already mentioned, the decrease in written premium results mostly from harsh price competition among insurers in the motor vehicle insurance market, lower prices of insurance products, additional discounts (Triglav komplet) and special offers introduced, greater prudence of policyholders and the economic crisis (corporate bankruptcies, lower sales of motor vehicles, fewer company vehicles, older and fewer vehicles owned by families, which is reflected in non-renewal, cancellation and reduced volume of purchased comprehensive car insurance).

A 2% premium decrease was recorded in real property insurance. This was mainly due to a decrease in premiums for machinery breakdown insurance, earthquake insurance, property and interest in property insurance (home insurance package for individuals (DOM)), car warranty and animal insurance. The lower written premium in machinery breakdown insurance was due to the further portfolio clean up and reduced scope of insurance coverage of large policyholders (lower insurance sum, balance sheet clean up, etc.). The decrease in earthquake insurance premium resulted from the harsh competition of insurers (also foreign ones) and a reduced scope of insurance coverage of a large policyholder. The lower written premium in home insurance package for individuals (DOM) was due to additional discount as a result of the introduction of the »Triglav komplet« discount scheme and decreased purchasing power of population, which is reflected in lower insurance density (policy degradation, non-renewal of insurance). The lower written premium in animal insurance was due to the cancellation of certain types of animal production (e.g. breeding animals reared by a large policyholder) 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. However, solid sales results were achieved in combined non-life insurance, erection insurance, food freezer insurance, travel insurance and machinery breakdown insurance in the power industry.

In general liability insurance premium fell by 1%, predominantly as a result of lower written premium from liability of attorneys-at-law insurance due to discontinued cooperation with a large policyholder and lower general liability insurance premium representing 74% of total written premium of this insurance class. A high premium increase was recorded in liability of management and supervisory boards insurance, product liability insurance and the liability of medical doctors.

The decrease in accident insurance premium (index 86) was a result of the developments in the motor vehicle insurance market, as more than a half of premium in this insurance group arises from two insurance sub-classes taken out simultaneously with car insurance (AO-plus insurance and driver and passenger accident insurance). The main reason for the decreased total AO-plus insurance premium lies in a more than 20% premium decrease in mid-2012. Nevertheless, growing unemployment and the poor state of the economy are the main reasons for lower group accident insurance premium, the largest sub-class of accident insurance (39%).

In other classes of non-life insurance a 2% decrease in premium was recorded compared to the respective period of 2012. This predominantly resulted from lower premium written in railway insurance, assistance insurance and goods in transit insurance. The decreased premium written in assistance insurance results from the lower premium of roadside assistance insurance, whereas in goods in transit insurance the lower premium reflects harsh economic conditions, resulting in increased requirements of policyholders to reduce premium and in cancellations of insurance contracts, and aggressive competition. Good sales results were achieved in suretyship insurance, aircraft insurance, marine insurance and miscellaneous financial loss insurance.

The 7% decrease in **life insurance** premium mostly resulted from the aging of the life insurance portfolio (an increased number of maturities) as well as the financial and economic crisis which was reflected in more prudent consumer behaviour when concluding long-term life insurance contracts and in an increased number of surrenders. Premium generated from life insurance (traditional life, pension, annuity pension and voluntary pension insurance) was 3% higher than in the respective period last year and accounted for almost 49% of the total life-insurance premium. Solid sales results were achieved in annuity pension insurance, which is this year considered a part of the life insurance class. The premium generated by unit-linked life insurance represented 43% of total written premium in the life insurance class, which was 11% less compared to one year earlier. Premium from supplemental voluntary pension insurance

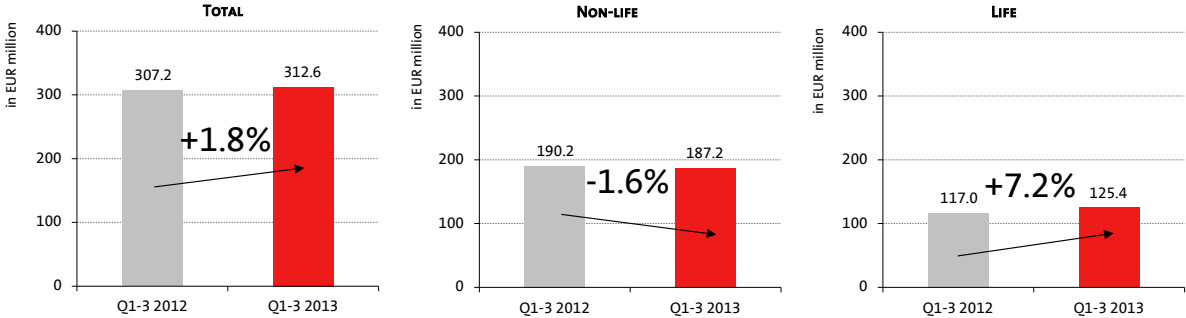
(capital redemption insurance) fell by 31% compared to the same period last year, however, the comparison with the same period last year is not realistic because in 2012 annuity pension insurance formed a part of unit-linked life insurance whereas in 2013 it was considered under life insurance.

4.4.2 Gross claims paid

In the first nine months of 2013, Zavarovalnica Triglav posted a total of EUR 312.6 million in gross claims paid (including claim handling costs and subrogation receivables), which is by 2% more as in the respective period of 2012. In January, heavy snow and ice storms in Slovenia caused EUR 5.3 million of damage, particularly affecting one policyholder. Flooding in the Prekmurje region at the end of March and at the beginning of April resulted in more than 900 reported claims totalling EUR 750 thousand. At the beginning of May, the Upper Savinja Valley and Central Slovenia were hit by a hail storm entailing over 1,750 reported claims with total damage of EUR 1.5 million. At the end of June, entire Slovenia was hit by a storm which resulted in over 5,350 reported claims totalling EUR 4.6 million.

The profit level was also affected by mass loss events.

Graph: Gross claims paid in Q1-3 2013 compared to the same period of 2012



In non-life insurance, Zavarovalnica Triglav recorded EUR 187.2 million in gross claims or 2% less than last year. The increase in claims in non-life insurance was 5 index points higher than the growth of written premium. The highest growth of gross claims (20%) was recorded in general liability insurance, due to the payment of a large claim to a policyholder in the product liability insurance sub-class. Increased gross claims in credit insurance (index 108) predominantly resulted from a high growth of domestic trade credit insurance claims and overdraft insurance. Other classes of non-life insurance remained at the same level as in 2012 (index 100), including considerably higher gross claims in assistance insurance (car assistance), goods in transit insurance and aircraft insurance, whereas largest reduction in gross claims paid was recorded in railway insurance, suretyship insurance and miscellaneous financial loss insurance.

Gross claims paid in non-life insurance decreased by 2% compared to the respective period in the year before.

In other non-life insurance classes gross claims paid were lower than in the corresponding period of 2012; the largest reduction was recorded in accident insurance (index 86) and real property insurance (index 96). In the largest non-life insurance class, i.e. comprehensive car insurance (currently representing almost one third of all non-life insurance claims), gross claims decreased by 2%.

Gross claims paid in life insurance totalled EUR 125.4 million and were 7% higher than in the respective period of 2012. Claims in the life insurance class accounted for 40.1% of total claims paid or 2.0 percentage points more than in 2012. The higher number of life insurance claims resulted from maturities due to the aging of the portfolio and from surrenders, mostly as a result of the economic crisis. The bulk of all claims settled is accounted for by the life insurance class (traditional life, pension, annuity pension and voluntary pension insurance), which totalled EUR 68.3 million or 3% more compared to the previous year. A high growth of 42% was seen in unit-linked life insurance. Gross claims paid in supplemental voluntary pension insurance decreased by 21%, however, the comparison with the same period last year is not realistic because in 2012 annuity pension insurance formed a part of unit-linked life insurance whereas in 2013 it was considered under life insurance.

The higher number of life insurance claims resulted from maturities due to the aging of the portfolio and from surrenders.

Table: Gross claims paid by Zavarovalnica Triglav in Q1-3 2013 by insurance class

Insurance class	Gross claims paid		Index	Structure
	Q1-3 2013	Q1-3 2012	Q1-3 2013/ Q1-3 2012	Q1-3 2013
Accident insurance	10,404,582	12,120,247	86	3.3%
Health insurance	0	0	0	0.0%
Comprehensive car insurance	58,137,350	59,490,930	98	18.6%
Real property insurance	44,432,336	46,406,629	96	14.2%
Motor liability insurance	48,217,926	48,707,068	99	15.4%
General liability insurance	14,163,893	11,799,775	120	4.5%
Credit insurance	2,949,014	2,737,662	108	0.9%
Other non-life insurance	8,918,403	8,930,785	100	2.9%
Non-life insurance	187,223,504	190,193,096	98	59.9%
Life insurance	68,331,848	66,520,280	103	21.9%
Unit-linked life insurance	38,827,138	27,285,551	142	12.4%
Capital redemption insurance	18,225,671	23,169,748	79	5.8%
Life insurance	125,384,657	116,975,578	107	40.1%
Total	312,608,161	307,168,674	102	100.0%

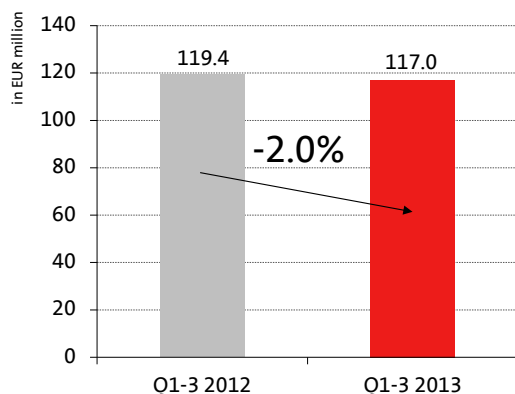
Note: The data on gross claims paid in life insurance and in capital redemption insurance for 2013 and 2012 are not comparable. Namely, in 2012, annuity pension insurance was a part of the capital redemption insurance class, whereas this year it is covered by the life insurance class.

4.4.3 Gross operating expenses

Gross operating costs totalled EUR 117.0 million and were 2% lower compared to the previous year.

Gross operating costs were 2% lower than in the respective period of 2012.

Graph: Gross operating costs in Q1-3 2013 compared to the same period of 2012



Operating costs accounted for 24.5% of gross written premium and were 1.2 percentage points higher than in the same period of 2012.

Acquisition costs (fees and charges) decreased by 2% and equalled EUR 13.2 million. Due to large-scale investments in IT, depreciation charges amounted to EUR 7.7 million, increasing by 15% compared to 2012. Labour costs amounted to EUR 65.9 million (accounting for the biggest share (56.3%) of total operating costs) and were 4% lower than in the previous year. Costs of services provided by natural persons other than sole proprietors equalled EUR 1.4 million, representing an increase of 1% from the year before. In the reporting period, other operating costs reached EUR 28.7 million and were 1% lower than last year.

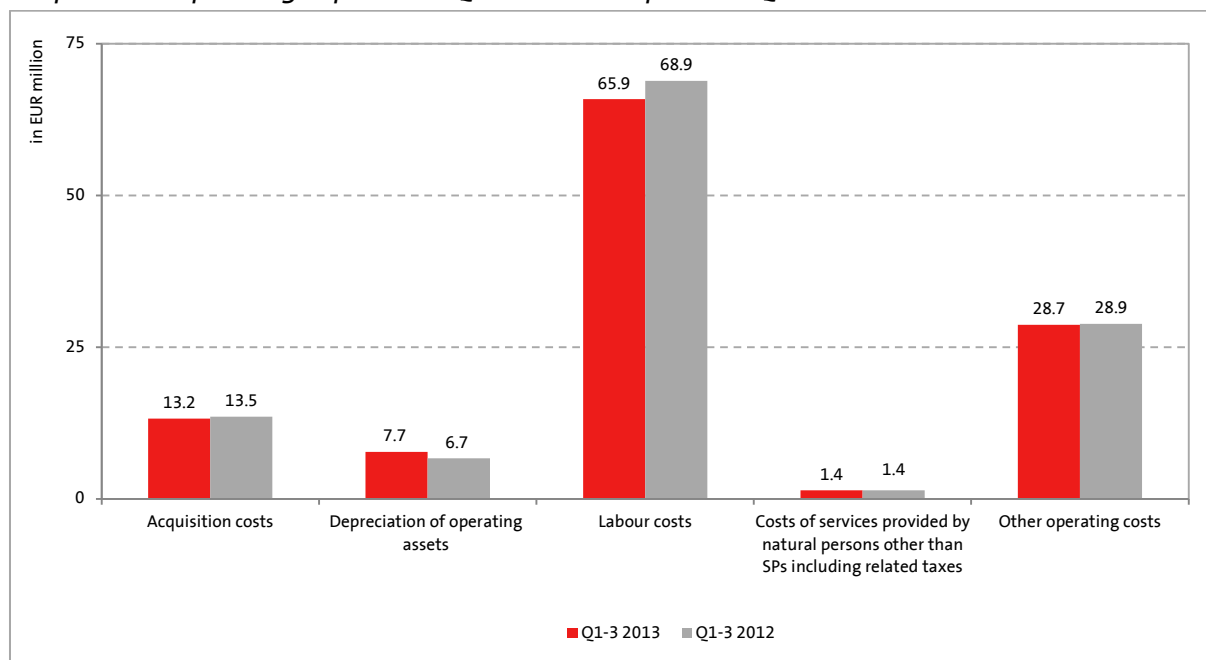
Operating costs for life insurance came to EUR 24.6 million and accounted for 18.3% of gross written premium or 0.6 percentage points more than in the respective period of 2012. Gross operating costs in non-life insurance totalled EUR 92.4 million, their share in gross written premium being 26.9% or 1.4 percentage points more than in the same period of 2012.

In total gross operating costs, broken down by functional groups, costs of insurance contract acquisition accounted for 59.6%, followed by 12.7% in claim handling costs and 1.7% in expenses arising from asset management, while other operating expenses represented 26.0%.

Table: Gross operating expenses in Q1-3 2013 by nature

Operating costs by nature	Gross operating costs		Index	Structure
	Q1-3 2013	Q1-3 2012	Q1-3 2013/ Q1-3 2012	Q1-3 2013
Acquisition costs (by nature)	13,232,746	13,536,536	98	11.3%
Depreciation of operating assets	7,744,753	6,718,744	115	6.6%
Labour costs	65,904,102	68,917,538	96	56.3%
- wages and salaries	48,691,615	48,718,199	100	41.6%
- social securities and pension insurance costs	8,182,165	8,424,012	97	7.0%
- other labour costs	9,030,322	11,775,327	77	7.7%
Costs of services provided by natural persons other than SPs including related taxes	1,414,008	1,394,813	101	1.2%
Other operating expenses	28,710,962	28,874,053	99	24.5%
- costs of entertainment, advertising, trade shows	7,086,019	6,871,518	103	6.1%
- costs of material and energy	3,323,507	3,327,704	100	2.8%
- maintenance costs	5,036,279	4,688,811	107	4.3%
- reimbursement of labour-related costs	2,666,064	2,938,793	91	2.3%
- costs of intellectual and personal services	1,358,954	1,263,073	108	1.2%
- non-income-related costs, excluding insurance	1,282,321	1,438,169	89	1.1%
- costs of transport and communication services	2,018,875	2,031,799	99	1.7%
- costs of insurance premiums	574,269	531,272	108	0.5%
- payment transaction costs and banking services	1,574,401	2,324,777	68	1.3%
- rents	2,156,918	1,929,881	112	1.8%
- costs of services of professional training	587,069	576,223	102	0.5%
- other costs of services	1,046,287	952,034	110	0.9%
Total	117,006,570	119,441,684	98	100.0%

Graph: Gross operating expenses in Q1-3 2013 compared to Q1-3 2012



4.4.4 Reinsurance

In the period from 1 January to 30 September 2013, Zavarovalnica Triglav allocated EUR 52.8 million to external equalisation, which was 4% less than in the respective period of 2012. Reinsurance premium accounted for 11.1% of total gross written premium. The change in unearned premiums related to the reinsurance portion amounted to EUR 5.1 million, which was 10% less than in the respective period last year. A reinsurers' and co-insurers' share of gross claims settled of EUR 17.5 million was received from reinsurance and coinsurance (index 115). The change in gross claims provisions for the reinsurance portion equalled EUR 4.5 million (EUR –8.0 million in 2012). The Company also received EUR 8.5 million in ceding commissions (index 94).

4.4.5 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured parties. At the end of the third quarter, Zavarovalnica Triglav allocated EUR 1,998.7 million to gross insurance technical provisions, thus remaining at a level approximately equal to the 2012 year-end (index 100). In non-life insurance, the amount of insurance technical provisions increased by 2%, whereas in life insurance it remained approximately at the same level as in 2012 (index 100).

The total amount of gross insurance technical provisions remained at a level approximately equal to 2012.

Provisions by type as at 30 September 2013 compared to 31 December 2012:

- **Gross unearned premiums** increased by 10% and reached EUR 220.2 million as at 30 September 2013. Unearned premium from non-life insurance totalled EUR 219.8 million (index 110) and from life insurance EUR 396 thousand (index 98).
- **Gross claims provisions** decreased by 1% and amounted to EUR 531.3 million. Claims provisions from non-life insurance totalled EUR 511.9 million (index 99) and those from life insurance EUR 19.5 million (index 101).

- **Mathematical provisions** remained approximately at the same level as at the 2012 year-end (index 100), amounting to EUR 1,227.5 million. Of the total amount of mathematical provisions, EUR 652.0 million originated from the long-term business fund backing life insurance, EUR 147.6 million from the long-term business fund backing SVPI, EUR 16.0 million from the long term business fund backing SVPI, i.e. annuities, and EUR 412.0 million from the long-term business fund backing unit-linked life insurance.
- Compared to the end of 2012, **provisions for bonuses and rebates** remained at the same level and as at 30 September 2013 equalled EUR 17.0 million.
- **Other insurance technical provisions** totalled EUR 2.6 million or 16% more than as at the last day of 2012, mostly due to increased provisions for unexpired risks (index 134). This item includes provisions for unexpired risks, which as at 30 September 2013 amounted to EUR 1.8 million, and provisions for cancellations, which totalled EUR 0.9 million (index 91).

