



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

triglav

www.triglav.eu
www.triglav.si

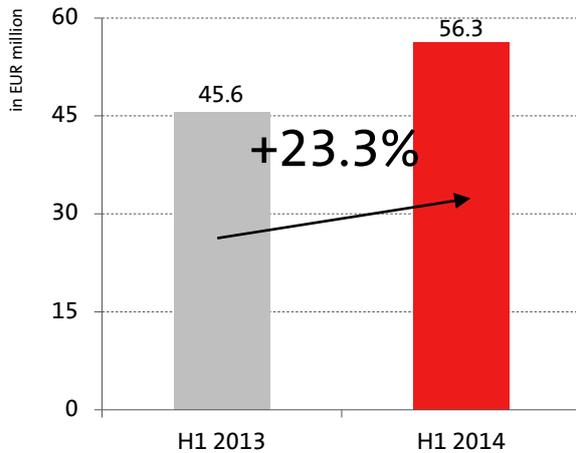
Unaudited Interim Report of Zavarovalnica Triglav d.d. and the Triglav Group for the period from 1 January 2014 to 30 June 2014



Ljubljana, 21 August 2014

PERFORMANCE OF THE TRIGLAV GROUP IN THE FIRST HALF OF 2014

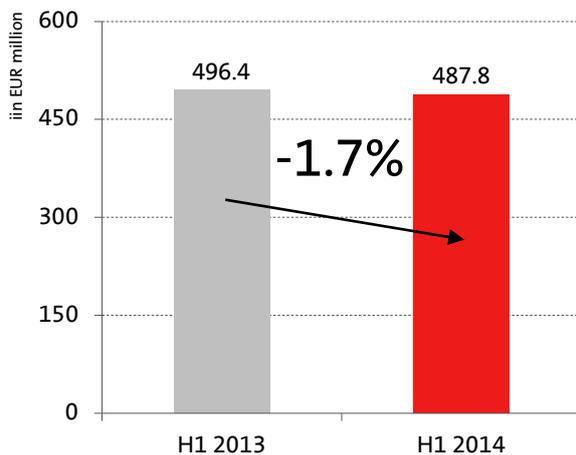
Net profit



Consistent implementation of strategic guidelines is reflected in higher profit.

For additional information see page 47.

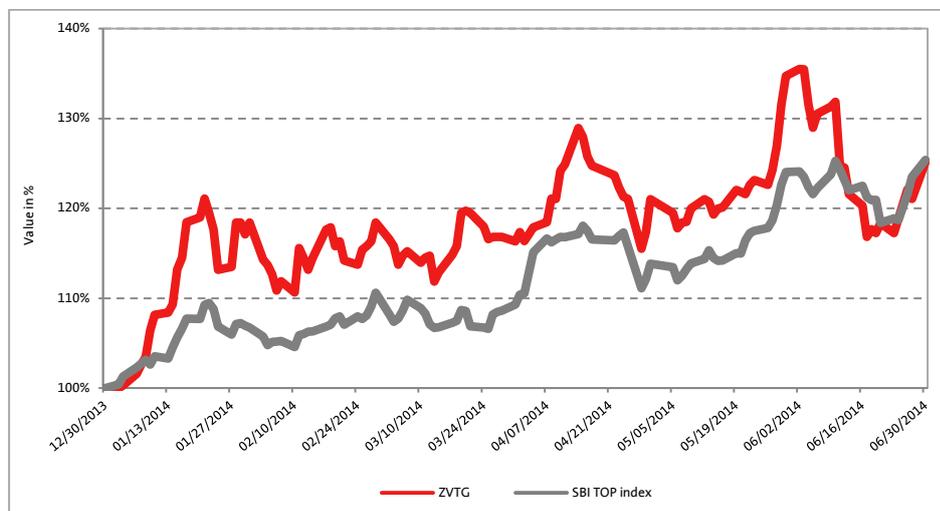
Gross written premium from insurance and co-insurance contracts



The decrease in gross written premiums is a consequence of aggressive price competition, unfavourable economic conditions, the economic crisis and the Company's strategic orientation on profitability.

For additional information see page 20.

The relative stock price change of the ZVTG share and the value of the SBI TOP Index in H1 2014 as compared to 31 December 2013



The ZVTG share price increased by over 25%.

For additional information see page 14.



Dear shareholders, business partners and colleagues!

In 2014, the Triglav Group continues to implement its strategy, placing focus on the core insurance business in combination with the maximisation of profitability and safety of operations. Despite unfavourable operating conditions and extraordinary loss events we estimate that in the first six months of 2014 the Triglav Group and the parent company performed well as confirmed by the results achieved. In the reporting period, we earned **EUR 56.3 million in net profit**, which represents a 23% growth compared to the respective period of 2013.

A high level of financial stability was maintained, as confirmed by »A-« credit ratings from Standard & Poor's and A.M. Best. These ratings were assigned a stable medium-term outlook and reflect solid risk-adjusted capitalisation, good operating performance and strong competitive position of the Triglav Group in the Slovene market.

Key financial indicators also point to the Group's high financial stability. As at 30 June 2014, **the total balance sheet assets** of the Triglav Group stood at **EUR 3,346.8 million**, representing a 9% increase over the 2013 year-end. **Insurance technical provisions**, which are the basis for balanced operations and ensure long-term safety to policyholders, grew by 6% to **EUR 2,387.1 million** as at the end of the reporting period. Compared to 31 December 2013, **total equity capital, which is crucial for safe insurance operations**, increased by 11% or **EUR 653.2 million** in nominal terms.

In the first six months of 2014, we continued with portfolio selection activities and focused on building relationships with high-quality clients. **The combined ratio** – a measure of profitability in core insurance operations – reached **95.7%** as at the reporting date. Compared to the respective period of 2013, it increased by 4.9 percentage points, mainly as a result of extraordinary loss events.

We made important steps to partially ease the pressure on premium income. The reasons behind a **2% decrease in gross written premium** will be mainly found in a challenging business environment. The Group and Zavarovalnica Triglav have responded to aggressive competition and changed consumer behaviour by taking different sales measures, 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, corporate bankruptcies, reduction in bank lending and lower sales of motor vehicles.

The performance was also affected by **extraordinary loss events**, mainly by snow and ice storms affecting the whole Slovenia in early 2014 and flood events in Croatia, Serbia and Bosnia and Herzegovina.

Our business results are heavily influenced by the situation on capital markets, as diverse financial investments represent the majority of the Company's assets. **Financial investment return** amounted to **EUR 93.6 million** and was as much as 199% higher over the same period last year. The high increase was primarily a result of higher profit from sales in trading with debt securities and significantly lower permanent impairments of financial investments in the corresponding period of the preceding year.

In the reporting period, **Zavarovalnica Triglav's shares (ZVTG)**, listed on the Ljubljana Stock Exchange, experienced price growth and high liquidity of the ZVTG share was again recorded. **From 31 December 2013 to 30 June 2014**, the closing price of Zavarovalnica Triglav's shares **increased by 25%** and as at the reporting date equalled EUR 23.78. The average daily trading volume of ZVTG shares was EUR 195,092, which was 1% more than the 2013 average.

According to forecasts, conditions in the markets in which Triglav operates will remain uncertain throughout the year. The implementation of the Triglav Group's strategy will be supported by active operating cost management, 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. As the Triglav Group wants to remain the market leader in Slovenia and consolidate its position in the target markets of South-East Europe, we will actively pursue these objectives.

Andrej Slapar

President of the Management Board of Zavarovalnica Triglav

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1. FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP IN THE FIRST HALF OF 2014

1.1 Performance of the Triglav Group

in EUR million			
	H1 2014	H1 2013	Index 2014/2013
Gross written premium from insurance and co-insurance contracts	487.8	496.4	98
Net premium earned	406.7	419.0	97
Gross claims paid	295.7	322.9	92
Net claims incurred	294.1	297.7	99
Gross operating costs*	114.0	110.9	103
Profit before tax	65.4	55.9	117
Net profit	56.3	45.6	123
Net profit attributable to the controlling company	56.1	45.3	124
	30 June 2014	31 December 2013	Index 2014/2013
Insurance technical provisions as at	2,387.1	2,261.4	106
Equity as at	653.2	590.5	111
Equity attributable to the controlling company as at	646.6	584.3	111
Number of employees as at	5,355	5,351	100

*Insurance business gross operating costs

Key performance indicators of the Triglav Group

	H1 2014	H1 2013
ROE annualised	19.1%	17.0%
Claims ratio	66.7%	63.0%
Expense ratio	29.1%	27.8%
Combined ratio	95.7%	90.8%
Ratio between gross operating costs and gross premium written	23.4%	22.3%

1.2 Performance of Zavarovalnica Triglav d.d. (hereinafter: Zavarovalnica Triglav)

in EUR million			
	H1 2014	H1 2013	Index 2014/2013
Gross written premium from insurance and co-insurance contracts	335.8	343.8	98
Net premium earned	264.8	277.2	96
Gross claims paid	197.2	217.5	91
Net claims incurred	195.4	196.8	99
Gross operating costs	82.0	78.7	104
Profit before tax	50.4	46.6	108
Net profit	42.9	37.5	114
	30 June 2014	31 December 2013	Index 2014/2013
Insurance technical provisions as at	2,073.8	1,959.3	106
Equity as at	538.2	499.8	108
Number of employees as at	2,384	2,373	100

Key performance indicators of Zavarovalnica Triglav

	H1 2014	H1 2013
ROE annualised	17.4%	15.8%
Claims ratio	64.6%	57.0%
Expense ratio	29.8%	28.0%
Combined ratio	94.4%	84.9%
Ratio between gross operating costs and gross premium written	24.4%	22.9%

1.3 Activities and position 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. It is present in eight markets and seven countries, where it is gaining ground and expanding its operations.