Table: Gross insurance technical provisions as at 30 September 2013

	Gross insurance technical provisions		Index
	30 Sept. 2013	31 Dec. 2012	2013/2012
Unearned premium	220,193,546	200,453,389	110
Mathematical provisions	1,227,541,985	1,231,565,049	100
Claims provisions	531,340,488	538,904,153	99
Provisions for bonuses and discounts	16,958,869	16,958,869	100
Other insurance technical provisions	2,637,795	2,269,292	116
Total	1,998,672,683	1,990,150,752	100

4.4.6 Structure of financial assets as at 30 September 2013

Financial assets, investments in subsidiaries and associated companies and investment property as at 30 September 2013 stood at EUR 2,262.8 million, or 1% less than at the 2012 year-end. In total assets, their share decreased by 0.7 percentage points and represented 87.3%.

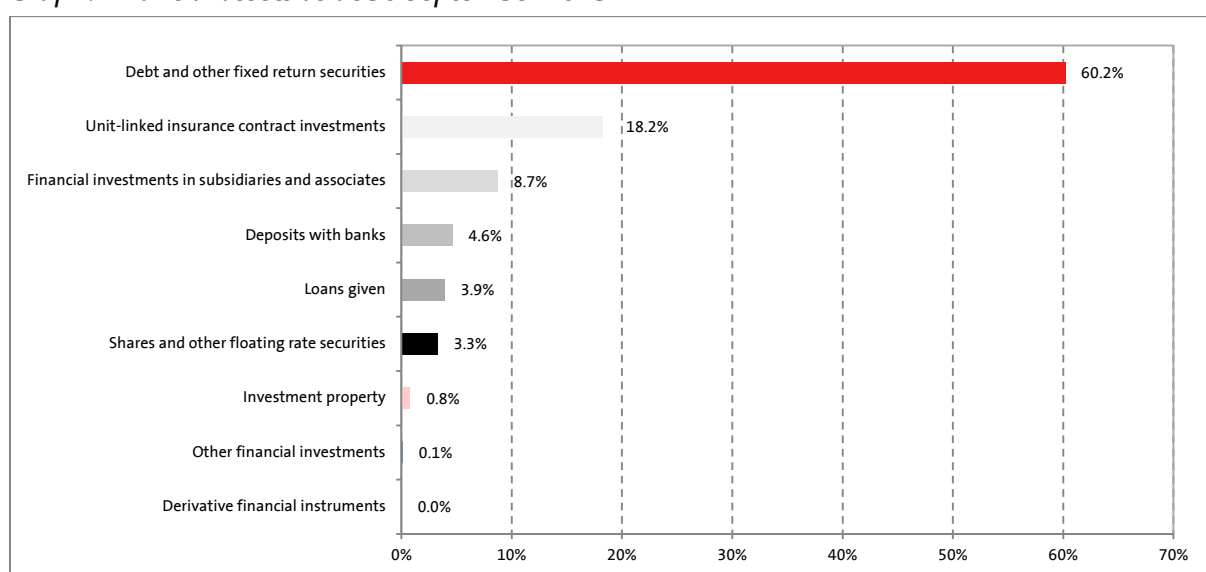
With 60.2%, debt and other fixed-return securities accounted for the bulk of total financial assets. Compared to 31 December 2012, they decreased by 1%. At the end of the third quarter they reached EUR 1,362.1 million. In terms of volume, debt and other fixed-return securities are followed by unit-linked insurance contract investments, totalling EUR 412.2 million. Compared to the 2012 year-end, they experienced a 1.0% increase, accounting for 18.2% of total investments. Investments in subsidiaries and associated companies remained at the same level as in 2012 (index 100) and amounted to EUR 197.9 million (8.7%). Deposits with banks accounting for 4.6% of the total increased by 3% to EUR 105.0 million at the end of the third quarter. Loans given increased by 2% compared to the 2012 year-end (EUR 89.2 million), accounting for 3.9% of total investments. Shares and other floating rate securities totalled EUR 74.6 million, having decreased by 21%. They accounted for 3.3% of total investments.

As at 30 September 2013 the smallest share (0.8%) in total investments was represented by investment property equalling EUR 18.3 million, followed by other financial investments amounting to EUR 3.0 million (0.1%) and derivative financial instruments of EUR 0.5 million (0.02%). Compared to the 2012 year-end, investment property decreased by 5%, other financial investments by 28%, whereas derivative financial instruments increased by 77%.

Table: Financial assets as at 30 September 2013

	Financial investments		Index
	30 Sept. 2013	31 Dec. 2012	2013/2012
Investment property	18,310,537	19,344,982	95
Financial investments in subsidiaries and associates	197,945,433	198,384,257	100
Shares and other floating rate securities	74,562,742	94,737,492	79
Debt and other fixed return securities	1,362,106,948	1,377,839,944	99
Loans given	89,216,823	87,305,203	102
Deposits with banks	104,967,587	102,081,820	103
Other financial investments	3,008,789	4,167,319	72
Derivative financial instruments	511,218	289,435	177
Unit-linked insurance contract investments	412,181,200	406,502,788	101
Total	2,262,811,276	2,290,653,239	99

Graph: Financial assets as at 30 September 2013



5. FINANCIAL RESULT AND FINANCIAL STANDING

5.1 Triglav Group

5.1.1 Financial result

Despite tight conditions, the Triglav Group performed well and ended Q3 with a profit. Profit before tax reached EUR 65.4 million, increasing by 5% over 2012. Net profit amounted to EUR 56.6 million and was 12% higher compared to the respective period of 2012. Net profit attributable to the shareholders of the controlling company amounted to EUR 56.0 million (index 112), whereas net profit attributable to minority shareholders totalled EUR 556 thousand (index 91). The Group achieved such operating results by consistently realising its strategic guidelines focused on its core business, by implementing adequate risk management policy, underwriting and reinsurance policies as well as by

Despite tight operating conditions, the Triglav Group generated a profit of EUR 56.6 million or 12% more than in the same period last year.

implementing business policy measures geared towards mitigating the negative impacts of the financial crisis.

In non-life insurance, the combined ratio, which shows profitability of operations, was 92.3% (91.8% 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.

The financial crisis negatively affected the demand for insurance products. Net premium earned (calculated on the basis of gross written insurance and co-insurance premium, reduced by the reinsurers' share and adjusted by the change in gross unearned premium taking into account the reinsurers' share in unearned premium) amounted to EUR 629.7 million and was 5% lower than in the respective period of 2012. Net premium earned from health insurance grew by 16%, whilst net non-life and life premium earned decreased by 8% and 7% respectively. Gross written premium from reinsurance and co-insurance operations totalled EUR 56.6 million, representing a 5% decrease compared to 2012. Net unearned premium reached EUR 16.5 million (index 240).

Net claims incurred (gross claims increased by assessment 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' share in these provisions) totalled EUR 443.4 million, having decreased by 1%. Net claims incurred from non-life insurance decreased by 8%, whilst those from life insurance increased by 7% and those from health insurance by 11%. The reinsurers' and co-insurers' shares in gross claims increased by 81%, totalling EUR 28.6 million. The change in net claims provisions was EUR -4.2 million, compared with EUR 11.0 million in the same period of 2012. Equalisation scheme expenses for supplemental health insurance increased by 4% amounting to EUR 5.7 million.

Investment income totalled EUR 118.5 million (index 93), while investment expenses amounted to EUR 73.0 million (index 92). In the reporting period, the return on financial investments (the difference between investment income and expenses from financial assets) totalled EUR 45.5 million and was 5% lower compared to the same period last year. This drop was primarily a result of lower investment returns on unit-linked life insurance assets.

Changes in other insurance technical provisions summed up to EUR -53 thousand (vs. EUR -4.0 million in 2012), primarily due to reduced mathematical provisions.

The change in insurance technical provisions for unit-linked insurance contracts reached EUR 8.9 million (index 23) due to the decrease in the unit price, while expenses for bonuses and discounts amounted to EUR 3.9 million (index 110).

Operating expenses (costs of insurance contract acquisitions and other operating expenses) amounted to EUR 144.0 million and were 2% lower. Acquisition costs totalled EUR 92.4 million (index 97), whereas other operating expenses amounted to EUR 51.5 million (index 100).

Other insurance income totalled EUR 6.0 million, having decreased by 62%. Other insurance income stood at EUR 54.6 million and remained at the 2012 level (index 100). Other insurance expenses equalled EUR 18.6 million (index 56), whereas other expenses reached EUR 51.6 million (index 97).

Table: Individual items in the consolidated income statement of the Triglav Group for Q1-3 2013

	in EUR		
	Q1-3 2013	Q1-3 2012	Index
Net premium earned	629,658,791	665,926,411	95
Income from financial assets	118,536,552	127,099,450	93
Other income from insurance operations	5,953,612	15,627,870	38
Other income	54,586,665	54,847,622	100
Net claims incurred	443,371,231	450,064,876	99
Change in other insurance technical provisions	-53,034	-4,047,520	1
Change in insurance technical provisions for unit-linked insurance contracts	8,927,915	39,465,942	23
Expenses for bonuses and discounts	3,873,499	3,532,288	110
Operating expenses	143,957,324	146,531,930	98
Expenses from financial assets and liabilities	73,043,704	79,184,339	92
Other insurance expenses	18,564,484	32,869,494	56
Other expenses	51,648,598	53,334,828	97
Profit/loss before tax	65,401,899	62,565,176	105
Income tax expense	8,800,849	12,054,317	73
Net profit for the accounting period	56,601,050	50,510,859	112

5.1.2 Financial standing

As at 30 September 2013, the total balance sheet assets of the Triglav Group stood at EUR 3,107.9 million, which is 1% lower over the end of 2012.

At the end of reporting period, the total value of equity as was EUR 569.6 million or 1% less than at the 2012 year-end. The share of equity in the balance sheet total decreased by 0.1 percentage point compared to the 2012 year-end, equalling 18.3%. Equity attributable to the controlling company amounted to EUR 563.1 million, while the non-controlling interest holders had EUR 6.5 million. The share capital of EUR 73.7 million was divided into 22,735,148 ordinary shares. Share premium amounted to EUR 56.8 million, whilst reserves from profit totalled EUR 253.5 million, which meant no change compared to the 2012 year-end (index 100). The fair value reserve, which represents changes in the fair value of available-for-sale financial assets, stood at EUR 36.6 million, having decreased by 29%.

Total equity decreased by 1% over the 2012 year-end.

Accumulated profit stood at EUR 146.0 million, including net profit for the year amounting to EUR 55.9 million as well as net profit brought forward of EUR 90.1 million.

As at 30 September 2013, subordinated liabilities amounted to EUR 37.0 million, and were at a level approximately equal to the 2012 year-end (index 100). Subordinated liabilities accounted for 1.2% of the balance sheet total.

Gross insurance technical provisions remained approximately at the same level as at the 2012 year-end (index 100), amounting to EUR 2,308.4 million. In the balance sheet total their share increased by 0.5 percentage point, from 73.8 as at the 2012 year-end to 74.3%. As at 30 September 2013, mathematical provisions amounted to EUR 1,287.1 million and were at a level approximately equal to the 2012 year-end (index 100). Provisions for gross unearned premiums increased by 10%, whilst gross claims provisions dropped by 3%. Other insurance technical provisions decreased by 4%.

Financial liabilities dropped by 8%, amounting to EUR 36.2 million or 1.2% of the total balance sheet liabilities.

Operating liabilities as at 30 September 2013 totalled EUR 59.0 million or 2% more than at the 2012 year-end. They accounted for 1.9% of total balance sheet liabilities, the same as at the 2012 year-end. Liabilities from direct insurance operations dropped by 6% to EUR 19.5 million. Liabilities from co-insurance and reinsurance operations amounted to EUR 36.0 million or 2% below the figure reported one year earlier. Current tax liabilities equalled EUR 3.5 million (EUR 594 thousand as at 31 December 2012).

Other liabilities and other provisions decreased by 12%, as at 30 September 2013 they stood at EUR 68.2 million and representing a 2.2% share of total assets.

Deferred tax liabilities amounted to EUR 18.9 million (index 89) and accounted for 0.6% of total liabilities.

As at 30 September 2013, financial assets, financial investments in the associates and investment property stood at EUR 2,527.6 million, which was 1% less compared to the 2012 year-end, representing an 81.3% share of total assets.

As at 30 September 2013, financial assets stood at EUR 2,416.8 million, which represents a 1% decrease compared to the 2012 year-end. Their share in total assets fell by 0.5 percentage point down to 77.8%. Unit-linked insurance assets amounted to EUR 426.2 million (index 102) and financial investments to EUR 1,990.6 million (index 98). In total financial investments, EUR 251.6 million was accounted for by deposits and loans (index 92) and EUR 225.7 million by investments held to maturity (index 99). Moreover, investments available for sale totalled EUR 1,380.0 million (index 97) and investments recognised at fair value through profit and loss equalled EUR 133.3 million (index 124).

The Triglav Group's financial investments in associates fell by 3%, totalling EUR 14.0 million and representing a 0.5% share of total assets.

As at 30 September 2013, investment property reached EUR 96.8 million. Its value decreased by 3%, accounting for 3.1% of total assets.

At the end of the reporting period, the Group's receivables were 5% higher compared to the 2012 year-end, amounting to EUR 205.3 million. They represented 6.6% of total assets. Receivables from direct insurance operations increased by 15% to EUR 119.3 million. Receivables from co-insurance and reinsurance operations reached EUR 44.0 million (index 102), other receivables stood at EUR 40.2 million (index 104) and current tax receivables at EUR 1.9 million (index 20).

The insurance technical provisions transferred to reinsurance contracts stood at EUR 72.8 million, which was 13% less than as at 31 December 2012. Assets from reinsurance contracts from claim provisions totalled EUR 50.7 million, while unearned premium equalled EUR 22.1 million.

Property, plant and equipment amounted to EUR 126.2 million (index 97), representing 4.1% of total assets. Intangible assets of EUR 73.2 million increased by 9% mostly as a result of higher long-term deferred acquisition costs, accounting for 2.4% of total assets.

Cash and cash equivalents equalled EUR 25.1 million (index 146), non-current assets held for sale stood at EUR 2.5 million (index 106) and other assets amounted to EUR 34.6 million (index 103).

Table: Individual items in the consolidated balance sheet of the Triglav Group as at 30 September 2013

	in EUR		
	30 Sept. 2013	31 Dec. 2012	Index
Assets			
Intangible assets	73,196,153	66,878,286	109
Property, plant and equipment	126,218,097	130,350,482	97
Investment property	96,753,838	100,186,863	97
Investments in associates	14,015,388	14,384,184	97
Financial assets	2,416,809,722	2,445,878,659	99
Reinsurers' share in insurance technical provisions	72,778,945	83,575,712	87
Deferred tax receivables	245,939,877	229,284,769	107
Other assets	34,604,641	33,680,408	103
Cash and cash equivalents	27,570,584	19,589,037	141
Total assets	3,107,887,245	3,123,808,400	99
Equity and liabilities			
Capital	569,579,242	574,563,749	99
Subordinated liabilities	37,034,769	37,025,550	100
Insurance technical provisions	1,882,221,292	1,887,920,781	100
Insurance technical provisions for unit-linked insurance contracts	426,159,679	417,338,984	102
Employee benefits	10,546,383	10,573,673	100
Deferred tax liabilities	18,921,611	21,351,998	89
Other financial liabilities	36,239,896	39,380,575	92
Operating liabilities	59,034,213	58,150,106	102
Other liabilities and provisions	68,150,160	77,502,978	88
Total equity and liabilities	3,107,887,245	3,123,808,394	99

5.2 Zavarovalnica Triglav d.d.

5.2.1 Financial result

In the first nine months of 2013, Zavarovalnica Triglav posted a net profit of EUR 50.5 million representing a 29% growth compared to the respective period of 2012. Profit before tax also increased by 15% compared to the same period of 2012, totalling EUR 57.9 million.

Despite the economic crisis, Zavarovalnica Triglav posted a net profit of EUR 50.5 million or 29% more than in the same period last year.

Net premium earned amounted to EUR 414.2 million or 8% less in nominal terms compared to the same period of 2012. Net premium income dropped by 9% from non-life insurance contracts, and 7% from life insurance contracts. Gross written premium from reinsurance and co-insurance operations fell by EUR 52.8 million, representing a 4% decrease compared to the same period in 2012. Net unearned premium grew by EUR 11.2 million which was 91% more compared to the previous year.

In the reporting period, net claims incurred are disclosed at EUR 292.0 million, which is 2% less than in 2012. Compared to the previous year, net claims incurred from non-life insurance were down 7%, but up 7% from life insurance. The reinsurers' and co-insurers' shares in gross claims increased by 15% and totalled EUR 17.5 million. In the first nine months of 2013, net claims provisions were down by EUR 3.0 million, whereas in the respective period of 2012 they grew by EUR 4.9 million.

Operating costs (total functional costs of insurance contract acquisition and other operating costs) equalled EUR 100.2 million and were 1% lower than last year. Costs of insurance contract

acquisition totalled EUR 69.7 million (index 99); whereas other operating costs amounted to EUR 30.5 million (index 98).

Income from financial assets totalled EUR 104.3 million (index 105), of which EUR 32.7 million (index 92) came from non-life insurance and EUR 71.6 million (index 112) from life insurance. In the same period investment expenses reached EUR 65.4 million (index 94). In the reporting period, investment return, i.e. the difference between investment income and expenses, totalled EUR 38.9 million and was 30% higher compared to the same period last year. Through large-scale impairment of financial assets, carried out in 2012, as a consequence of unfavourable trends in the capital markets and the developments in the banking sector, which negatively affected the value of some of its assets, Zavarovalnica Triglav managed to effectively adjust the value of its portfolio, which had a favourable influence on its performance in the first half of 2013.