The Group's key business pillars are:

- insurance,
- asset management and
- support activities for two 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., Triglav, Upravljanje nepremičnin 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. ▪ Triglav, Upravljanje nepremičnin d.d. ▪ Slovenijales d.d. 	<ul style="list-style-type: none"> ▪ Triglav INT d.d. ▪ Triglav Svetovanje d.o.o. ▪ Triglav Avtoservis 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"> ▪ Pista d.o.o. 	
Montenegro	<ul style="list-style-type: none"> ▪ Lovćen Osiguranje a.d., Podgorica ▪ Lovćen životna osiguranje a.d., Podgorica 		<ul style="list-style-type: none"> ▪ Lovćen Auto a.d.
Macedonia	<ul style="list-style-type: none"> ▪ Triglav Osigurivanje 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 June 2014:

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.
- Triglav Naložbe, finančna družba d.d.
 - Golf Arboretum d.o.o.
 - Salnal d.o.o.
 - Avrigo, družba za avtobusni promet in turizem d.d.

Associated companies of the Triglav Group:

- Skupna pokojninska družba d.d.
- TriglavKo, zavarovalno zastopniška družba d.o.o.
- Nama trgovsko podjetje d.d.
- Goriške opekarne d.d.
- Elan Skupina (Skimar) d.o.o.
- IF Prof Plus

- Integral Notranjska d.o.o.
- Alptours d.o.o.
- Integral Zagorje d.o.o.
- Integral Stojna Kočevje d.o.o.
- Triglav Svetovanje, zavarovalno zastopanje d.o.o.
 - TRI-PRO BH d.o.o.
- Triglav Avtoservis, družba za storitve in trgovino 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.
- Triglav, Upravljanje nepremičnin d.d.
- Hotel Grad Podvin d.d.
- Vse bo v redu, Zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti (Everything will be alright – Institute of Zavarovalnica Triglav for corporate social responsibility)

Changes in the Triglav Group in the first half of 2014:

- Gradis IPGI d.d. changed its name to Triglav, Upravljanje nepremičnin d.d.
- AS Triglav - servis in trgovina d.o.o. changed its name to Triglav Avtoservis, družba za storitve in trgovino d.o.o. abbreviated to Triglav Avtoservis d.o.o.
- In April 2014, the Merger by Acquisition Agreement between Triglav nepremičnine, upravljanje, svetovanje in trgovanje z lastnimi nepremičninami d.o.o., Ljubljana and Zavarovalnica Triglav was signed. The merger of this 100%-owned subsidiary and the parent company is in line with optimising the management of the real property owned by Zavarovalnica Triglav. The merger by acquisition procedure is subject to the approval by the Insurance Supervision Agency.

1.5 Significant events in the reporting period

Significant events in the reporting period were the following:

- On 28 January 2014 Zavarovalnica Triglav d.d. started a new legal action against the company Skupna pokojninska družba d.d., Ljubljana, claiming EUR 360,844.00 in dividend payments which fell due in 2013. Skupna pokojninska družba d.d. in support of its failure to make that dividend payments alleges the existence of an outstanding counterclaim of EUR 817,738.96 as at 31 December 2013, arising from an agreement on making supplementary pension payments under a pension scheme set up in 2000. Zavarovalnica Triglav d.d. denies the existence of that counterclaim.
- On 27 January 2014, the Insurance Supervision Agency (the ISA) sent Zavarovalnica Triglav a request to review its operations in order to inspect, whether the Company's operations are in compliance with the Insurance Act and the pertaining secondary legislation. On 3 February 2014, the ISA started the review, and on 12 June 2014 Zavarovalnica Triglav received a report on the review of its operations. On 3 July 2014, Zavarovalnica Triglav submitted its comments on the report of the ISA.