Zavarovalnica Triglav effectively adjusted the value of its portfolio.

Other income from insurance operations decreased by 47% and totalled EUR 11.8 million, in which fees and commission income amounted to EUR 8.6 million (index 46). Other insurance expenses totalled EUR 10.0 million (index 39).

Table: Individual items in the non-consolidated income statement of Zavarovalnica Triglav for the period from 1 January to 30 September 2013

	in EUR		
	Q1-3 2013	Q1-3 2012	Index
Net premium earned	414,174,286	452,488,703	92
Income from financial assets	104,258,603	99,727,496	105
Other income from insurance operations	11,838,401	22,392,023	53
Other income	5,692,522	4,789,500	119
Net claims incurred	292,038,224	296,780,140	98
Change in other insurance technical provisions	-1,071,064	-6,156,402	17
Change in insurance technical provisions for unit-linked insurance contracts	7,094,546	37,403,098	19
Expenses for bonuses and discounts	3,027,045	2,815,000	108
Operating expenses	100,179,453	101,693,736	99
Expenses from financial assets and liabilities	65,367,368	69,906,853	94
Other insurance expenses	10,037,656	25,557,724	39
Other expenses	1,418,719	1,274,071	111
Profit/loss before tax	57,871,863	50,123,501	115
Income tax expense	7,390,587	10,969,302	67
Net profit for the accounting period	50,481,277	39,154,199	129

5.2.2 Financial standing

Total balance sheet assets of Zavarovalnica Triglav as at 30 September 2013 stood at EUR 2,592.4 million, which is approximately the same as at 31 December 2012 (index 100).

The total value of equity, as at 30 September 2013 was EUR 500.4 million, or 1% less than at the 2012 year-end. The portion of capital in the balance sheet total was 19.3% and was 0.2 percentage point lower than as at the end of 2012. Share capital of EUR 73.7 million was divided into 22,735,148 ordinary registered no-par value shares. Share premium amounted to EUR 53.4 million and reserves from profit to EUR 236.3 million which meant no change compared to the 2012 year-end. Fair value reserve, which represents a change in the fair value of available-for-sale financial assets, stood at EUR 33.8 million and decreased by 27%. Net profit brought forward amounted to EUR 52.7 million (index

The total value of equity decreased by 1% compared to the 2012 year-end.

72) and was lower due to the payment of dividends. Net profit for the year stood at EUR 50.5 million, which is 99% more than as at the end of 2012.

On the liabilities side, gross insurance technical provisions amounted to EUR 1,998.7 million as at 30 September 2013. In the balance sheet total, their share increased by 0.6 percentage point compared to the 2012 year-end, from 76.5 to 77.1%.

Operating liabilities stood at EUR 23.4 million, which was 10% less in comparison with the 2012 year-end. Liabilities from direct insurance operations amounted to EUR 11.3 million (index 90), liabilities from co-insurance and reinsurance operations reached EUR 9.1 million (index 67) and current tax liabilities totalled EUR 3.0 million.

Operating liabilities as at 30 September 2013 amounted to EUR 1.4 million, which was 46% more than at the 2012 year-end, and accounted for 0.1% of the balance sheet total.

Other liabilities dropped by 31% to EUR 21.1 million and accounted for 0.8% of total liabilities.

Financial assets, investments in subsidiaries and associated companies and investment property as at 30 September 2013 stood at EUR 2,262.8 million, which was 1% less than at the 2012 year-end. They represented 87.3% of total assets.

As at 30 September 2013, financial assets stood at EUR 2,046.6 million, which represents a 1% decrease compared to the 2012 year-end. With 53.5%, available-for-sale financial assets account for the bulk of total financial assets: they amounted to EUR 1,094.0 million (index 96). Unit-linked insurance assets totalled EUR 412.2 million, accounting for 20.1% of total financial assets. Compared to the 2012 year-end these assets were up 1%. Deposits and loans accounted for EUR 215.0 million, having decreased by 4%. Held-to-maturity investments reached EUR 197.2 million and were 1% lower compared to the 2012 year-end. Financial investments measured at fair value through profit or loss reached EUR 128.3 million, representing an increase of 28% over the end of 2012.

As at 30 September 2013 investment property stood at EUR 18.3 million (index 95) and financial investments in subsidiaries and associated companies amounted to EUR 197.9 million (index 100).

Assets and deferred tax assets totalled EUR 125.3 million or 11% more than at the end of 2012, with the largest portion of these assets represented by receivables from direct insurance operations, which amounted to EUR 81.2 million (index 116).

Total insurance technical provisions transferred to reinsurance contracts were EUR 75.9 million having increased by 1% compared to 31 December 2012. Assets from reinsurance contracts from claim provisions totalled EUR 54.3 million, while unearned premium equalled EUR 21.6 million.

Property, plant and equipment amounted to EUR 62.4 million (index 94) and accounted for 2.4% of total assets. Intangible assets of EUR 55.4 million represented 2.1% of total assets (index 104).

Table: Individual items in the non-consolidate balance sheet of Zavarovalnica Triglav as at 30 September 2013

	in EUR		
	30 Sept. 2013	31 Dec. 2012	Index
Assets			
Intangible assets	55,424,931	53,298,272	104
Property, plant and equipment	62,413,699	66,300,323	94
Investment property	18,310,537	19,344,982	95
Financial assets and financial investments in subsidiaries and associated companies	197,945,433	198,384,257	100
Financial assets	2,046,555,306	2,072,924,001	99
Reinsurers' share of insurance technical provisions	75,929,285	75,391,557	101
Deferred tax receivables	125,321,681	112,912,842	111
Other assets	2,313,612	2,225,894	104
Cash and cash equivalents	8,209,927	2,278,084	360
Total assets	2,592,424,410	2,603,060,213	100
Equity and liabilities			
Equity	500,438,106	507,657,101	99
Subordinated liabilities	38,720,572	38,721,260	100
Insurance technical provisions	1,586,678,253	1,585,250,868	100
Insurance technical provisions for unit-linked insurance contracts	411,994,431	404,899,884	102
Other provisions	8,625,487	8,929,226	97
Other financial liabilities	1,407,490	962,561	146
Operating liabilities	23,433,976	26,135,315	90
Other liabilities	21,126,096	30,503,998	69
Total equity and liabilities	2,592,424,410	2,603,060,213	100

6. RISK MANAGEMENT

6.1 Risk management in the first nine months of 2013

In Q2, the euro area recorded positive growth for the first time since 2011. The debt crisis in the EU member states remains the main source of the investment risk to which the Triglav Group is exposed. The measures of the European Central Bank (hereinafter: the ECB) in 2012 stabilised financial markets. In the first half of 2013, the ECB further decreased the key interest rate to a record low 0.5%. In most of the EU member states the situation calmed down, which cannot be claimed of Cyprus and Slovenia. In the first half of 2013, Cyprus requested international monetary assistance and thus became the fifth country applying for international assistance. Markets immediately started worrying whether the Cyprus model to solve the crisis would also be applied to any other potential crisis resolution. Slovenia became the focus of attention of financial markets and the media due to speculations that it could become the next country applying for international assistance.

The debt crisis and mistrust of international financial markets regarding Slovenia's capacity to carry out additional reforms and preserve political stability were the main sources of the investment risk.

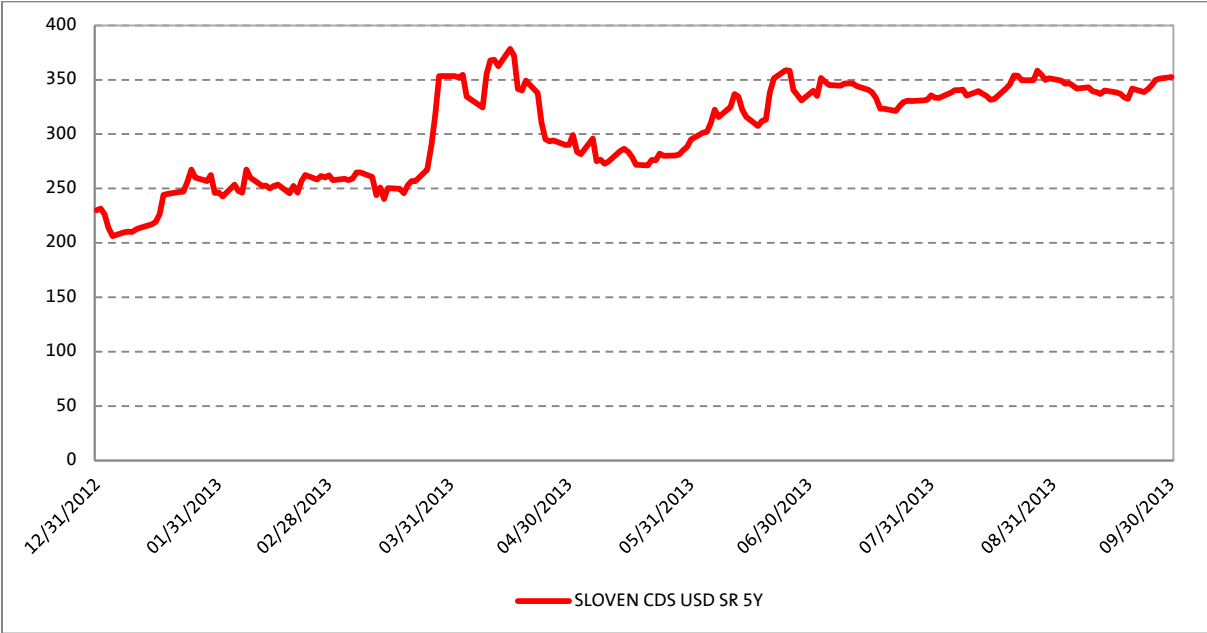
In the first half of 2013, the leading credit rating agencies downgraded the rating of Slovenia, the S&P from »A« to »A-«, Fitch to »BBB+« and Moody's to a "speculative" »Ba1«. The outlooks of the credit rating agencies for Slovenia are negative. This rating cut was caused by the possibility of an increased sovereign debt burden due to the support to state-owned banks, political and fiscal measures and uncertain prospects regarding the economic growth. Slovenia

was facing with macroeconomic imbalances such as over-leveraged companies and the burden of bad loans threatening bank balance sheets. Thus, the situation for investors in Slovenia became much more risky than at the beginning of 2013 when there were even signs of improvement due to the adopted pension reform and the decision made on the method of recovering the banking system.

The Triglav Group’s credit rating is discussed in greater detail in Section 3.3 *Credit rating*.

At the beginning of March, the labour market reform was adopted, whilst in the second half of March a bad bank was established and Slovenia got a new government to which financial markets reacted negatively. Sovereign bond credit spreads immediately began to widen, causing an even more costly borrowing of the state. The credit spreads on Slovene government bonds widened, which had a considerable impact on the levels of government debt spread, as shown by a graph below.

Graph: Movements of the credit spread of Slovene bonds in the first nine months of 2013



As expected, the revenues of the Slovene economy decreased in all trade sectors in July, after an increase of VAT rates in June. In the motor trade and wholesale trade, the revenues dropped to the same as recorded at the beginning of the year and in retail reached the lowest level since 2008.

Being a major investor in the Slovene government debt market, Zavarovalnica Triglav is particularly exposed to the pertaining financial risks of Slovene economy. Therefore, its financial risk management activities have been focused on credit risk exposure and on maintaining an adequate assets and liability structure. Since the beginning of 2010, Triglav has been carefully monitoring the exposure to debt securities of the euro area peripheral states. Despite the fact, that the conditions in the capital markets stabilised, the Company continues to monitor their effects on the balanced assets and liabilities structure, adapting investment policies of individual long-term business funds and assets backing liabilities when needed. In doing so, the Company employed results of different capital adequacy models as well as of the stress tests.

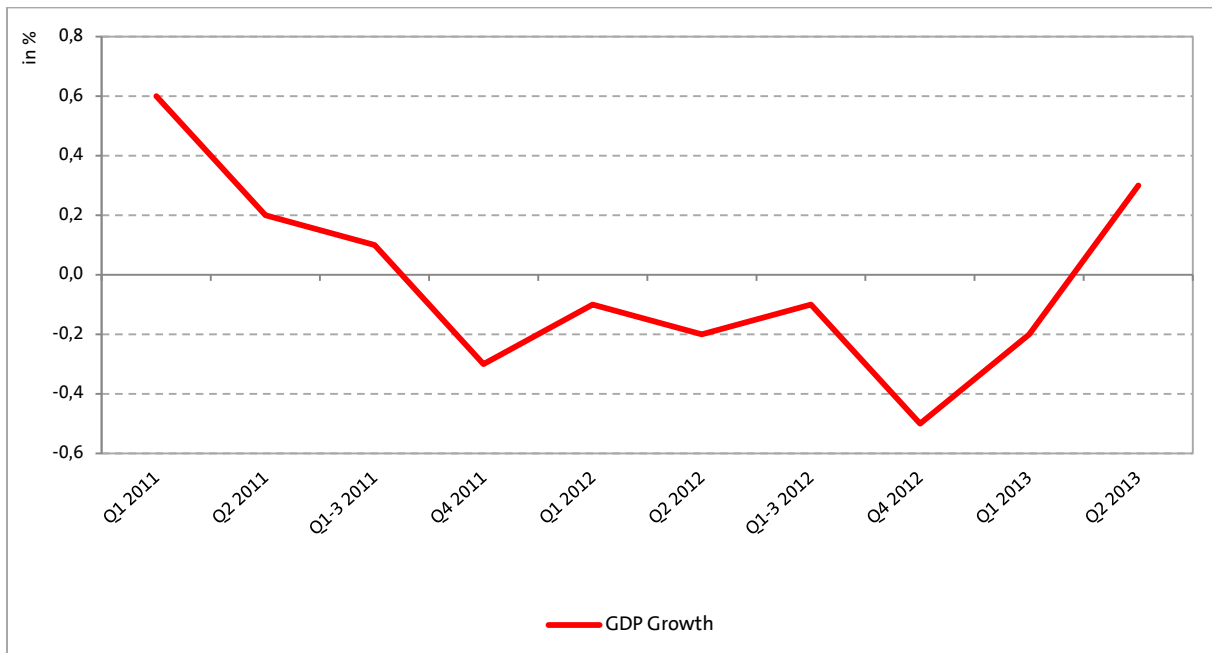
Other information detailed in the risk management section of the 2012 Annual Report remains accurate.

6.2 Bistvene vrste tveganj v devetih mesecih leta 2013

Even though the global economic crisis has been stabilised, some uncertainties persist. Economic conditions are expected to remain uncertain due to the negative economic growth in Slovenia since 2011. In contrast, the euro area recorded positive growth of GDP in Q2-2013 for the first time since 2011.

It is therefore estimated that uncertain outcome of the debt crisis and its effect on the Company's exposure to financial risks will continue to present the greatest risks.

Graph: Movements in euro area economic growth



Currently we are faced with a trend in some countries which are in favour of loosening minimum deficit rules and austerity measures with an aim to stimulate growth. Moreover, market uncertainty may be influenced by the USA and the current expectations that the Federal Reserve may reduce or entirely discontinue their bonds purchasing operations. There are still outstanding questions as to the tax policy of the USA. In view of the entire situation it is estimated that 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 credit spread risk. Zavarovalnica Triglav's assets and liabilities will also be significantly affected by the development of the economic environment in Slovenia, which remains weak, exposing the Company foremost to the risks of lower demand for some insurance products, policyholders defaulting on the payment of premiums and risks related to the selection of underwritten risks.

Disasters (natural or man-made) remain a significant risk for the Group, as they can have negative effects especially on the non-life insurance portfolio.

The Company thus plans to pay particular attention to risk management of the long-term business funds and assets backing liabilities, capital management and capital adequacy management, including the adequacy of the reinsurance scheme.

6.3 Internal audit

In the first three quarters of 2013, the Internal Audit Department complied with its annual and operational work programme. It carried out 14 regular internal audits and 1 extraordinary internal audit of various divisions in Zavarovalnica Triglav and 5 internal audits in subsidiaries. The findings have been/will be reported to the Management Board and to the management of the audited divisions.

The Internal Audit Department also carried out informal advisory activities and Internal Auditing Quality Improvement activities, monitored the implementation of recommendations made by internal and external auditors as well as reported to the Management and Supervisory Board on the work done.

7. HUMAN RESOURCE MANAGEMENT IN THE TRIGLAV GROUP

7.1 Number of employees

As at 30 September 2013, there were 5,410 employees in the Triglav Group, which is 31 more than at the 2012 year-end.