- According to an assessment of claims related to frost in January and February 2014, Zavarovalnica Triglav expects the insured loss to amount to approximately EUR 10 million, which equals slightly more than a quarter of total annual losses paid on average for natural disasters in the period between 2008 and 2012. Electrical grid and telecommunication networks suffered the greatest damage.
- In the reporting period, the capital of the Triglav Group subsidiary Triglav Pojišt'ovna, Brno was increased. The capital was increased through an issue of 685 new shares with a nominal value of CZK 100,000. The total share capital increase amounted to CZK 68,500,000 or EUR 2,489,280. All newly issued shares were purchased by Triglav INT d.d., whereby Triglav Pojišt'ovna a.s. remained its 100%-owned subsidiary.
- Zavarovalnica Triglav considers its future presence in the Czech market, on which its subsidiary Triglav Pojišt'ovna, Brno operates, in line with the adopted strategy as well as in the context of focusing its business activities on increasing the value of the Triglav Group and efficient corporate governance of the Group's subsidiaries.
- In April 2014, additional capital to Triglav Osiguranje, Belgrade was provided. The capital was increased through an issue of 993,918 new shares with a nominal value of 700 Serbian dinars. The capital increase totalled 695,742,600 Serbian dinars or EUR 6,060,475.61. This amount was paid by Triglav INT d.d., as a result of which its equity stake in Triglav Osiguranje a.d., Belgrade grew from 99.15% to 99.80%.
- On 15 May 2014, Stanislav Vrtunski, member of the Management Board of Zavarovalnica Triglav, submitted to the Chairman of the Supervisory Board his final resignation as a member of the Management Board of Zavarovalnica Triglav. His term of office expires no later than on 15 November 2014. Stanislav Vrtunski will take up new work challenges in Pozavarovalnica Triglav Re d.d. within the Triglav Group.
- At its session on 22 May 2014, the Supervisory Board took note of the resignation of Stanislav Vrtunski, member of the Management Board of Zavarovalnica Triglav, and approved the termination of his term of office, which expires on 15 November 2014 at the latest. The Supervisory Board approved the draft resolution tabled by the President of the Management Board to expand the Management Board of Zavarovalnica Triglav d.d. and appointed Uroš Ivanc and Tadej Čoroli new members for a five-year term of office. The resolution will enter into force when the Insurance Supervision Agency authorises their membership in the Management Board.
- The 39th General Meeting of Shareholders of Zavarovalnica Triglav was held on 10 June 2014. At the meeting, the shareholders:
 - adopted a resolution on the distribution of accumulated profits;
 - granted a discharge for 2013 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;
 - adopted amendments to the Articles of Association and harmonisation of business activities.

See Section 2.2.1 *General Meetings of Shareholders in 2014* for more details.

2. GOVERNANCE OF THE TRIGLAV GROUP

2.1 Governance of Zavarovalnica Triglav

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

2.2 General Meeting of Shareholders

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

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

2.2.1 General Meeting of Shareholders in 2014

In the first half of 2014, the General Meeting of Shareholders of Zavarovalnica Triglav was convened once. At the 39th regular General Meeting of Shareholders of Zavarovalnica Triglav held on 10 June 2014, the shareholder representatives:

- passed the resolution on the distribution of accumulated profit totalling EUR 77,826,169.51 as at 31 December 2013 which shall be distributed as follows:
 - a part of accumulated profit in the amount of EUR 38,649,751.60 shall be allocated for dividend payments amounting to EUR 1.70 gross per share;
 - the distribution of the remaining accumulated profit of EUR 39,176,417.91 shall be decided on in future years;
- granted a discharge for the financial year 2013 to both the Management and the Supervisory Boards of Zavarovalnica Triglav;
- appointed the audit company ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as the auditors of Zavarovalnica Triglav for the 2014 business year;
- adopted the harmonisation of business activities and the amendments to Article 2 of the Articles of Association of Zavarovalnica Triglav.

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

2.3.1 Introducing the Management Board

As at 30 June 2014, the Management Board of Zavarovalnica Triglav was composed of:

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

On 15 May 2014, Stanislav Vrtunski, member of the Management Board Zavarovalnica Triglav, submitted to the Chairman of the Supervisory Board his final resignation as a member of the Management Board of Zavarovalnica Triglav. His term of office expired on 14 July 2014. Uroš Ivanc took office of a Management Board member on 14 July 2014 and Tadej Čoroli on 29 July 2014.

2.4 Supervisory Board

Nine members of the Supervisory Board are composed of six representatives of the shareholders and three representatives of employees. The Supervisory Board as a supervisory body supervises the company's business conduct with full responsibility.

The former are elected by the General Meeting of Shareholders and the latter by the Works Council. Their appointment and recall are made in accordance with the law and the Articles of Association. The Chairman and Vice-Chairman of the Supervisory Board are elected from among its members representing shareholders. Members of the Supervisory Board are given a four-year mandate and may be re-elected without limitation.

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

2.4.1 Composition of the Supervisory Board

Composition of the Supervisory Board as at 30 June 2014:

- 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.

3. SHARE CAPITAL AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV

3.1 Equity

As at 30 June 2014, the share capital of Zavarovalnica Triglav amounted to EUR 73,701,391.79. It was divided into 22,735,148 ordinary registered no-par value shares bearing the ZVTG ticker symbol and the ISIN code SI0021111651. The shares of Zavarovalnica Triglav are freely transferable and issued in a dematerialised form. Each represents the same stake and corresponding amount in the share capital. All have been fully paid in.

3.2 The share of Zavarovalnica Triglav

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

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

Table: Key figures for the shares of Zavarovalnica Triglav

Items	30 June 2014	31 December 2013
Number of shares	22,735,148	22,735,148
Book value per share (in EUR)	23.67	21.98
Share market value (in EUR) - closing price	23.78	19.00
Market capitalisation (in EUR) - closing price	540,641,819	431,967,812
Net earnings/loss per share** (in EUR)	1.89	2.12
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	

*In calculating the book value per share, the capital of the parent company and the balance of ordinary shares were taken into account as at 30 June 2014 and 31 December 2013.

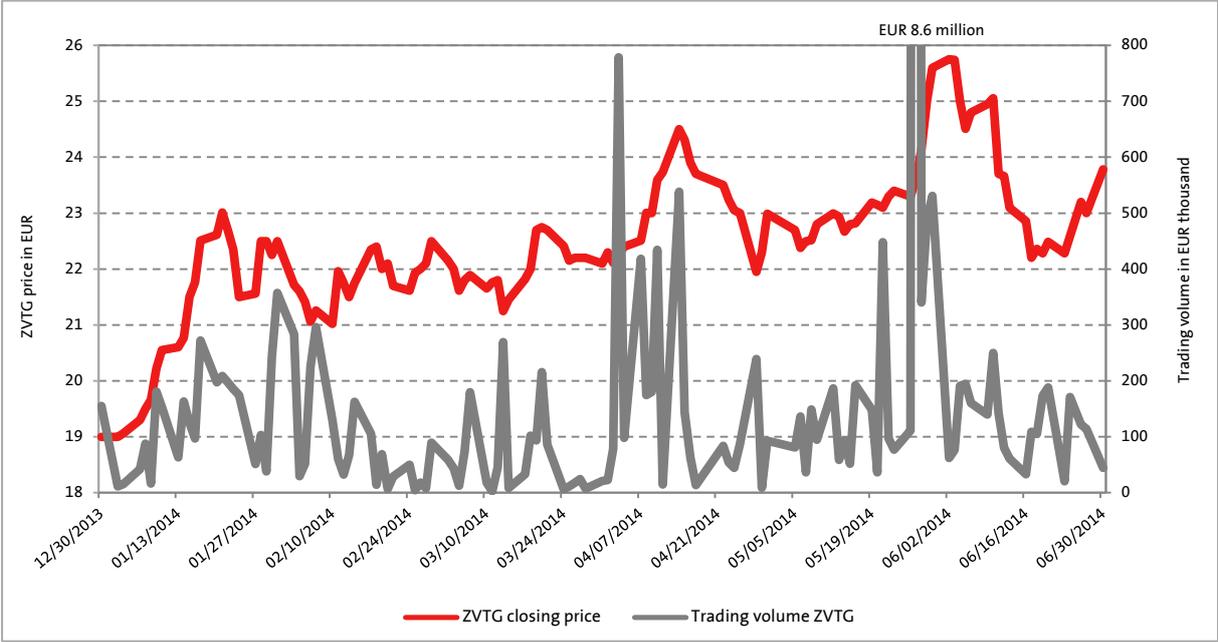
**In calculating net earnings/loss per share, net profit or loss of Zavarovalnica Triglav and weighted average number of ordinary shares were taken into account.

3.2.1 Trading on the Ljubljana Stock Exchange - LJSE

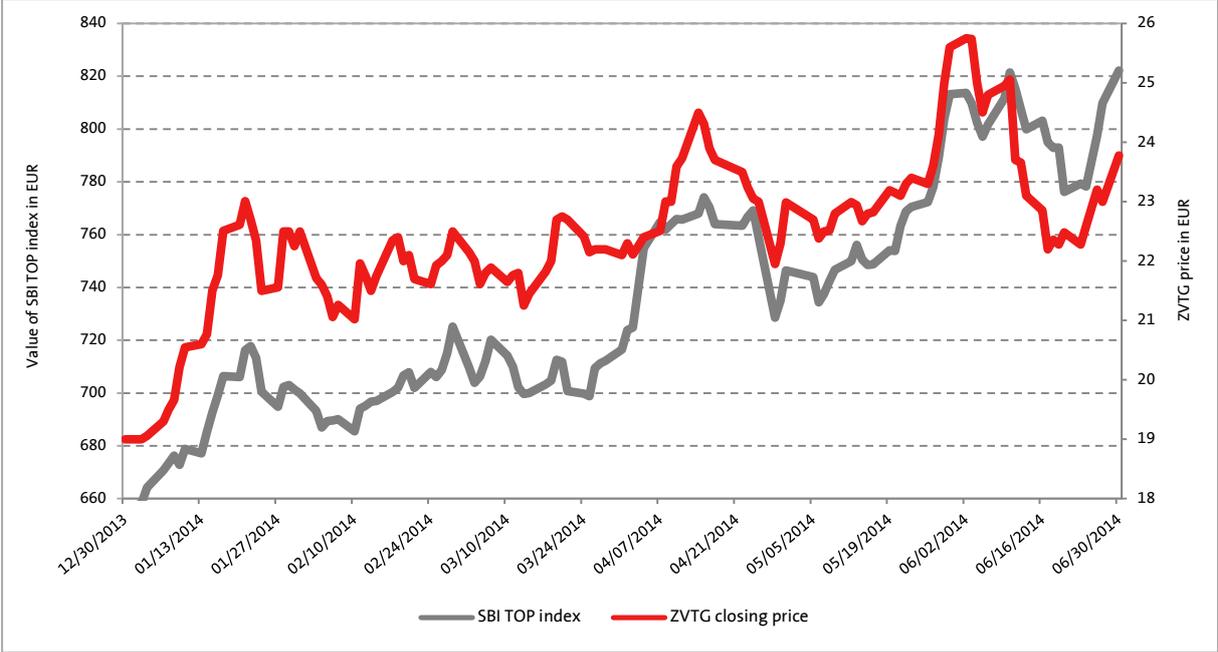
The first half of 2014 saw a growing price and further high liquidity of the ZVTG share, which increased by over 25%. Starting at EUR 19, on 2 June 2014 the share peaked to EUR 25.75. The cut-off date for dividend payment of EUR 1.70 per share was 12 June 2014. As at the reporting date, the closing price reached EUR 23.78.