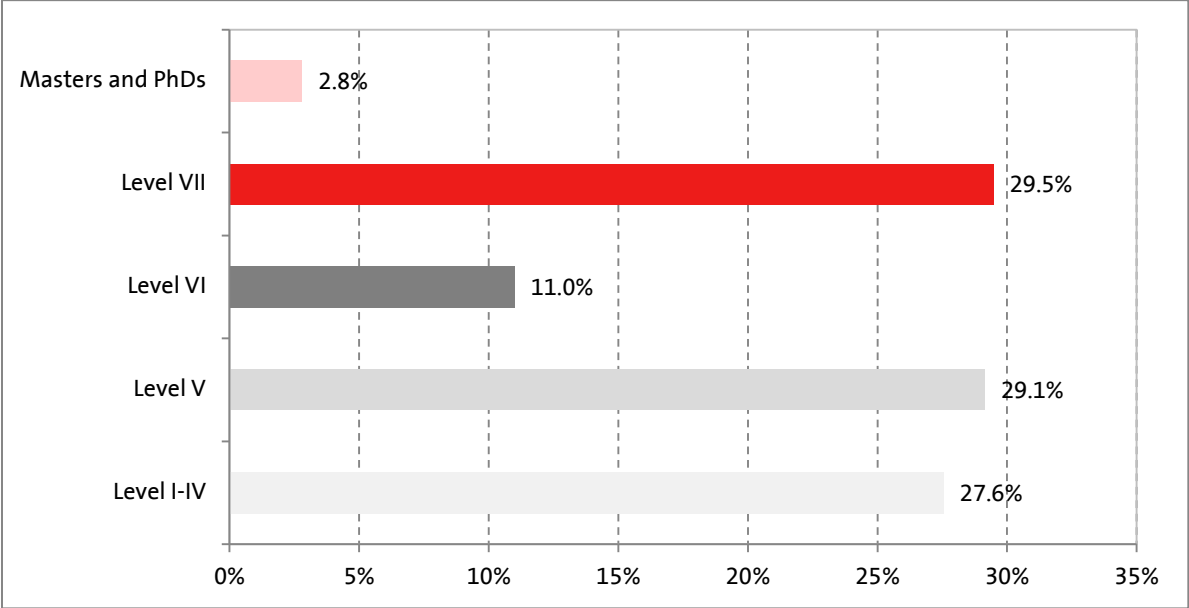
Table: Number of employees in the Triglav Group as at 30 September 2013

Subsidiaries of the Triglav Group	Number of employees		Difference
	30 Sept. 2013	31 Dec. 2012	2013-2012
Zavarovalnica Triglav d.d., Ljubljana	2,372	2,405	-33
Pozavarovalnica Triglav Re d.d., Ljubljana	41	41	0
Triglav, Zdravstvena zavarovalnica d.d., Koper	78	77	1
Triglav Osiguranje d.d., Zagreb	542	532	10
Triglav Osiguranje d.d., Sarajevo	246	242	4
Triglav Pojišt'ovna a.s., Brno	123	123	0
Lovćen Osiguranje a.d., Podgorica	278	283	-5
Triglav Osiguranje a.d.o, Belgrade	451	449	2
Triglav penzijski fondovi a.d., Belgrade	0	5	-5
Triglav Osiguranje a.d., Banja Luka	79	81	-2
Triglav Osiguruvanje a.d., Skopje	220	168	52
Triglav Skladi d.o.o., Ljubljana	42	37	5
AS Triglav d.o.o., Ljubljana	29	31	-2
TRI-PRO d.o.o., Domžale	80	73	7
Triglav nepremičnine d.o.o., Ljubljana	36	49	-13
Triglav Naložbe d.d., Ljubljana	6	6	0
Slovenijales d.d., Ljubljana	137	132	5
Golf Arboretum d.o.o., Volčji potok	11	11	0
Gradis IPGI d.d., Ljubljana	1	1	0
TRI-PRO BH d.o.o., Sarajevo	18	16	2
Unis automobili i dijelovi d.o.o., Sarajevo	31	33	-2
Autocentar BH d.o.o., Sarajevo	51	45	6
Triglav INT d.d., Ljubljana	5	5	0
Lovćen životna osiguranja a.d., Podgorica	8	8	0
Sarajevostan d.d., Sarajevo	122	121	1
Triglav Auto d.o.o., Banja Luka	0	0	0
Lovćen auto a.d., Podgorica	108	114	-6
Avrigo d.o.o., Nova Gorica	205	202	3
Integral Notranjska d.o.o., Cerknica	15	16	-1
Integral Zagorje d.o.o., Zagorje ob Savi	47	47	0
Integral Stojna Kočevje d.o.o., Kočevje	28	26	2
Alptours d.o.o., Bovec	0	0	0
Total	5,410	5,379	31

7.2 Educational structure of employees

In comparison with the 2012 year-end, the number of employees with elementary and secondary school education decreased, while an increase was registered in the number of employees with masters' and doctoral degrees, post-secondary education and secondary school education.

Graph: Employees of the Triglav Group as at 30 September 2013 – structure by education level



STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board herewith confirms the financial statements for the period from 1 January 2013 to 30 September 2013 as well as the applied accounting policies and notes to the financial statements.

The Management Board is responsible for preparing the Interim Report so as to give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2013 to 30 September 2013 in accordance with International Financial Reporting Standards as adopted by the EU.

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

The Management Board confirms that the Interim Management Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2013 to 30 September 2013 includes a fair review of their business developments, results and financial positions, including a description of the major risks to which Zavarovalnica Triglav as the parent company and its consolidated subsidiaries are exposed to as the Group.

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

Andrej Slapar
President of the Management Board

Stanislav Vrtunski
Member of the Management Board

Benjamin Jošar
Member of the Management Board

Marica Makoter
Member of the Management Board, Employee Representative



Ljubljana, 22 November 2013

FINANCIAL OVERVIEW

Unaudited Financial Statements of Zavarovalnica Triglav d.d. and the Triglav Group and Notes thereto for the Period from 1 January 2013 to 30 September 2013

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1. FINANCIAL STATEMENTS OF ZAVAROVALNICA TRIGLAV D.D.

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR		
	30 Sept. 2013	31 Dec. 2012	Index
ASSETS	2,592,424,410	2,603,060,213	100
Intangible assets	55,424,931	53,298,272	104
Property, plant and equipment	62,413,699	66,300,323	94
Deferred tax receivables	22,743,689	14,638,478	155
Investment property	18,310,537	19,344,982	95
Investments in subsidiaries	185,178,471	185,617,295	100
Investments in associates	12,766,962	12,766,962	100
Financial assets	2,046,555,306	2,072,924,001	99
Financial investments	1,634,374,106	1,666,421,213	98
- loans and deposits	214,950,135	222,777,533	96
- held to maturity	197,191,017	199,277,500	99
- available for sale	1,093,970,433	1,144,343,784	96
- investments recognised at fair value	128,262,520	100,022,396	128
Unit-linked insurance assets	412,181,200	406,502,788	101
Reinsurers' share of insurance technical provisions	75,929,285	75,391,557	101
Receivables	102,577,992	98,274,364	104
- receivables from direct insurance operations	81,188,922	70,291,060	116
- receivables from reinsurance and co-insurance operations	7,675,538	8,243,477	93
- current tax receivables	0	7,403,575	
- other receivables	13,713,532	12,336,252	111
Other assets	2,313,612	2,225,894	104
Cash and cash equivalents	8,209,927	2,278,084	360
EQUITY AND LIABILITIES	2,592,424,410	2,603,060,213	100
Equity	500,438,106	507,657,101	99
- share capital	73,701,392	73,701,392	100
- share premium	53,412,884	53,412,884	100
- reserves from profit	236,286,919	236,286,919	100
- fair value reserve	33,819,930	46,049,906	73
- net profit/loss brought forward	52,735,703	72,813,826	72
- net profit/loss for the year	50,481,277	25,392,174	199
Subordinated liabilities	38,720,572	38,721,260	100
Insurance technical provisions	1,586,678,253	1,585,250,868	100
- unearned premiums	220,193,546	200,453,389	110
- mathematical provisions	815,547,554	826,665,165	99
- claims provisions	531,340,488	538,904,153	99
- other insurance technical provisions	19,596,664	19,228,161	102
Insurance technical provisions for unit-linked insurance contracts	411,994,431	404,899,884	102
Employee benefits	8,082,008	7,994,891	101
Other provisions	543,478	934,334	58
Other financial liabilities	1,407,490	962,561	146
Operating liabilities	23,433,976	26,135,315	90
- liabilities from direct insurance operations	11,291,386	12,519,990	90
- liabilities from reinsurance and co-insurance operations	9,113,347	13,615,325	67
- current tax liabilities	3,029,243	0	
Other liabilities	21,126,096	30,503,998	69

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR		
	Q 1-3 2013	Q 1-3 2012	Index
NET PREMIUM INCOME	414,174,286	452,488,703	92
- gross written premium	478,188,210	513,260,127	93
- ceded written premium	-52,845,397	-54,910,662	96
- change in unearned premiums	-11,168,527	-5,860,762	191
TOTAL INCOME FROM FINANCIAL ASSETS	104,258,603	99,727,496	105
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	5,718,157	1,268,578	451
- interest income	1,612,472	1,262,561	128
- dividends	4,104,060	0	
- fair value gains	0	0	
- realised gains on disposals	0	0	
- other financial income	1,625	6,017	27
INCOME FROM OTHER FINANCIAL ASSETS	68,847,262	77,833,189	88
- interest income	46,068,208	51,552,630	89
- dividends	1,837,225	1,636,883	112
- fair value gains	8,299,996	9,057,335	92
- realised gains on disposals	12,054,453	14,281,117	84
- other financial income	587,380	1,305,225	45
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	29,693,184	20,625,728	144
OTHER INCOME FROM INSURANCE OPERATIONS	11,838,401	22,392,023	53
- fees and commission income	8,638,109	18,769,820	46
- other income from insurance operations	3,200,291	3,622,203	88
OTHER INCOME	5,692,522	4,789,500	119
NET CLAIMS INCURRED	292,038,224	296,780,140	98
- gross claims settled	312,608,161	307,168,674	102
- reinsurers' and co-insurers' share	-17,545,758	-15,308,073	115
- changes in claims provisions	-3,024,179	4,919,539	
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding unit-linked)	-1,071,064	-6,156,402	17
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	7,094,546	37,403,098	19
EXPENSES FOR BONUSES AND DISCOUNTS	3,027,045	2,815,000	108
OPERATING EXPENSES	100,179,453	101,693,736	99
- acquisition costs	69,716,339	70,752,549	99
- other operating costs	30,463,114	30,941,187	98
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	65,367,368	69,906,853	94
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	1,231,944	45,465	
- interest expense	0	0	
- fair value losses	0	0	
- permanent impairment	1,224,830	29,411	
- other expenses from financial assets and liabilities	7,114	16,054	44
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	41,038,098	68,360,658	60
- interest expense	1,729,303	2,044,497	85
- fair value losses	14,878,067	13,760,088	108
- realised loss on disposals	4,711,421	14,231,976	33
- permanent impairment of financial assets	16,121,764	35,095,712	46
- other expenses from financial assets and liabilities	3,597,542	3,228,386	111
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	23,097,326	1,500,730	
OTHER INSURANCE EXPENSES	10,037,656	25,557,724	39
OTHER EXPENSES	1,418,719	1,274,071	111
PROFIT/LOSS BEFORE TAX	57,871,863	50,123,501	115
Income tax expense	7,390,587	10,969,302	67
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	50,481,277	39,154,199	129
Earnings per share (basic and diluted)	2,22	1.72	129

STATEMENT OF COMPREHENSIVE INCOME OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR		
	Q 1-3 2013	Q 1-3 2012	Index
NET PROFIT/LOSS FOR THE YEAR AFTER TAX	50,481,278	39,154,199	129
OTHER COMPREHENSIVE INCOME AFTER TAX	-12,229,976	33,149,479	
Net gains/losses from the remeasurement of available-for-sale financial assets	-24,328,412	55,982,306	
- Gains/losses recognised in fair value reserve	-28,965,996	27,496,971	
- Transfer from fair value reserve to profit/loss	4,637,584	28,485,335	16
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	9,673,292	-17,326,896	
Tax on other comprehensive income	2,425,143	-5,505,931	
COMPREHENSIVE INCOME / LOSS FOR THE YEAR AFTER TAX	38,251,302	72,303,678	53

STATEMENT OF CHANGES IN EQUITY OF ZAVAROVALNICA TRIGLAV D.D.

FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 SEPTEMBER 2013	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
OPENING BALANCE FOR THE PERIOD	73,701,392	53,412,885	4,662,643	30,624,276	201,000,000	46,049,906	72,813,828	25,392,171	507,657,101
Comprehensive income for the period from 1 January 2013 to 30 September 2013						-12,229,976		50,481,278	38,251,302
Allocation to net profit/loss brought forward							25,392,171	-25,392,171	0
Dividend payment							-45,470,297		-45,470,297
CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,885	4,662,643	30,624,276	201,000,000	33,819,930	52,735,702	50,481,278	500,438,106

FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
OPENING BALANCE FOR THE PERIOD	73.701.392	53.412.885	4.662.643	30.624.276	176.000.000	5.969.185	49.539.517	43.782.558	437.692.456
Comprehensive income for the period from 1 January 2012 to 30 September 2012						33.149.479		39.154.199	72.303.678
Allocation to net profit/loss brought forward							43.782.558	-43.782.558	0
Dividend payment							-15.914.608		-15.914.608
CLOSING BALANCE FOR THE PERIOD	73.701.392	53.412.885	4.662.643	30.624.276	176.000.000	39.118.664	77.407.467	39.154.199	494.081.526

CASH FLOW STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR	
	Q 1-3 2013	Q 1-3 2012
A. OPERATING CASH FLOW		
Income statement items	37,629,202	46,413,263
Operating income (excluding revaluation) and financial income from operating receivables	440,294,165	521,845,726
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-392,623,553	-461,180,413
Corporate income tax and other taxes excluded from operating expenses	-10,041,411	-14,252,049
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-27,682,734	-34,373,048
Movements in receivables and prepayments and accrued income	-8,729,711	-8,643,582
Movements in deferred tax assets	0	-6,115,168
Movements in inventories	-26,036	5,716
Movements in operating debts	-18,475,319	11,405,625
Movements in accruals and deferred income and provisions	-451,668	-31,025,639
OPERATING CASH FLOW	9,946,468	12,040,215
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities	1,727,361,796	1,661,413,107
Cash inflows from interest received and profit sharing arising from investing activities	56,475,398	52,815,191
Income from dividends and profit sharing	5,965,736	1,550,678
Cash inflows from the disposal of intangible assets	122,840	15,857
Cash inflows from the disposal of property, plant and equipment	2,573,883	725,263
Cash inflows from the disposal of financial investments	1,662,223,939	1,606,306,118
Cash outflows from investing activities	-1,685,195,171	-1,658,700,503
Cash outflows for the purchase of intangible assets	-1,922,050	-6,036,081
Cash outflows for the purchase of property, plant and equipment	-2,580,754	-2,653,830
Cash outflows for the purchase of financial investments	-1,679,906,361	-1,636,485,843
Cash outflows for the acquisition of financial investments in associates	-786,006	-13,524,749
CASH FLOWS FROM INVESTING ACTIVITIES	42,166,625	2,712,604
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash outflows from financing activities	-46,181,250	-17,361,156
Interest paid on financing activities	-1,785,000	-1,786,597
Dividends and profit sharing paid	-44,396,250	-15,574,559
CASH FLOWS FROM FINANCING ACTIVITIES	-46,181,250	-17,361,156
D. Opening balance of cash and cash equivalents	2,278,084	4,216,855
E. Net cash flow for the period	5,931,843	-2,608,337
F. Closing balance of cash and cash equivalents	8,209,927	1,608,518

2. FINANCIAL STATEMENTS OF THE TRIGLAV GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	in EUR		
	30 Sept. 2013	31 Dec. 2012	Index
ASSETS	3,107,887,245	3,123,808,393	99
Intangible assets	73,196,153	66,878,286	109
Property, plant and equipment	126,218,097	130,350,482	97
Deferred tax receivables	40,647,997	34,434,717	118
Investment property	96,753,838	100,186,863	97
Investments in subsidiaries	0	0	
Investments in associates	14,015,388	14,384,184	97
Financial assets	2,416,809,722	2,445,878,652	99
Financial investments:	1,990,580,478	2,026,996,736	98
- loans and deposits	251,609,407	273,278,022	92
- held to maturity	225,678,100	228,416,165	99
- available for sale	1,379,978,585	1,417,564,782	97
- investments recognised at fair value	133,314,386	107,737,767	124
Unit-linked insurance assets	426,229,244	418,881,916	102
Reinsurers' share of insurance technical provisions	72,778,945	83,575,712	87
Receivables	205,291,880	194,850,052	105
- receivables from direct insurance operations	119,262,469	103,865,001	115
- receivables from reinsurance and co-insurance operations	43,977,939	42,942,784	102
- current tax receivables	1,867,836	9,331,709	20
- other receivables	40,183,636	38,710,558	104
Other assets	34,604,641	33,680,408	103
Cash and cash equivalents	25,101,341	17,251,420	146
Noncurrent assets for sale	2,469,243	2,337,617	106
EQUITY AND LIABILITIES	3,107,887,245	3,123,808,393	99
Equity	569,579,242	574,563,757	99
Controlling interests	563,085,500	567,863,820	99
- share capital	73,701,387	73,701,392	100
- share premium	56,829,040	56,710,713	100
- reserves from profit	253,473,406	253,233,080	100
- fair value reserve	36,639,838	51,819,054	71
- net profit/loss brought forward	90,059,797	86,769,095	104
- net profit/loss for the year	55,919,374	48,809,667	115
- currency translation differences	-3,537,342	-3,179,181	111
Non-controlling interests	6,493,742	6,699,937	97
Subordinated liabilities	37,034,769	37,025,550	100
Insurance technical provisions	1,882,221,292	1,887,920,781	100
- unearned premiums	294,335,630	268,424,573	110
- mathematical provisions	860,989,250	869,949,936	99
- claims provisions	701,544,914	723,176,114	97
- other insurance technical provisions	25,351,498	26,370,158	96
Insurance technical provisions for unit-linked insurance contracts	426,159,679	417,338,984	102
Employee benefits	10,546,383	10,573,673	100
Other provisions	18,841,846	19,621,552	96
Deferred tax liabilities	18,921,611	21,351,998	89
Other financial liabilities	36,239,896	39,380,566	92
Operating liabilities	59,034,213	58,150,107	102
- liabilities from direct insurance operations	19,475,228	20,811,717	94
- liabilities from reinsurance and co-insurance operations	36,017,874	36,744,115	98
- current tax liabilities	3,541,111	594,275	596
Other liabilities	49,308,314	57,881,425	85