The average daily trading volume of ZVTG shares was EUR 195,092, which was 1% more than the 2013 average of EUR 193,355.

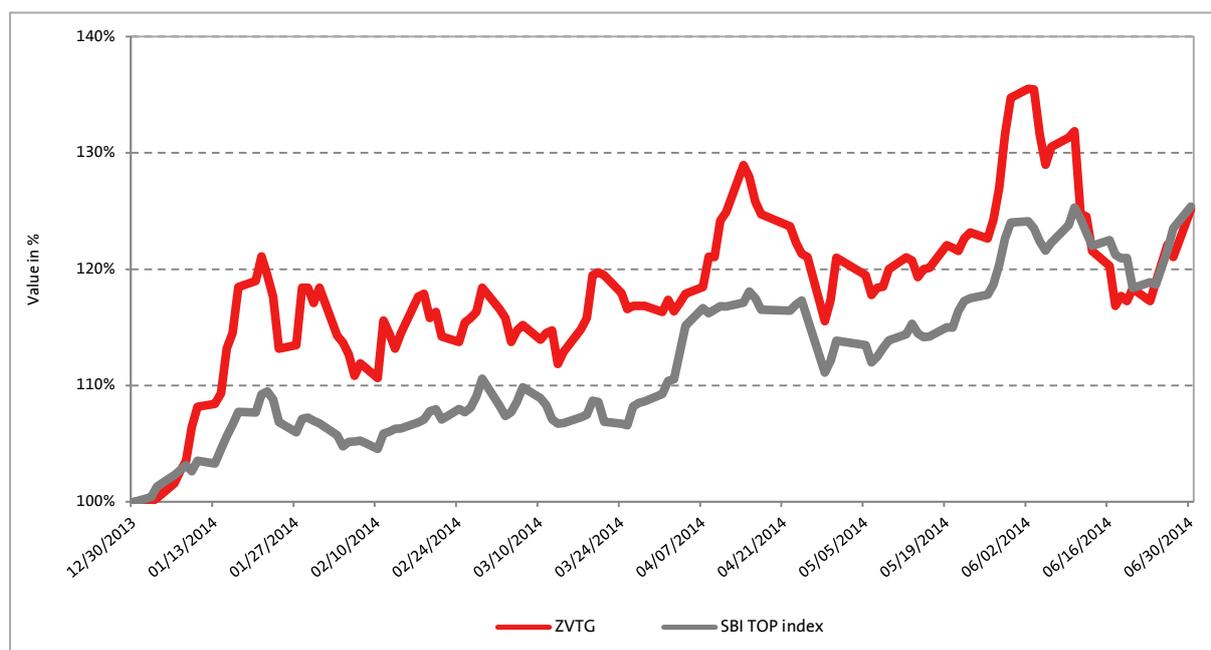
Graph: Movements in the closing price (left axis) and trading volume in EUR (right axis) of the ZVTG share



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



Graph: The relative stock price change of the ZVTG share and the value of the SBI TOP index in EUR in H1 2014 as compared to 31 December 2013



The ZVTG share price recorded movement similar to the trend of the SBI TOP Index. They both increased by 25%.

3.2.2 Shareholder structure

As at 30 June 2014, Zavarovalnica Triglav had 28,847 shareholders, 200 more over the end of 2013.