CONSOLIDATED INCOME STATEMENT

	in EUR		
	Q 1-3 2013	Q 1-3 2012	Index
NET PREMIUM INCOME	629,658,791	665,926,411	95
- gross written premium	702,771,635	732,111,065	96
- ceded written premium	-56,580,846	-59,309,257	95
- change in unearned premiums	-16,531,998	-6,875,397	240
INCOME FROM FINANCIAL ASSETS	118,536,552	127,099,450	93
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	785,611	9,232,823	9
- profit on equity investments accounted for using the equity method	783,986	1,177,787	67
- interest income	0	0	
- dividends	0	0	
- fair value losses	0	0	
- realised gains on disposals	0	0	
- other financial income	1,625	8,055,036	
INCOME FROM OTHER FINANCIAL ASSETS	86,605,385	96,041,802	90
- interest income	57,114,928	63,102,230	91
- dividends	2,696,467	3,028,924	89
- fair value gains	8,694,118	9,796,777	89
- realised gains on disposals	13,434,787	14,887,525	90
- other financial income	4,665,085	5,226,346	89
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	31,145,556	21,824,825	143
OTHER INCOME FROM INSURANCE OPERATIONS	5,953,612	15,627,870	38
- fees and commission income	2,002,419	10,582,029	19
- other income from insurance operations	3,951,193	5,045,841	78
OTHER INCOME	54,586,665	54,847,622	100
NET CLAIMS INCURRED	443,371,231	450,064,876	99
- gross claims settled	470,495,361	449,471,915	105
- reinsurers' and co-insurers' share	-28,585,258	-15,819,378	181
- changes in claims provisions	-4,242,306	10,951,786	
- equalisation scheme expenses for supplementary health insurance	5,703,434	5,460,553	104
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-53,034	-4,047,520	1
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	8,927,915	39,465,942	23
EXPENSES FOR BONUSES AND DISCOUNTS	3,873,499	3,532,288	110
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	
OPERATING EXPENSES	143,957,324	146,531,930	98
- acquisition costs	92,441,157	95,018,120	97
- other operating costs	51,516,167	51,513,810	100
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	73,043,704	79,184,339	92
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	752,677	1,889,086	40
- loss on investments accounted for using the equity method	739,681	1,889,086	39
- interest expense	0	0	
- fair value losses	0	0	
- realised loss on disposals	0	0	
- permanent impairment of financial assets	0	0	
- other expenses from financial assets and liabilities	12,996	0	
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	48,485,956	75,526,966	64
- interest expense	2,628,733	2,762,445	95
- fair value losses	15,721,241	14,529,634	108
- realised loss on disposals	5,446,059	15,691,632	35
- permanent impairment of financial assets	17,256,128	35,509,295	49
- other expenses from financial assets and liabilities	7,433,795	7,033,960	106
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	23,805,071	1,768,287	
OTHER INSURANCE EXPENSES	18,564,484	32,869,494	56
OTHER EXPENSES	51,648,598	53,334,828	97
PROFIT/LOSS BEFORE TAX	65,401,899	62,565,176	105
Income tax expense	8,800,849	12,054,317	73
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	56,601,050	50,510,859	112
Net profit / loss attributable to the controlling company	56,044,761	49,896,502	112
Net profit / loss attributable to non-controlling interest holders	556,289	614,357	91

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	in EUR		
	Q 1-3 2013	Q 1-3 2012	Indeks
NET PROFIT/LOSS FOR THE YEAR AFTER TAX	56,601,050	50,510,859	112
OTHER COMPREHENSIVE INCOME AFTER TAX	-15,495,527	40,668,966	
Net gains/losses from the remeasurement of available-for-sale financial assets	-27,793,849	65,132,888	
- Gains/losses recognised in fair value reserve	-31,772,359	33,749,200	
- Transfer from fair value reserve to profit/loss	3,978,510	31,383,688	13
Net profit / loss from non-current assets held for sale	0	30,355	
Gains/losses recognised in fair value reserve and net profit/loss brought forward arising from equity in associates and jointly controlled entities recognised using the equity method	130,765	31,318	418
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	9,673,292	-17,326,896	
Translation differences	-356,674	-902,642	40
Tax on other comprehensive income	2,850,939	-6,296,057	
COMPREHENSIVE INCOME / LOSS FOR THE YEAR AFTER TAX	41,105,523	91,179,825	45
Controlling interests	40,507,372	90,230,103	45
Non-controlling interests	598,151	949,722	63

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR PERIOD FROM 1 JANUARY 2013 TO 30 SEPTEMBER 2013	Reserves from profit							Fair value reserve	Net profit/loss brought forward	Net profit/loss	Trasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	in EUR TOTAL
	Share capital	Share premium	Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves from profit								
OPENING BALANCE FOR THE PERIOD	73,701,392	56,710,713	529,798	452,881	19,517,386	32,185,894	201,000,000	51,819,054	86,769,094	48,809,660	-452,880	-3,179,169	567,863,820	6,699,938	574,563,758
Comprehensive income for the period from 1 January 2013 to 30 September 2013								-15,179,216		56,044,761		-358,173	40,507,372	598,151	41,105,523
Net profit allocations to net profit/loss brought forward									48,809,660	-48,809,660					0
Dividend payment									-45,404,032				-45,404,032		-45,404,032
Release of credit risk reserves						125,388				-125,388					0
Legal and statutory reserve of Group companies			4,568		110,370					-114,927			11	-11	0
Recognition of reserves resulting from intragroup transactions		118,328											118,328	-804,336	-686,008
CLOSING BALANCE FOR THE PERIOD	73,701,392	56,829,040	534,366	452,881	19,627,756	32,311,282	201,000,000	36,639,838	90,059,797	55,919,373	-452,880	-3,537,342	563,085,500	6,493,742	569,579,242

FOR PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012	Reserves from profit							Fair value reserve	Net profit/loss brought forward	Net profit/loss	Trasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	in EUR TOTAL
	Share capital	Share premium	Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves from profit								
OPENING BALANCE FOR THE PERIOD	73,701,392	53,204,076	529,798	364,680	19,430,985	34,866,038	176,000,000	2,786,975	61,135,220	46,175,732	-364,680	-2,565,292	465,264,933	24,204,905	489,469,838
Comprehensive income for the period from 1 January 2012 to 30 September 2012								41,190,896		49,896,502		-857,295	90,230,103	949,722	91,179,825
Net profit allocations to net profit/loss brought forward									46,175,732	-46,175,732			0	0	0
Acquisition of treasury shares				88,200					-88,200		-88,200		-88,200	0	-88,200
Dividend payment									-15,899,001				-15,899,001	2,799	-15,896,202
Release of credit risk reserves						-1,615,955				1,527,855			-88,100	88,100	0
Legal and statutory reserve of Group companies					85,405					-85,405			0	0	0
Recognition of reserves resulting from intragroup transactions		2,650,927			1,000								2,651,927	-12,384,370	-9,732,443
Other								-41,257	39,647				-1,610	0	-1,610
CLOSING BALANCE FOR THE PERIOD	73,701,392	55,855,003	529,798	452,880	19,517,390	33,250,083	176,000,000	43,936,614	91,277,993	51,424,357	-452,880	-3,422,587	542,070,052	12,861,156	554,931,208

CONSOLIDATED CASH FLOW STATEMENT

	in EUR	
	Q 1-3 2013	Q 1-3 2012
A. OPERATING CASH FLOW		
Income statement items	51,666,088	47,897,373
Operating income(excluding revaluation) and financial income from operating receivables	743,395,998	805,657,325
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-679,355,518	-741,713,298
Corporate income tax and other taxes excluded from operating expenses	-12,374,392	-16,046,654
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-30,984,924	-8,584,373
Movements in receivables and prepayments and accrued income	-5,415,569	4,366,977
Movements in deferred tax assets	-926,133	-5,147,651
Movements in inventories	201,878	328,072
Movements in operating debts	35,796,055	15,253,952
Movements in accruals and deferred income and provisions	-57,826,597	-28,964,739
Movements in deferred tax liabilities	-2,814,558	5,579,016
OPERATING CASH FLOW	20,681,164	39,313,000
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities	2,072,858,237	1,975,599,793
Cash inflows from interest received and profit sharing arising from investing activities	64,622,569	76,611,663
Income from dividends and profit sharing	6,896,049	9,387,336
Cash inflows from the disposal of intangible assets	122,840	15,857
Cash inflows from the disposal of property, plant and equipment	2,838,816	1,220,250
Cash inflows from the disposal of financial investments	1,998,377,963	1,888,364,687
Cash outflows from investing activities	-2,016,744,863	-2,007,753,619
Cash outflows for the purchase of intangible assets	-6,721,067	-6,019,839
Cash outflows for the purchase of property, plant and equipment	-6,200,569	-20,276,800
Cash outflows for the purchase of financial investments	-2,003,823,227	-1,981,456,980
Cash outflows for the acquisition of financial investments in associates	56,113,374	-32,153,826
CASH FLOWS FROM INVESTING ACTIVITIES		
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from financing activities	15,093,088	14,575,118
Cash inflows from loans received and bonds issued	15,093,088	14,575,118
Cash outflows from financing activities	-83,970,793	-26,952,548
Interest paid from financing activities	-4,017,906	-2,812,854
Cash outflows for payments of financial liabilities	-35,556,637	-8,565,135
Cash outflows from dividends paid and profit sharing	-44,396,250	-15,574,559
CASH FLOWS FROM FINANCING ACTIVITIES	-68,877,705	-12,377,430
D. Opening balance of cash and cash equivalents	17,251,420	22,771,667
E. Net cash flow for the period	7,916,833	-5,218,256
Foreign exchange differentials	-66,912	-622,010
F. Closing balance of cash and cash equivalents	25,101,341	16,931,401

3. SELECTED NOTES TO THE FINANCIAL STATEMENTS

3.1 Statement of compliance

The financial statements for the period from 1 January 2013 to 30 September 2013 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

Pursuant to requirements of the national legislation, separate financial statements of Zavarovalnica Triglav have been prepared in accordance with IFRS as adopted by the European Union (hereinafter »IFRS«).

In addition to separate financial statements, Zavarovalnica Triglav also prepares consolidated financial statements in line with the IFRS. Entities in which the Zavarovalnica Triglav directly or indirectly holds more than half of the voting rights have been fully consolidated.

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

The financial statements for the period from 1 January 2013 to 30 September 2013 have not been audited.

3.2 Significant accounting policies and estimates

The same accounting policies as for the preparation of the annual financial statements for 2012 were used for the preparation of the financial statements for the first three quarters of 2013. The calculation of tax expenses took into account the average effective tax rate in previous year, which was adjusted due the amended statutory tax rates in 2013.

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

3.3 Seasonal operations

Operations of Zavarovalnica Triglav are not of a seasonal character. In the first three quarters of 2013, gross written premium in non-life insurance was somewhat higher than in the remaining part of the year, as insurance to corporate clients is sold at the beginning of the year (as policies expire at the beginning of the financial year).

3.4 Segmental analysis Zavarovalnica Triglav's operations

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

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT

in EUR

	30 Sept. 2013			31 Dec. 2012		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
ASSETS	1,243,365,498	1,365,747,767	2,609,113,265	1,254,190,963	1,368,740,758	2,622,931,721
Intangible assets	53,332,375	2,092,556	55,424,931	50,792,438	2,505,835	53,298,272
Property, plant and equipment	52,642,525	9,771,174	62,413,699	55,655,501	10,644,822	66,300,323
Deferred tax receivables	32,226,392	3,201,424	35,427,816	27,404,012	2,343,737	29,747,749
Investment property	16,724,321	1,586,215	18,310,537	17,386,248	1,958,734	19,344,982
Investments in subsidiaries	183,663,800	1,514,671	185,178,471	184,102,623	1,514,671	185,617,295
Investments in associates	975	12,765,987	12,766,962	975	12,765,987	12,766,962
Financial assets	719,929,127	1,326,626,179	2,046,555,306	740,004,319	1,332,919,681	2,072,924,001
Financial investments	719,929,127	914,444,979	1,634,374,106	740,004,319	926,416,893	1,666,421,213
- loans and deposits	110,163,743	104,786,392	214,950,135	111,749,604	111,027,929	222,777,533
- held to maturity	0	197,191,017	197,191,017	0	199,277,500	199,277,500
- available for sale	594,457,598	499,512,835	1,093,970,433	610,846,122	533,497,663	1,144,343,784
- investments recognised at fair value	15,307,786	112,954,734	128,262,520	17,408,594	82,613,801	100,022,396
Unit-linked insurance assets	0	412,181,200	412,181,200	0	406,502,788	406,502,788
Reinsurers' share of insurance technical provisions	75,913,865	15,420	75,929,285	75,385,422	6,135	75,391,557
Receivables	103,566,666	3,016,053	106,582,719	100,209,075	2,827,527	103,036,602
- receivables from direct insurance operations	80,732,517	456,405	81,188,922	69,871,232	419,827	70,291,060
- receivables from reinsurance and co-insurance operations	7,667,158	8,381	7,675,538	8,231,380	12,097	8,243,477
- current tax receivables	0	0	0	7,403,575	0	7,403,575
- other receivables	15,166,992	2,551,267	17,718,259	14,702,887	2,395,602	17,098,490
Other assets	2,287,505	26,107	2,313,612	2,167,435	58,459	2,225,894
Cash and cash equivalents	3,077,947	5,131,980	8,209,927	1,082,914	1,195,171	2,278,084
EQUITY AND LIABILITIES	1,243,365,498	1,365,747,767	2,609,113,265	1,254,190,963	1,368,740,758	2,622,931,721
Equity	416,108,170	84,329,936	500,438,106	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	204,723,028	31,563,891	236,286,919	204,723,028	31,563,891	236,286,919
- fair value reserve	24,203,381	9,616,549	33,819,930	32,551,932	13,497,974	46,049,906
- net profit/loss brought forward	52,735,703	0	52,735,703	72,813,826	0	72,813,826
- net profit/loss for the year	42,760,540	7,720,737	50,481,277	20,979,234	4,412,939	25,392,174
Subordinated liabilities	21,049,950	17,670,622	38,720,572	25,043,991	13,677,269	38,721,260
Insurance technical provisions	751,281,766	835,396,487	1,586,678,253	738,866,601	846,384,267	1,585,250,868
- unearned premiums	219,797,271	396,275	220,193,546	200,050,028	403,360	200,453,389
- mathematical provisions	0	815,547,554	815,547,554	0	826,665,165	826,665,165
- claims provisions	511,887,830	19,452,658	531,340,488	519,588,411	19,315,742	538,904,153
- other insurance technical provisions	19,596,664	0	19,596,664	19,228,161	0	19,228,161
Insurance technical provisions for unit-linked insurance contracts	0	411,994,431	411,994,431	0	404,899,884	404,899,884
Employee benefits	6,642,590	1,439,418	8,082,008	6,569,954	1,424,937	7,994,891
Other provisions	527,575	15,903	543,478	882,628	51,707	934,334
Deferred tax liabilities	9,551,073	3,133,055	12,684,128	10,339,414	4,769,857	15,109,271
Other financial liabilities	1,407,490	0	1,407,490	945,075	17,486	962,561
Operating liabilities	17,594,892	5,839,084	23,433,976	19,145,689	6,989,626	26,135,315
- liabilities from direct insurance operations	5,452,302	5,839,084	11,291,386	5,539,078	6,980,912	12,519,990
- liabilities from reinsurance and co-insurance operations	9,113,347	0	9,113,347	13,606,611	8,714	13,615,325
- current tax liabilities	3,029,243	0	3,029,243	0	0	0
Other liabilities	19,201,992	5,928,830	25,130,822	29,644,074	5,622,161	35,266,235

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT

in EUR

	Q 1-3 2013			Q 1-3 2012		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
NET PREMIUM INCOME	279,907,676	134,266,610	414,174,286	307,989,684	144,499,020	452,488,703
- gross written premium	343,674,825	134,513,384	478,188,210	368,536,671	144,723,456	513,260,127
- ceded written premium	-52,591,537	-253,860	-52,845,397	-54,643,614	-267,048	-54,910,662
- change in unearned premiums	-11,175,613	7,086	-11,168,527	-5,903,373	42,612	-5,860,762
TOTAL INVESTMENT INCOME	32,665,832	71,592,771	104,258,603	35,603,335	64,124,160	99,727,496
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	5,718,157	0	5,718,157	1,268,556	22	1,268,578
- interest income	1,612,472	0	1,612,472	1,262,539	22	1,262,561
- dividends	4,104,060	0	4,104,060	0	0	0
- other financial income	1,625	0	1,625	6,017	0	6,017
INCOME FROM OTHER FINANCIAL ASSETS	26,947,675	41,899,587	68,847,262	34,334,779	43,498,411	77,833,189
- interest income	19,677,238	26,390,971	46,068,208	22,725,748	28,826,881	51,552,630
- dividends	1,116,846	720,378	1,837,225	1,000,901	635,982	1,636,883
- fair value gains	1,089,362	7,210,634	8,299,996	2,723,595	6,333,740	9,057,335
- realised gains on disposals	4,756,000	7,298,453	12,054,453	6,583,725	7,697,392	14,281,117
- other financial income	308,229	279,151	587,380	1,300,809	4,416	1,305,225
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	29,693,184	29,693,184	0	20,625,728	20,625,728
OTHER INCOME FROM INSURANCE OPERATIONS	11,436,445	401,956	11,838,401	11,783,818	10,608,205	22,392,023
- fees and commission income	8,236,483	401,626	8,638,109	9,019,993	9,749,827	18,769,820
- other income from insurance operations	3,199,961	330	3,200,291	2,763,825	858,378	3,622,203
OTHER INCOME	3,212,132	2,480,390	5,692,522	2,630,896	2,158,603	4,789,500
NET CLAIMS INCURRED	166,646,471	125,391,753	292,038,224	179,083,455	117,696,685	296,780,140
- gross claims settled	187,223,504	125,384,657	312,608,161	190,193,096	116,975,578	307,168,674
- reinsurers' and co-insurers' share	-17,425,222	-120,536	-17,545,758	-15,248,775	-59,298	-15,308,073
- changes in claims provisions	-3,151,811	127,632	-3,024,179	4,139,134	780,405	4,919,539
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding UNIT-LINKED)	368,503	-1,439,567	-1,071,064	-86,775	-6,069,627	-6,156,402
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	7,094,546	7,094,546	0	37,403,098	37,403,098
EXPENSES FOR BONUSES AND DISCOUNTS	3,027,045		3,027,045	2,815,000	0	2,815,000
OPERATING EXPENSES	77,844,673	22,334,780	100,179,453	78,359,165	23,334,571	101,693,736
- acquisition costs	55,539,538	14,176,802	69,716,339	56,877,117	13,875,432	70,752,549
- other operating costs	22,305,136	8,157,979	30,463,114	21,482,047	9,459,139	30,941,187
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	19,691,768	45,675,600	65,367,368	37,720,875	32,185,979	69,906,853
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	1,231,944	0	1,231,944	16,054	29,411	45,465
- permanent impairment of financial assets	1,224,830	0	1,224,830	0	29,411	29,411
- other expenses from financial assets and liabilities	7,114	0	7,114	16,054	0	16,054
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	18,459,824	22,578,274	41,038,098	37,704,820	30,655,838	68,360,658
- interest expense	1,124,050	605,254	1,729,303	1,427,138	617,359	2,044,497
- fair value losses	743,618	14,134,450	14,878,067	3,633,500	10,126,588	13,760,088
- realised loss on disposals	1,041,156	3,670,266	4,711,421	2,851,627	11,380,349	14,231,976
- permanent impairment of financial assets	13,434,723	2,687,041	16,121,764	27,642,661	7,453,050	35,095,712
- other expenses from financial assets and liabilities	2,116,279	1,481,264	3,597,542	2,149,894	1,078,491	3,228,386
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	23,097,326	23,097,326	0	1,500,730	1,500,730
OTHER INSURANCE EXPENSES	9,205,399	832,257	10,037,656	14,544,459	11,013,265	25,557,724
OTHER EXPENSES	1,304,986	113,733	1,418,719	1,171,106	102,965	1,274,071
PROFIT/LOSS BEFORE TAX	49,133,238	8,738,625	57,871,863	44,400,448	5,723,053	50,123,501
Income tax expense	6,372,698	1,017,889	7,390,587	9,887,414	1,081,888	10,969,302
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	42,760,540	7,720,737	50,481,277	34,513,034	4,641,165	39,154,199

3.5 Segmental analysis of the Triglav Group operations

The management monitors the operations of the Triglav Group based on the following segments:

- business segments (non-life insurance, life insurance, health insurance, non-insurance operations);
- geographical segments (separately for Slovenia and for other countries).

The consolidated statement of financial position and the consolidated income statement by business segment and geographical area are given below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

AS AT 30 SEPTEMBER 2013						in EUR	
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL – NON-CONSOLIDATED	Eliminations	TOTAL – CONSOLIDATED
ASSETS	1,764,943,556	1,439,142,874	35,427,787	324,712,271	3,564,226,488	-456,339,243	3,107,887,245
Intangible assets	63,651,542	2,104,605	336,702	5,285,442	71,378,291	1,817,862	73,196,153
Property, plant and equipment	84,425,158	9,818,254	2,277,562	29,461,768	125,982,742	235,355	126,218,097
Deferred tax receivables	34,227,548	3,293,893	490,429	2,636,127	40,647,997	0	40,647,997
Investment property	32,686,839	2,795,085	0	49,674,788	85,156,712	11,597,126	96,753,838
Investments in subsidiaries	188,658,855	1,600,756	0	111,640,307	301,899,918	-301,899,918	0
Investments in associates	810	7,674,883	0	6,339,695	14,015,388	0	14,015,388
Financial assets	975,880,477	1,399,126,726	28,197,955	66,040,704	2,469,245,862	-52,436,140	2,416,809,722
Financial investments:	975,880,477	972,897,482	28,197,955	66,040,704	2,043,016,618	-52,436,140	1,990,580,478
- loans and deposits	173,655,396	114,584,759	4,073,983	10,045,606	302,359,744	-50,750,337	251,609,407
- held to maturity	2,873,562	222,804,538	0	0	225,678,100	0	225,678,100
- available for sale	781,851,432	521,047,069	24,123,972	54,641,915	1,381,664,388	-1,685,803	1,379,978,585
- investments recognised at fair value	17,500,087	114,461,116	0	1,353,183	133,314,386	0	133,314,386
Unit-linked insurance assets	0	426,229,244	0	0	426,229,244	0	426,229,244
Reinsurers' share of insurance-technical provisions	154,786,658	18,873	0	0	154,805,531	-82,026,586	72,778,945
Receivables	212,080,899	5,753,039	4,040,983	14,467,081	236,342,002	-31,050,122	205,291,880
- receivables from direct insurance operations	116,481,354	602,288	3,724,507	0	120,808,149	-1,545,680	119,262,469
- receivables from reinsurance and co-insurance operations	68,454,355	8,381	0	0	68,462,736	-24,484,797	43,977,939
- current tax receivables	1,857,504	154	0	10,178	1,867,836	0	1,867,836
- other receivables	25,287,686	5,142,216	316,476	14,456,903	45,203,281	-5,019,645	40,183,636
Other assets	7,476,949	187,814	53,132	29,463,566	37,181,461	-2,576,820	34,604,641
Cash and cash equivalents	11,067,821	6,768,946	31,024	7,233,550	25,101,341	0	25,101,341
Noncurrent assets for sale	0	0	0	2,469,243	2,469,243	0	2,469,243
EQUITY AND LIABILITIES	1,764,943,556	1,439,142,874	35,427,787	324,712,271	3,564,226,488	-456,339,243	3,107,887,245
Equity	514,550,488	98,013,048	17,124,570	230,899,954	860,588,060	-291,008,818	569,579,242
Controlling interests	514,550,488	98,013,048	17,124,570	230,899,954	860,588,060	-297,502,560	563,085,500
- share capital	115,500,834	31,796,579	25,822,144	186,875,373	359,994,930	-286,293,543	73,701,387
- share premium	43,254,647	13,067,907	0	20,532,771	76,855,325	-20,026,285	56,829,040
- reserves from profit	222,622,327	32,095,891	0	3,774,246	258,492,464	-5,019,058	253,473,406
- fair value reserve	31,924,238	1,617,587	-771,720	20,701,347	53,471,452	-16,831,614	36,639,838
- net profit/loss brought forward	62,823,392	11,909,771	-15,303,446	-4,243,256	55,186,461	34,873,336	90,059,797
- net profit/loss for the year	40,274,321	8,505,480	7,377,592	4,170,826	60,328,219	-4,408,845	55,919,374
- currency translation differences	-1,849,271	-980,167	0	-911,353	-3,740,791	203,449	-3,537,342
Non-controlling interests	0	0	0	0	0	6,493,742	6,493,742
Subordinated liabilities	22,414,415	17,670,622	1,500,000	0	41,585,037	-4,550,268	37,034,769
Insurance technical provisions	1,072,508,084	881,869,776	9,905,608	0	1,964,283,468	-82,062,176	1,882,221,292
- unearned premiums	314,154,597	405,963	2,238,978	0	316,799,538	-22,463,908	294,335,630
- mathematical provisions	0	860,989,250	0	0	860,989,250	0	860,989,250
- claims provisions	733,460,531	20,474,563	7,208,088	0	761,143,182	-59,598,268	701,544,914
- other insurance technical provisions	24,892,956	0	458,542	0	25,351,498	0	25,351,498
Insurance technical provisions for unit-linked insurance contracts	0	426,159,679	0	0	426,159,679	0	426,159,679
Employee benefits	7,798,423	1,449,490	280,180	1,018,290	10,546,383	0	10,546,383
Other provisions	7,038,203	92,425	163,133	11,548,085	18,841,846	0	18,841,846
Deferred tax liabilities	9,971,596	1,230,233	0	7,368,489	18,570,318	351,293	18,921,611
Other financial liabilities	22,417,585	-4	0	60,035,279	82,452,860	-46,212,964	36,239,896
Operating liabilities	76,989,132	6,220,980	1,336,839	511,868	85,058,819	-26,024,606	59,034,213
- liabilities from direct insurance operations	12,610,366	6,220,048	1,336,626	0	20,167,040	-691,812	19,475,228
- liabilities from reinsurance and co-insurance operations	61,349,523	932	213	0	61,350,668	-25,332,794	36,017,874
- current tax liabilities	3,029,243	0	0	511,868	3,541,111	0	3,541,111
Other liabilities	31,255,630	6,436,625	5,117,457	13,330,306	56,140,018	-6,831,704	49,308,314

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT - CONTINUED

AS AT 31 DECEMBER 2012	in EUR						
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL - NON-CONSOLIDATED	Eliminations	TOTAL - CONSOLIDATED
ASSETS	1,789,171,344	1,436,934,084	29,000,678	323,905,677	3,579,011,783	-455,203,390	3,123,808,393
Intangible assets	60,948,409	2,520,675	365,434	1,225,906	65,060,424	1,817,862	66,878,286
Property, plant and equipment	88,270,604	10,704,707	2,359,236	28,780,580	130,115,127	235,355	130,350,482
Deferred tax receivables	28,918,980	2,520,432	374,901	2,620,404	34,434,717	0	34,434,717
Investment property	33,836,897	3,188,771	0	51,564,069	88,589,737	11,597,126	100,186,863
Investments in subsidiaries	189,198,013	1,600,761	0	106,823,405	297,622,179	-297,622,179	0
Investments in associates	810	7,285,249	0	7,098,125	14,384,184	0	14,384,184
Financial assets	998,058,697	1,402,003,876	21,673,158	73,131,790	2,494,867,521	-48,988,869	2,445,878,652
Financial investments	998,058,697	983,121,960	21,673,158	73,131,790	2,075,985,605	-48,988,869	2,026,996,736
- loans and deposits	179,767,954	121,980,439	3,710,271	15,112,515	320,571,179	-47,293,157	273,278,022
- held to maturity	3,159,459	225,256,706	0	0	228,416,165	0	228,416,165
- available for sale	794,005,173	551,280,008	17,962,887	56,012,426	1,419,260,494	-1,695,712	1,417,564,782
- investments recognised at fair value	21,126,111	84,604,807	0	2,006,849	107,737,767	0	107,737,767
Unit-linked insurance assets	0	418,881,916	0	0	418,881,916	0	418,881,916
Reinsurers' share of insurance-technical provisions	168,833,642	9,617	0	0	168,843,259	-85,267,547	83,575,712
Receivables	206,346,575	4,656,692	4,076,095	14,263,480	229,342,842	-34,492,790	194,850,052
- receivables from direct insurance operations	101,885,358	558,578	3,777,336	0	106,221,272	-2,356,271	103,865,001
- receivables from reinsurance and co-insurance operations	70,778,349	20,843	0	0	70,799,192	-27,856,408	42,942,784
- current tax receivables	9,240,257	154	0	91,298	9,331,709	0	9,331,709
- other receivables	24,442,611	4,077,117	298,759	14,172,182	42,990,669	-4,280,111	38,710,558
Other assets	6,326,403	197,703	30,307	29,608,343	36,162,756	-2,482,348	33,680,408
Cash and cash equivalents	8,432,314	2,245,601	121,547	6,451,958	17,251,420	0	17,251,420
Non-current assets held for sale	0	0	0	2,337,617	2,337,617	0	2,337,617
EQUITY AND LIABILITIES	1,789,171,344	1,436,934,084	29,000,678	323,905,677	3,579,011,783	-455,203,390	3,123,808,393
Equity	522,540,892	96,776,850	10,401,682	231,551,006	861,270,430	-286,706,673	574,563,757
Controlling interests	522,540,892	96,776,850	10,401,682	231,551,006	861,270,430	-293,406,610	567,863,820
- share capital	115,974,541	31,119,897	25,822,144	186,624,504	359,541,086	-285,839,694	73,701,392
- share premium	43,254,647	13,067,907	0	19,884,306	76,206,860	-19,496,147	56,710,713
- reserves from profit	222,346,715	32,091,323	0	3,760,902	258,198,940	-4,965,860	253,233,080
- fair value reserve	42,650,453	5,407,124	-117,016	20,669,741	68,610,302	-16,791,248	51,819,054
- net profit/loss brought forward	79,339,131	9,801,205	-18,268,658	19,011,205	89,882,883	-3,113,788	86,769,095
- net profit/loss for the year	20,628,500	6,191,169	2,965,212	-17,546,338	12,238,543	36,571,124	48,809,667
- currency translation differences	-1,653,095	-901,775	0	-853,314	-3,408,184	229,003	-3,179,181
Non-controlling interests	0	0	0	0	0	6,699,937	6,699,937
Subordinated liabilities	26,406,976	13,677,269	1,500,000	0	41,584,245	-4,558,695	37,025,550
Insurance technical provisions	1,072,460,633	890,796,041	9,981,170	0	1,973,237,844	-85,317,063	1,887,920,781
- unearned premiums	283,810,138	415,636	1,869,256	0	286,095,030	-17,670,457	268,424,573
- mathematical provisions	0	869,949,936	0	0	869,949,936	0	869,949,936
- claims provisions	763,526,567	20,430,469	6,865,684	0	790,822,720	-67,646,606	723,176,114
- other insurance technical provisions	25,123,928	0	1,246,230	0	26,370,158	0	26,370,158
Insurance technical provisions for unit-linked insurance contracts	0	417,338,984	0	0	417,338,984	0	417,338,984
Employee benefits	7,723,483	1,437,173	282,477	1,130,540	10,573,673	0	10,573,673
Other provisions	8,351,432	127,059	169,602	10,973,459	19,621,552	0	19,621,552
Deferred tax liabilities	10,788,513	2,861,666	0	7,350,526	21,000,705	351,293	21,351,998
Other financial liabilities	22,412,471	892,596	0	52,981,785	76,286,852	-36,906,286	39,380,566
Operating liabilities	77,708,078	7,370,405	3,288,659	146,445	88,513,587	-30,363,480	58,150,107
- liabilities from direct insurance operations	11,235,706	7,278,280	3,288,659	0	21,802,645	-990,928	20,811,717
- liabilities from reinsurance and co-insurance operations	66,080,146	36,521	0	0	66,116,667	-29,372,552	36,744,115
- current tax liabilities	392,226	55,604	0	146,445	594,275	0	594,275
Other liabilities	40,778,866	5,656,041	3,377,088	19,771,916	69,583,911	-11,702,486	57,881,425

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

in EUR

AS AT 30 SEPTEMBER 2013	SLOVENIA	OTHER	NON-CONSOLIDATED	Eliminations	CONSOLIDATED
ASSETS	3,178,553,543	385,672,945	3,564,226,488	-456,339,243	3,107,887,245
Intangible assets	60,325,540	11,052,751	71,378,291	1,817,862	73,196,153
Property, plant and equipment	86,793,274	39,189,468	125,982,742	235,355	126,218,097
Deferred tax receivables	39,091,592	1,556,405	40,647,997	0	40,647,997
Investment property	65,726,928	19,429,784	85,156,712	11,597,126	96,753,838
Investments in subsidiaries	296,718,801	5,181,117	301,899,918	-301,899,918	0
Investments in associates	14,015,388	0	14,015,388	0	14,015,388
Financial assets	2,264,119,065	205,126,797	2,469,245,862	-52,436,140	2,416,809,722
Financial investments:	1,851,937,864	191,078,754	2,043,016,618	-52,436,140	1,990,580,478
- loans and deposits	240,882,184	61,477,560	302,359,744	-50,750,337	251,609,407
- held to maturity	197,191,017	28,487,083	225,678,100	0	225,678,100
- available for sale	1,284,052,534	97,611,854	1,381,664,388	-1,685,803	1,379,978,585
- investments recognised at fair value	129,812,129	3,502,257	133,314,386	0	133,314,386
Unit-linked insurance assets	412,181,201	14,048,043	426,229,244	0	426,229,244
Reinsurers' share of insurance technical provisions	127,504,954	27,300,577	154,805,531	-82,026,586	72,778,945
Receivables	176,195,858	60,146,144	236,342,002	-31,050,122	205,291,880
- receivables from direct insurance operations	84,923,631	35,884,518	120,808,149	-1,545,680	119,262,469
- receivables from reinsurance and co-insurance operations	62,411,957	6,050,779	68,462,736	-24,484,797	43,977,939
- current tax receivables	6,440	1,861,396	1,867,836	0	1,867,836
- other receivables	28,853,830	16,349,451	45,203,281	-5,019,645	40,183,636
Other assets	31,350,092	5,831,369	37,181,461	-2,576,820	34,604,641
Cash and cash equivalents	14,242,808	10,858,533	25,101,341	0	25,101,341
Noncurrent assets for sale	2,469,243	0	2,469,243	0	2,469,243
EQUITY AND LIABILITIES	3,178,553,543	385,672,945	3,564,226,488	-456,339,243	3,107,887,245
Equity	780,636,197	79,951,863	860,588,060	-291,008,818	569,579,242
Controlling interests	780,636,197	79,951,863	860,588,060	-297,502,560	563,085,500
- share capital	275,730,021	84,264,909	359,994,930	-286,293,543	73,701,387
- share premium	75,092,360	1,762,965	76,855,325	-20,026,285	56,829,040
- reserves from profit	242,841,647	15,650,817	258,492,464	-5,019,058	253,473,406
- fair value reserve	51,122,145	2,349,307	53,471,452	-16,831,614	36,639,838
- net profit/loss brought forward	70,923,335	-15,736,874	55,186,461	34,873,336	90,059,797
- net profit/loss for the year	64,926,689	-4,598,470	60,328,219	-4,408,845	55,919,374
- currency translation differences	0	-3,740,791	-3,740,791	203,449	-3,537,342
Non-controlling interests	0	0	0	6,493,742	6,493,742
Subordinated liabilities	40,220,572	1,364,465	41,585,037	-4,550,268	37,034,769
Insurance technical provisions	1,737,300,747	226,982,721	1,964,283,468	-82,062,176	1,882,221,292
- unearned premiums	252,209,258	64,590,280	316,799,538	-22,463,908	294,335,630
- mathematical provisions	815,547,554	45,441,696	860,989,250	0	860,989,250
- claims provisions	648,818,874	112,324,308	761,143,182	-59,598,268	701,544,914
- other insurance technical provisions	20,725,061	4,626,437	25,351,498	0	25,351,498
Insurance technical provisions for unit-linked insurance contracts	411,994,431	14,165,248	426,159,679	0	426,159,679
Employee benefits	9,409,856	1,136,527	10,546,383	0	10,546,383
Other provisions	12,079,420	6,762,426	18,841,846	0	18,841,846
Deferred tax liabilities	18,052,211	518,107	18,570,318	351,293	18,921,611
Other financial liabilities	59,287,804	23,165,056	82,452,860	-46,212,964	36,239,896
Operating liabilities	67,692,339	17,366,480	85,058,819	-26,024,606	59,034,213
- liabilities from direct insurance operations	12,628,012	7,539,028	20,167,040	-691,812	19,475,228
- liabilities from reinsurance and co-insurance operations	51,532,093	9,818,575	61,350,668	-25,332,794	36,017,874
- current tax liabilities	3,532,234	8,877	3,541,111	0	3,541,111
Other liabilities	41,879,966	14,260,052	56,140,018	-6,831,704	49,308,314