Table: Shareholder structure of Zavarovalnica Triglav as at 30 June 2014

	Total	Domestic	Foreign	Legal entities	Natural persons
Number of shares	22,735,148	18,960,961	3,774,187	20,711,234	2,023,914
Number of shareholders	28,847	28,365	482	681	28,166
Number of shares - percentage	100.00%	83.40%	16.60%	91.10%	8.90%
Number of shareholders - percentage	100.00%	98.33%	1.67%	2.36%	97.64%

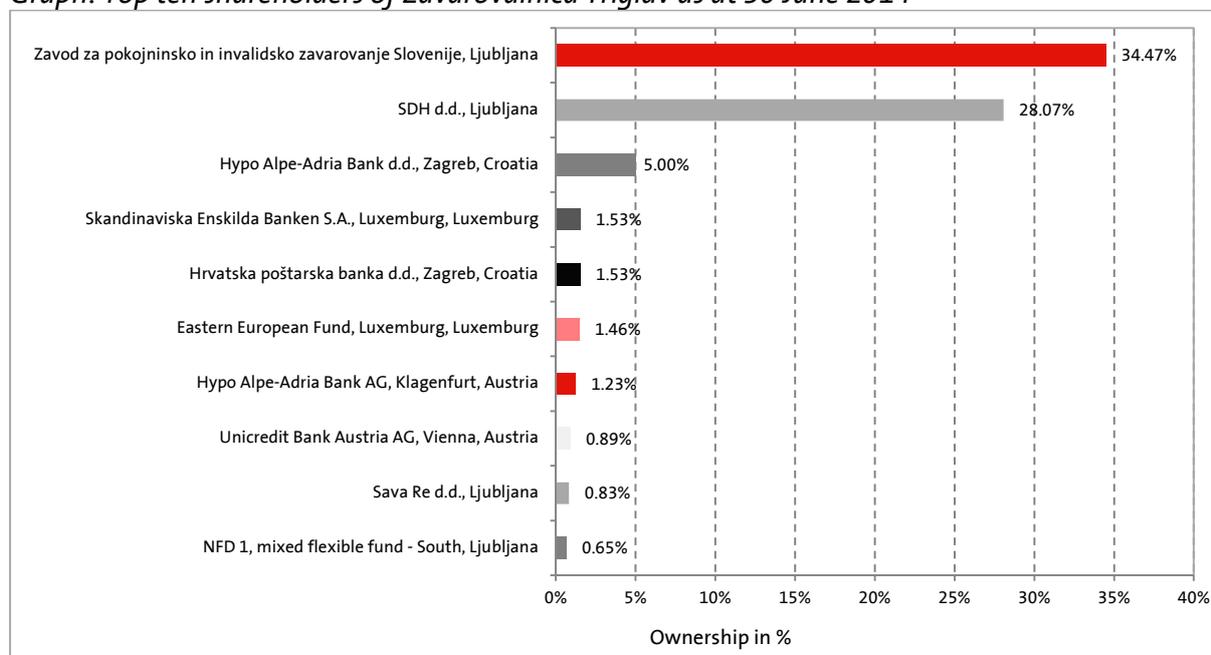
The ratio between foreign and domestic shareholders and natural persons and legal entities in the shareholder structure remained at the level similar to the 2013 year-end. The shareholdings of international investors in Zavarovalnica Triglav, accounting for only 1.67% of the total number of shareholders, stood at 16.60% as at the reporting date. The shareholder structure of Zavarovalnica Triglav was still dominated by domestic natural persons. As at 30 June 2014, natural persons accounted for 28,166 shareholders or almost 97.64% of all shareholders, holding only less than 9% of all shares of Zavarovalnica Triglav.

The number of treasury shares owned by the members of the Management and Supervisory Boards remained unchanged compared to the end of 2013, totalling 1,604 shares ⁽¹⁾.

⁽¹⁾ Mr Uroš Ivanc, who assumed the office of a Member of the Management Board of Zavarovalnica Triglav as of 14 July 2014, holds 80 shares of Zavarovalnica Triglav.

Ownership concentration measured by equity stakes of the top ten shareholders remained at a similar level as at the 2013 year-end. Almost 76% of shares were held by ten companies. In the first half of 2014, however, there were some changes among the top ten shareholders. The largest and unchanged equity stakes are maintained by ZPIZ and SDH (restructuring of Slovenska odškodninska družba). Claycroft Limited is no longer among the top ten shareholders, while NFD 1, a mixed flexible fund, became one of the top ten shareholders.

Graph: Top ten shareholders of Zavarovalnica Triglav as at 30 June 2014



3.3 Credit rating

With the confirmed »A-« credit rating, the Triglav Group met one of its key strategic objectives, thus consolidating its financial strength, solid performance and efficient strategy implementation.

In July 2014, the Standard & Poor's credit rating agency (hereinafter: the S&P) affirmed the Triglav Group's existing long-term credit rating and financial strength credit rating at »A-«. Thereby the S&P once again affirmed the »A-« long-term credit rating and financial strength rating of Zavarovalnica Triglav and its subsidiary Pozavarovalnica Triglav Re. The credit ratings of both companies, Zavarovalnica Triglav and Pozavarovalnica Triglav Re, have a stable medium-term outlook.