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA - CONTINUED

	in EUR				
AS AT 31 DECEMBER 2012	SLOVENIA	OTHER	NON-CONSOLIDATED	Eliminations	CONSOLIDATED
ASSETS	3,190,566,666	388,445,117	3,579,011,783	-455,203,390	3,123,808,393
Intangible assets	54,118,220	10,942,204	65,060,424	1,817,862	66,878,286
Property, plant and equipment	93,518,448	36,596,679	130,115,127	235,355	130,350,482
Deferred tax receivables	32,743,054	1,691,663	34,434,717	0	34,434,717
Investment property	64,986,142	23,603,595	88,589,737	11,597,126	100,186,863
Investments in subsidiaries	292,440,723	5,181,456	297,622,179	-297,622,179	0
Investments in associates	14,384,184	0	14,384,184	0	14,384,184
Financial assets	2,289,877,331	204,990,190	2,494,867,521	-48,988,869	2,445,878,652
Financial investments	1,883,374,543	192,611,062	2,075,985,605	-48,988,869	2,026,996,736
- loans and deposits	255,524,416	65,046,763	320,571,179	-47,293,157	273,278,022
- held to maturity	199,277,500	29,138,665	228,416,165	0	228,416,165
- available for sale	1,325,255,570	94,004,924	1,419,260,494	-1,695,712	1,417,564,782
- investments recognised at fair value	103,317,057	4,420,710	107,737,767	0	107,737,767
Unit-linked insurance assets	406,502,788	12,379,128	418,881,916	0	418,881,916
Reinsurers' share of insurance technical provisions	132,202,677	36,640,582	168,843,259	-85,267,547	83,575,712
Receivables	174,932,784	54,410,058	229,342,842	-34,492,790	194,850,052
- receivables from direct insurance operations	74,079,379	32,141,893	106,221,272	-2,356,271	103,865,001
- receivables from reinsurance and co-insurance operations	64,471,298	6,327,894	70,799,192	-27,856,408	42,942,784
- current tax receivables	7,490,565	1,841,144	9,331,709	0	9,331,709
- other receivables	28,891,542	14,099,127	42,990,669	-4,280,111	38,710,558
Other assets	31,250,939	4,911,817	36,162,756	-2,482,348	33,680,408
Cash and cash equivalents	7,774,547	9,476,873	17,251,420	0	17,251,420
Non-current assets held for sale	2,337,617	0	2,337,617	0	2,337,617
EQUITY AND LIABILITIES	3,190,566,666	388,445,117	3,579,011,783	-455,203,390	3,123,808,393
Equity	781,402,446	79,867,984	861,270,430	-286,706,673	574,563,757
Controlling interests	781,402,446	79,867,984	861,270,430	-293,406,610	567,863,820
- share capital	276,279,152	83,261,934	359,541,086	-285,839,694	73,701,392
- share premium	74,443,895	1,762,965	76,206,860	-19,496,147	56,710,713
- reserves from profit	242,702,915	15,496,025	258,198,940	-4,965,860	253,233,080
- fair value reserve	66,014,133	2,596,169	68,610,302	-16,791,248	51,819,054
- net profit/loss brought forward	104,230,833	-14,347,950	89,882,883	-3,113,788	86,769,095
- net profit/loss for the year	17,731,518	-5,492,975	12,238,543	36,571,124	48,809,667
- currency translation differences	0	-3,408,184	-3,408,184	229,003	-3,179,181
Non-controlling interests	0	0	0	6,699,937	6,699,937
Subordinated liabilities	40,221,260	1,362,985	41,584,245	-4,558,695	37,025,550
Insurance technical provisions	1,739,652,960	233,584,884	1,973,237,844	-85,317,063	1,887,920,781
- unearned premiums	226,269,982	59,825,048	286,095,030	-17,670,457	268,424,573
- mathematical provisions	826,665,167	43,284,769	869,949,936	0	869,949,936
- claims provisions	665,571,588	125,251,132	790,822,720	-67,646,606	723,176,114
- other insurance technical provisions	21,146,223	5,223,935	26,370,158	0	26,370,158
Insurance technical provisions for unit-linked insurance contracts	404,899,884	12,439,100	417,338,984	0	417,338,984
Employee benefits	9,363,448	1,210,225	10,573,673	0	10,573,673
Other provisions	11,944,984	7,676,568	19,621,552	0	19,621,552
Deferred tax liabilities	20,615,780	384,925	21,000,705	351,293	21,351,998
Other financial liabilities	51,489,102	24,797,750	76,286,852	-36,906,286	39,380,566
Operating liabilities	73,604,679	14,908,908	88,513,587	-30,363,480	58,150,107
- liabilities from direct insurance operations	15,808,735	5,993,910	21,802,645	-990,928	20,811,717
- liabilities from reinsurance and co-insurance operations	57,320,673	8,795,994	66,116,667	-29,372,552	36,744,115
- current tax liabilities	475,271	119,004	594,275	0	594,275
Other liabilities	57,372,123	12,211,788	69,583,911	-11,702,486	57,881,425

CONSOLIDATED INCOME STATEMENT BY BUSINESS SEGMENT

	in EUR				
FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 SEPTEMBER 2013	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL - CONSOLIDATED
NET PREMIUM INCOME	408,690,690	143,826,825	77,141,276	0	629,658,791
- gross written premium	481,442,124	143,818,300	77,511,211	0	702,771,635
- ceded written premium	-56,579,554	-1,079	-213	0	-56,580,846
- change in unearned premiums	-16,171,880	9,604	-369,722	0	-16,531,998
INCOME FROM FINANCIAL ASSETS	38,633,312	77,612,949	766,063	1,524,228	118,536,552
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	1,625	472,595	0	311,391	785,611
- profit on equity investments accounted for using the equity method	0	472,595	0	311,391	783,986
- other financial income	1,625	0	0	0	1,625
INCOME FROM OTHER FINANCIAL ASSETS	38,631,687	45,994,798	766,063	1,212,837	86,605,385
- interest income	27,460,704	28,696,581	676,739	280,904	57,114,928
- dividends	1,198,232	732,595	0	765,640	2,696,467
- fair value gains	1,289,072	7,349,558	0	55,488	8,694,118
- realised gains on disposals	5,886,903	7,458,561	89,323	0	13,434,787
- other financial income	2,796,776	1,757,503	1	110,805	4,665,085
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	31,145,556	0	0	31,145,556
OTHER INCOME FROM INSURANCE OPERATIONS	5,818,757	110,829	24,026	0	5,953,612
- fees and commission income	1,898,731	103,688	0	0	2,002,419
- other income from insurance operations	3,920,026	7,141	24,026	0	3,951,193
OTHER INCOME	3,271,778	216,916	7,447	51,090,524	54,586,665
NET CLAIMS INCURRED	249,454,048	130,155,814	63,761,369	0	443,371,231
- gross claims settled	282,673,688	130,106,142	57,715,531	0	470,495,361
- reinsurers' and co-insurers' share	-28,585,258	0	0	0	-28,585,258
- changes in claims provisions	-4,634,382	49,672	342,404	0	-4,242,306
- equalisation scheme expenses for supplementary health insurance	0	0	5,703,434	0	5,703,434
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-258,842	993,496	-787,688	0	-53,034
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	8,927,915	0	0	8,927,915
EXPENSES FOR BONUSES AND DISCOUNTS	3,872,110	1,389	0	0	3,873,499
OPERATING EXPENSES	115,968,939	23,058,991	4,929,394	0	143,957,324
- acquisition costs	77,985,945	13,648,822	806,390	0	92,441,157
- other operating costs	37,982,994	9,410,169	4,123,004	0	51,516,167
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	22,234,860	48,534,627	94,136	2,180,081	73,043,704
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	7,114	94,798	0	650,765	752,677
- loss on investments accounted for using the equity method	0	94,798	0	644,883	739,681
- other expenses from financial assets and liabilities	7,114	0	0	5,882	12,996
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	22,227,746	24,634,758	94,136	1,529,316	48,485,956
- interest expense	1,123,515	622,831	8,955	873,432	2,628,733
- fair value losses	992,608	14,495,075	0	233,558	15,721,241
- realised loss on disposals	1,492,368	3,942,498	3,655	7,538	5,446,059
- permanent impairment of financial assets	13,905,454	3,014,170	0	336,504	17,256,128
- other expenses from financial assets and liabilities	4,713,801	2,560,184	81,526	78,284	7,433,795
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	23,805,071	0	0	23,805,071
OTHER INSURANCE EXPENSES	16,624,756	1,117,322	822,406	0	18,564,484
OTHER EXPENSES	3,937,032	153,893	2,386	47,555,287	51,648,598
PROFIT/LOSS BEFORE TAX	44,581,634	8,824,072	9,116,809	2,879,384	65,401,899
Income tax expense	6,953,892	1,006,328	0	840,629	8,800,849
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	37,627,742	7,817,744	9,116,809	2,038,755	56,601,050
Net profit / loss attributable to the controlling company	37,140,870	7,759,267	9,116,809	2,027,815	56,044,761
Net profit / loss attributable to non-controlling interest holders	486,872	58,477	0	10,940	556,289

CONSOLIDATED INCOME STATEMENT BY BUSINESS SEGMENT - CONTINUED

	in EUR				
FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL - CONSOLIDATED
NET PREMIUM INCOME	444,591,764	154,674,897	66,659,750	0	665,926,411
- gross written premium	510,351,537	154,632,094	67,127,434	0	732,111,065
- ceded written premium	-59,308,191	-1,066	0	0	-59,309,257
- change in unearned premiums	-6,451,582	43,869	-467,684	0	-6,875,397
INCOME FROM FINANCIAL ASSETS	52,496,946	68,945,017	500,160	5,157,327	127,099,450
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	5,735,507	783,902	0	2,713,414	9,232,823
- profit on equity investments accounted for using the equity method	0	783,902	0	393,885	1,177,787
- other financial income	5,735,507	0	0	2,319,529	8,055,036
INCOME FROM OTHER FINANCIAL ASSETS	46,761,439	46,336,290	500,160	2,443,913	96,041,802
- interest income	31,265,511	30,960,910	500,156	375,653	63,102,230
- dividends	1,129,329	647,748	0	1,251,847	3,028,924
- fair value gains	2,860,875	6,553,282	0	382,620	9,796,777
- realised gains on disposals	7,186,195	7,701,330	0	0	14,887,525
- other financial income	4,319,529	473,020	4	433,793	5,226,346
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	21,824,825	0	0	21,824,825
OTHER INCOME FROM INSURANCE OPERATIONS	5,010,920	10,598,061	18,889	0	15,627,870
- fees and commission income	858,764	9,723,265	0	0	10,582,029
- other income from insurance operations	4,152,156	874,796	18,889	0	5,045,841
OTHER INCOME	3,244,652	202,435	67,516	51,333,019	54,847,622
NET CLAIMS INCURRED	270,839,823	121,552,257	57,672,796	0	450,064,876
- gross claims settled	277,652,817	120,785,601	51,033,497	0	449,471,915
- reinsurers' and co-insurers' share	-15,819,378	0	0	0	-15,819,378
- changes in claims provisions	9,006,384	766,656	1,178,746	0	10,951,786
- equalisation scheme expenses for supplementary health insurance	0	0	5,460,553	0	5,460,553
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-566,971	-2,836,461	-644,088	0	-4,047,520
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	39,465,942	0	0	39,465,942
EXPENSES FOR BONUSES AND DISCOUNTS	3,530,965	1,323	0	0	3,532,288
OPERATING EXPENSES	116,953,579	24,590,695	4,987,656	0	146,531,930
- acquisition costs	79,948,815	14,226,687	842,618	0	95,018,120
- other operating costs	37,004,764	10,364,008	4,145,038	0	51,513,810
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	42,538,812	33,429,808	30,071	3,185,648	79,184,339
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	0	54,667	0	1,834,419	1,889,086
- loss on investments accounted for using the equity method	0	54,667	0	1,834,419	1,889,086
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	42,538,812	31,606,854	30,071	1,351,229	75,526,966
- interest expense	1,457,911	617,703	13,397	673,434	2,762,445
- fair value losses	3,897,223	10,217,937	0	414,474	14,529,634
- realised loss on disposals	4,293,599	11,398,033	0	0	15,691,632
- permanent impairment of financial assets	28,048,860	7,460,435	0	0	35,509,295
- other expenses from financial assets and liabilities	4,841,219	1,912,746	16,674	263,321	7,033,960
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	1,768,287	0	0	1,768,287
OTHER INSURANCE EXPENSES	21,253,595	11,120,072	495,827	0	32,869,494
OTHER EXPENSES	3,009,038	142,748	552	50,182,490	53,334,828
PROFIT/LOSS BEFORE TAX	47,785,441	6,954,026	4,703,501	3,122,208	62,565,176
Income tax expense	10,540,939	1,081,888	0	431,490	12,054,317
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	37,244,502	5,872,138	4,703,501	2,690,718	50,510,859
Net profit / loss attributable to the controlling company	36,839,063	5,841,530	4,703,501	2,512,407	49,896,502
Net profit / loss attributable to non-controlling interest holders	405,439	30,608	0	178,310	614,357

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 SEPTEMBER 2013	in EUR		
	SLOVENIA	OTHER	TOTAL - CONSOLIDATED
NET PREMIUM INCOME	522,021,826	107,636,965	629,658,791
- gross written premium	579,395,747	123,375,888	702,771,635
- ceded written premium	-44,446,136	-12,134,710	-56,580,846
- change in unearned premiums	-12,927,785	-3,604,213	-16,531,998
INCOME FROM FINANCIAL ASSETS	105,946,914	12,589,638	118,536,552
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	785,611	0	785,611
- profit on equity investments accounted for using the equity method	783,986	0	783,986
- other financial income	1,625	0	1,625
INCOME FROM OTHER FINANCIAL ASSETS	75,468,119	11,137,266	86,605,385
- interest income	49,985,149	7,129,779	57,114,928
- dividends	2,634,956	61,511	2,696,467
- fair value gains	8,382,754	311,364	8,694,118
- realised gains on disposals	12,948,290	486,497	13,434,787
- other financial income	1,516,970	3,148,115	4,665,085
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	29,693,184	1,452,372	31,145,556
OTHER INCOME FROM INSURANCE OPERATIONS	2,700,026	3,253,586	5,953,612
- fees and commission income	665,659	1,336,760	2,002,419
- other income from insurance operations	2,034,367	1,916,826	3,951,193
OTHER INCOME	49,897,990	4,688,675	54,586,665
NET CLAIMS INCURRED	376,691,657	66,679,574	443,371,231
- gross claims settled	388,283,826	82,211,535	470,495,361
- reinsurers' and co-insurers' share	-16,747,110	-11,838,148	-28,585,258
- changes in claims provisions	-548,493	-3,693,813	-4,242,306
- equalisation scheme expenses for supplementary health insurance	5,703,434	0	5,703,434
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-1,858,752	1,805,718	-53,034
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	7,094,546	1,833,369	8,927,915
EXPENSES FOR BONUSES AND DISCOUNTS	3,025,067	848,432	3,873,499
OPERATING EXPENSES	104,123,640	39,833,684	143,957,324
- acquisition costs	69,092,329	23,348,828	92,441,157
- other operating costs	35,031,311	16,484,856	51,516,167
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	68,051,966	4,991,738	73,043,704
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	752,677	0	752,677
- loss on investments accounted for using the equity method	739,681	0	739,681
- other expenses from financial assets and liabilities	12,996	0	12,996
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	44,201,963	4,283,993	48,485,956
- interest expense	2,426,025	202,708	2,628,733
- fair value losses	15,134,274	586,967	15,721,241
- realised loss on disposals	5,140,522	305,537	5,446,059
- permanent impairment of financial assets	16,537,958	718,170	17,256,128
- other expenses from financial assets and liabilities	4,963,184	2,470,611	7,433,795
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	23,097,326	707,745	23,805,071
OTHER INSURANCE EXPENSES	10,973,191	7,591,293	18,564,484
OTHER EXPENSES	44,109,269	7,539,329	51,648,598
PROFIT/LOSS BEFORE TAX	68,356,172	-2,954,273	65,401,899
Income tax expense	8,645,121	155,728	8,800,849
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	59,711,051	-3,110,001	56,601,050
Net profit / loss attributable to the controlling company	59,741,790	-3,697,029	56,044,761
Net profit / loss attributable to non-controlling interest holders	-30,739	587,028	556,289

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA - CONTINUED

FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012	in EUR		
	SLOVENIA	OTHER	TOTAL - CONSOLIDATED
NET PREMIUM INCOME	555,229,705	110,696,706	665,926,411
- gross written premium	609,852,735	122,258,330	732,111,065
- ceded written premium	-47,305,285	-12,003,972	-59,309,257
- change in unearned premiums	-7,317,745	442,348	-6,875,397
INCOME FROM FINANCIAL ASSETS	115,392,586	11,706,864	127,099,450
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	9,232,823	0	9,232,823
- profit on equity investments accounted for using the equity method	1,177,787	0	1,177,787
- other financial income	8,055,036	0	8,055,036
INCOME FROM OTHER FINANCIAL ASSETS	85,534,035	10,507,767	96,041,802
- interest income	55,602,122	7,500,108	63,102,230
- dividends	2,924,777	104,147	3,028,924
- fair value gains	9,439,955	356,822	9,796,777
- realised gains on disposals	14,057,144	830,381	14,887,525
- other financial income	3,510,037	1,716,309	5,226,346
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	20,625,728	1,199,097	21,824,825
OTHER INCOME FROM INSURANCE OPERATIONS	12,231,953	3,395,917	15,627,870
- fees and commission income	9,284,964	1,297,065	10,582,029
- other income from insurance operations	2,946,989	2,098,852	5,045,841
OTHER INCOME	49,610,866	5,236,756	54,847,622
NET CLAIMS INCURRED	377,868,995	72,195,881	450,064,876
- gross claims settled	376,814,395	72,657,520	449,471,915
- reinsurers' and co-insurers' share	-10,524,006	-5,295,372	-15,819,378
- changes in claims provisions	6,118,053	4,833,733	10,951,786
- equalisation scheme expenses for supplementary health insurance	5,460,553	0	5,460,553
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-6,796,129	2,748,609	-4,047,520
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	37,403,098	2,062,844	39,465,942
EXPENSES FOR BONUSES AND DISCOUNTS	2,815,000	717,288	3,532,288
OPERATING EXPENSES	106,264,237	40,267,693	146,531,930
- acquisition costs	70,743,249	24,274,871	95,018,120
- other operating costs	35,520,988	15,992,822	51,513,810
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	75,972,701	3,211,638	79,184,339
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	1,889,086	0	1,889,086
- loss on investments accounted for using the equity method	1,889,086	0	1,889,086
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	72,582,885	2,944,081	75,526,966
- interest expense	2,712,609	49,836	2,762,445
- fair value losses	14,154,479	375,155	14,529,634
- realised loss on disposals	15,580,374	111,258	15,691,632
- permanent impairment of financial assets	35,324,627	184,668	35,509,295
- other expenses from financial assets and liabilities	4,810,796	2,223,164	7,033,960
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	1,500,730	267,557	1,768,287
OTHER INSURANCE EXPENSES	26,162,523	6,706,971	32,869,494
OTHER EXPENSES	46,222,983	7,111,845	53,334,828
PROFIT/LOSS BEFORE TAX	66,551,702	-3,986,526	62,565,176
Income tax expense	12,054,317	0	12,054,317
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	54,497,385	-3,986,526	50,510,859
Net profit / loss attributable to the controlling company	54,414,956	-4,518,454	49,896,502
Net profit / loss attributable to non-controlling interest holders	82,429	531,928	614,357

3.6 Significant items of the statement of financial position

Intangible assets

In the first nine-month period of 2013, intangible assets of Zavarovalnica Triglav increased by EUR 2.1 million. The increase is attributable mostly to higher long-term deferred acquisition costs in the amount of EUR 3.5 million.

In the reporting period, intangible assets of the Triglav Group increased by EUR 6.3 million. The respective increase disclosed in the consolidated financial statements also arises from the change of long-term deferred acquisition costs in the amount of EUR 4 million. The remaining increase is mostly attributable to increase in value of licences and computer software.

Property, plant and equipment

In the first nine months of 2013, Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 2.2 million. As at 30 September 2013, liabilities for the acquisition of property, plant and equipment amounted to EUR 200 thousand.

At the Group level acquisition of property, plant and equipment totalled EUR 5.8 million in the first nine-month period of 2013.

Financial assets

Tables below show financial assets of Zavarovalnica Triglav and Triglav Group by different groups of financial assets. Amounts are disclosed at their carrying values as at 30 September 2013.

	in EUR				
Zavarovalnica Triglav	L&R	HTM	AFS	FVTPL	TOTAL
Equity securities	0	0	74,562,742	0	74,562,742
Debt securities	19,172,426	197,191,017	1,018,010,879	127,732,626	1,362,106,948
Derivative financial instruments	0	0	0	511,218	511,218
Unit-linked financial assets	5,489,755	0	0	406,691,446	412,181,201
Loans	195,777,709	0	1,396,811	18,676	197,193,196
TOTAL	220,439,890	197,191,017	1,093,970,432	534,953,966	2,046,555,305

	in EUR				
Triglav Group	L&R	HTM	AFS	FVTPL	TOTAL
Equity securities	0	0	135,081,652	2,183,223	137,264,875
Debt securities	34,241,759	225,678,100	1,243,500,121	129,487,221	1,632,907,201
Derivative financial instruments	0	0	0	1,625,267	1,625,267
Unit-linked financial assets	5,641,758	0	423,407	420,164,079	426,229,244
Loans	217,367,648	0	1,396,811	18,676	218,783,135
TOTAL	257,251,165	225,678,100	1,380,401,991	553,478,466	2,416,809,722

Notes:

- L&R: loans and receivables
- HTM: held to maturity financial assets
- AFS: available for sale financial assets
- FVTPL: financial assets, measured at fair value through profit and loss

Overview of financial assets according to valuation levels

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

- Level 1: 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.

in EUR				
Zavarovalnica Triglav	Level 1	Level 2	Level 3	TOTAL
Equity securities	66,099,785	0	8,462,957	74,562,742
Debt securities	1,027,479,823	118,263,682	0	1,145,743,505
Derivative financial instruments	122,534	388,684	0	511,218
Unit-linked financial assets	311,543,968	95,147,477	0	406,691,445
TOTAL	1,405,246,109	213,799,844	8,462,957	1,627,508,910

in EUR				
Triglav Group	Level 1	Level 2	Level 3	TOTAL
Equity securities	93,293,357	0	43,971,518	137,264,875
Debt securities	1,239,626,406	133,159,334	201,602	1,372,987,342
Derivative financial instruments	1,236,583	388,684	0	1,625,267
Unit-linked financial assets	325,440,008	95,147,477	0	420,587,485
TOTAL	1,659,596,354	228,695,495	44,173,120	1,932,464,969

Changes of Level 3 financial assets

in EUR		
	Zavarovalnica Triglav	Triglav Group
Balance as at 1 January 2013	16,196,374	33,020,373
Acquisitions	0	117,530
Disposals	0	-434,687
Revaluation through profit and loss	-5,968,764	-7,579,940
Revaluation through equity	-1,764,653	-965,023
Reclassifications from Level 1 and Level 2	0	20,021,935
Foreign exchange differences	0	-7,068
Balance as at 30 September 2013	8,462,957	44,173,120

Impairment

Zavarovalnica Triglav recognised EUR 17.3 million impairment loss on financial assets in the period from 1 January to 30 September 2013, which includes also impairment of investment property in the amount of EUR 2 million.

Impairment loss in the consolidated income statement of the Triglav Group also amounted to EUR 17.3 million.

Subordinated debt instruments

During the reporting period, Zavarovalnica Triglav did not issue any debt securities.

Contingent liabilities

On 30 September 2013, Zavarovalnica Triglav recognised a contingent liability arising from a bank loan guarantee given to Triglav Osiguranje a.d.o, Belgrade, granted by Banca Intesa, a.d., Belgrade and amounting to EUR 3.1 million, the amount disclosed is the same as at 31 December 2012.

Distribution of accumulated profits for 2012

On 11 June 2013, the General Meeting of Shareholders passed a resolution on the following distribution of the accumulated profit of EUR 98,205,999 as at 31 December 2012:

- part of the accumulated profit in the amount of EUR 45,470,296 shall be used for dividend payments. The dividend amounts to EUR 2.00 gross per share and is paid to shareholders that are entered in the share register two days upon the date of the General Meeting. The dividend payout is carried out within 30 days upon the date this resolution is passed;
- the distribution of the remaining accumulated profit of EUR 52,735,703 shall be decided upon in the following years.

3.7 Changes in equity stakes in subsidiaries and business combinations

In the reporting period changes made in Triglav Group were:

- Purchase of shares of Slovenijales d.d. Ljubljana

In the reporting period, Zavarovalnica Triglav purchased 5,744 shares of Slovenijales, d.d. from non-controlling interest holders, thus becoming the sole owner (100%) of that subsidiary. The purchase price for a 2.02% equity stake was recorded at EUR 686,006. The difference between the amount by which the non-controlling interests are adjusted and received compensation in the amount of EUR 118,328 is recognized as capital reserve in consolidated financial statements.

- Capital increase of Triglav Osiguranje, a.d.o., Belgrade

Triglav INT d.d. provided additional capital to Triglav Osiguranje a.d.o., Belgrade. The capital increase was carried out by issuing 746,055 shares at par value of RSD 700 each i.e. RSD 522,238,500 or EUR 4,601,220 in total. Triglav INT's share in capital of this subsidiary increased from 97.1% to 99.15%. Newly raised capital was used to cover loss brought forward from previous years of RSD 499,200,800 or EUR 4,356,870 in total.

- Capital increase of Integral Zagorje, d.o.o.

Group company Avrigo, d.o.o, increased share capital of its subsidiary Integral Zagorje, d.o.o. in the amount of EUR 127,482.

- Capital increase of Lovćen Auto, a.d.

Group company Lovćen Osiguranje, a.d.o., Podgorica, increased share capital of its subsidiary Lovćen Auto, a.d. in the amount of EUR 800,000.

3.8 Related party transactions

Management Board of Zavarovalnica Triglav

In the first nine-month period of 2013, members of the Management Board of Zavarovalnica Triglav were paid the following amounts as compensation for their work:

in EUR							
Surname and name	Fixed salaries (gross)	Other additional payments*	Bonuses	Net pay received	Insurance premiums**	Other benefits***	Reimbursements
Slapar Andrej	108,216	784	28,353	54,272	20,867	5,481	1,832
Rakovec Matjaž	75,799	74,785	44,228	85,326	12,519	5,949	1,150
Vrtunski Stanislav	108,030	784	8,402	45,776	17,982	5,040	773
Jošar Benjamin	102,797	784	2,401	44,629	3,758	8,372	884
Makoter Marica	108,029	784	14,404	46,154	17,758	5,360	323
Stebernak Igor	0	0	14,404	8,416	0	0	0
TOTAL	502,871	77,921	112,192	284,573	72,884	30,202	4,962

* Other additional payments include holiday allowance.

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

*** Other benefits – company car

As at 30 September 2013, Zavarovalnica Triglav recorded following receivables from and liabilities to the Management Board members:

in EUR		
Surname and name	Receivables as at 30 Sept. 2013	Liabilities as at 30 Sept. 2013
Slapar Andrej	60	11,714
Vrtunski Stanislav	14	8,051
Jošar Benjamin	0	6,055
Makoter Marica	49	10,120
TOTAL	123	35,940

Supervisory Board of Zavarovalnica Triglav and its Committees

In the first three quarters of 2013, members of the Supervisory Board, the Audit Committee, the Appointments and Compensation Committee, the Strategy Committee and the Nominations Committee of Zavarovalnica Triglav were paid the following amounts as compensation for their work:

in EUR					
Surname and name	Flat-rate remuneration	Attendance fee	Reimbursements	Total gross pay	Total net pay
Andoljšek Žiga	2,889	1,760	90	4,739	3,673
Blažič Matija	2,853	550	110	3,513	2,722
Celar Peter	10,662	2,750	458	13,870	10,749
Gobbo Mario	3,936	770	2,466	7,172	5,558
Gorjan Branko	10,662	4,675	1,803	17,140	13,283
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	9,319	1,375	3,993	14,687	11,382
Krštinč Miran	10,662	3,410	0	14,072	10,906
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*	1,927	1,540	0	3,467	2,687
Perman Mihael	4,044	1,540	0	5,584	4,328
Runjak Matej	4,749	550	0	5,299	4,106
Stankovič Rajko	3,394	770	0	4,164	3,227
Strašek Rok	3,178	1,100	668	4,946	3,833
Šlemic Blaž	3,178	1,540	0	4,718	3,656
Uršič Vladimir	4,378	2,200	841	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
TOTAL	111,120	35,792	10,763	157,675	122,196

* external members of committees

As at 30 September 2013, Zavarovalnica Triglav recorded the following liabilities to the members of the Supervisory Board and its Committees:

in EUR	
Surname and name	Liabilities as at 30 Sept. 2013
Blažič Matija	840
Celar Peter	1,049
Gobbo Mario	1,396
Gorjan Branko	1,186
Kastelic Gregor	1,343
Krštinc Miran	1,049
Nose Barbara*	136
Runjak Matej	1,574
Stankovič Rajko	1,186
Štimac Dubravko	4,625
TOTAL	14,384

* External members of committees

Subsidiaries

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

in EUR		
ASSETS	30 Sept. 2013	31 Dec. 2012
Loans given to members of the Group	47,513,278	44,905,929
Receivables from insurance premium	1,508,147	2,252,712
Premium receivable from co-insurance	2,511	6,374
Receivables from reinsurers' share in claims	6,990,729	6,945,327
Other short-term receivables from insurance operations	11,612	10,002
Short-term receivables from financing	1,699,389	13,431
Other short-term receivables	1,264,642	1,103,579
Other financial investments in subsidiaries	1,396,812	0

in EUR		
LIABILITIES	30 Sept. 2013	31 Dec. 2012
Liabilities to policyholders	445,806	621,563
Liabilities to insurance brokers	188,700	178,619
Liabilities from reinsurance premiums	8,158,063	12,208,602
Liabilities for co-insurers' share of claims	0	288
Other short-term liabilities	156,025	222,219

in EUR		
INCOME AND EXPENSES	Q 1-3 2013	Q 1-3 2012
Gross written premium	2,685,005	2,131,244
Assumed co-insurance written premium	8,857	4,798
Reinsurance written premium (-)	-47,331,495	-50,116,948
Reinsurance commission income	7,789,302	8,392,997
Income from dividends and profit sharing	4,104,060	0
Interest income	1,612,472	1,262,561
Income from land and buildings	130,278	135,274
Other net income from insurance operations	1,189,951	694,104
Other income	3,322,891	2,674,043
TOTAL INCOME	-26,488,681	-34,821,927
Gross claims settled	1,515,572	872,470
Co-insurers' share of claims	0	2,678
Reinsurers' share of claims	-18,450,522	-15,311,444
Other finance costs	0	2,996
Other expenses	0	8,550
TOTAL EXPENSES	-16,934,950	-14,424,750

Associates

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

in EUR

	Zavarovalnica Triglav		The Triglav Group	
	30 Sept. 2013	31 Dec. 2012	30 Sept. 2013	31 Dec. 2012
ASSETS				
Receivables from insurance premium	41,179	4,087	41,179	4,087
Short-term receivables from financing	750,904	750,904	750,904	750,904
Other short-term receivables	28,061	65,429	28,061	75,509

in EUR

	Zavarovalnica Triglav		The Triglav Group	
	30 Sept. 2013	31 Dec. 2012	30 Sept. 2013	31 Dec. 2012
LIABILITIES				
Liabilities to policyholders	0	25,312	0	25,312
Liabilities to insurance brokers	21,448	9,891	21,448	11,252
Other short-term liabilities	0	0	3,330	350
Accrued costs and expenses	0	0	2,612	14

in EUR

	Zavarovalnica Triglav		The Triglav Group	
	Q 1-3 2013	Q 1-3 2012	Q 1-3 2013	Q 1-3 2012
INCOME AND EXPENSES				
Gross written premium	94,208	154,247	94,208	154,247
Other income	0	382	0	382
TOTAL INCOME	94,208	154,629	94,208	154,629
Gross claims settled	33,283	34,716	33,283	34,716
TOTAL EXPENSES	33,283	34,716	33,283	34,716

3.9 Significant events after the reporting date

Significant events in the reporting period for the first nine months of 2013 are described in Section 1.5 of this interim report.

No events occurring after the reporting date were material to the financial statements for the first nine months of 2013.

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

- A.M. Best Europe – Rating Services Limited has affirmed the financial strength rating of A- (Excellent) and issuer credit ratings of a- of Zavarovalnica Triglav and Pozavarovalnica Triglav Re. The outlook for both ratings remain stable.
- On 1 October 2013, Zavarovalnica Triglav consented to the annulment of the obligation to subscribe and pay up shares of Triglav INT, undertaken by IFC, a member of the World Bank Group, at the initiative of Zavarovalnica Triglav and Triglav INT. For this reason, the following agreements were terminated: the Equity Appraisal Letter for Triglav INT of 3 June 2011, the Subscription Agreement of 30 March 2012, and subsequently the Shareholders Agreement and Put Option Agreement, both of 30 March 2013.
- On 4 October 2013, Zavarovalnica Triglav submitted a non-binding offer for the acquisition of the majority stake in the Croatian insurance company Croatia osiguranje d.d., Zagreb, which was put on sale by the Government of the Republic of Croatia. On 10 October 2013, a Decision was published by Government of the Republic of Croatia on its website, informing the public that Zavarovalnica Triglav was not selected to participate in the continuation of the process for acquiring the relevant stake. As a result, Zavarovalnica Triglav was not allowed to carry out a due diligence inquiry of Croatia osiguranje d.d., Zagreb and consequently to submit a binding offer for acquiring the relevant stake in the said insurance company.