The credit ratings of the Triglav Group, i.e. Zavarovalnica Triglav and Pozavarovalnica Triglav Re, and the Republic of Slovenia are the same, only that the medium-term outlook of the Triglav Group is stable and that of the Republic of Slovenia is negative. Considering the practises in the international financial environment, it is remarkable that the Triglav Group has maintained a high credit rating in 2014 while the outlook on Republic of Slovenia is negative. This fact reflects the persisting view of the S&P that the Triglav Group is capable of preserving its strong competitive position, capital adequacy and high profitability.

In March 2013, the A.M. Best Rating Services assigned Zavarovalnica Triglav, and thus also the Triglav Group, a financial strength rating of »A-« (excellent) and an issuer credit rating of »A-«. A.M. Best assigned the same joint credit rating to Pozavarovalnica Triglav Re. The medium-

term outlook for the credit ratings is stable. In October 2013, the A.M. Best credit rating agency re-affirmed the above-mentioned credit ratings.

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 the Triglav Group as the licensed reinsurer of the Group.

4. PERFORMANCE IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2014

4.1 Environmental impact on the performance of Zavarovalnica Triglav and the Triglav Group

In the first half of 2014, the operations of Zavarovalnica Triglav and the Triglav Group were marked by the continuation of the economic and financial crisis. Falling purchasing power of households resulted in lower insurance density and changed consumer behaviour. The reaction of competitors to the exacerbated conditions of economic operation is strong, particularly affecting the operations of Zavarovalnica Triglav and the Triglav Group by reducing their premiums. Zavarovalnica Triglav and the Triglav Group are responding to tight conditions by introducing new sales approaches, bonus programmes and promotional offers, by launching new products, and by changing and adjusting the insurance terms and conditions, which consequently decrease 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.

The profit level was also affected by extraordinary loss events. At the beginning of 2014, a snow and glaze storm affected the entire territory of Slovenia, resulting in claims worth over EUR 10 million. By the end of the first half of 2014, EUR 4.9 million was paid in claims. In mid-May, the stormy wind in Slovenia caused claims worth EUR 1.5 million. Operations of insurance companies in Croatia, Serbia and Bosnia and Herzegovina were also affected by devastating floods in mid-May.

The situation on capital markets had a significant impact on the results of the first six months of 2014. Financial investment return amounted to EUR 93.6 million and was as much as 199% higher over the same period last year. The high increase was primarily a result of higher profit from sales in trading with debt securities and significantly lower permanent impairments of financial investments in the corresponding period of the preceding year.

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 half of 2014 with a net profit of EUR 56.3 million (index 123), while Zavarovalnica Triglav generated a profit of EUR 42.9 million EUR (index 114).

4.2 The insurance market and the position of the Group members in the first half of 2014

In the reporting period, there were 14 insurance companies and 4 foreign branch offices active in the Slovene insurance market. Together they recorded gross written premiums of EUR 1,058.7 million, which was 2.3% less than in the same period of 2013.

Traditional insurance companies (17) booked a total of EUR 1,057.1 million in premiums, of which 74.6% stemmed from non-life insurance and the remainder from life insurance. Life insurance premium decreased by 4.5%, while non-life insurance premium recorded a decrease of 1.6%.

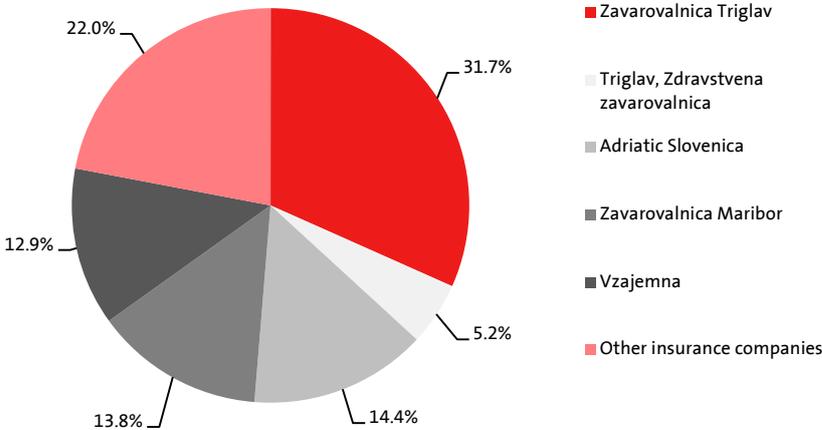
The market is characterised by a high degree of concentration. The four largest insurers controlled over 72.8% of the traditional insurance market (vs. 73.1% in 2013). With a 31.7% share, Zavarovalnica Triglav remains the market leader, the same as a year ago. The

The market share of the Triglav Group in Slovenia stood at 36.9%, having increased by 0.5 percentage point over the respective period in the preceding year.

second largest market share was held by Adriatic Slovenica, a company 2.2 times smaller. As at the reporting date, Zavarovalnica Triglav and Triglav Zdravstvena zavarovalnica had a combined market share of 36.9%, which was 0.5 percentage point more over 2013.

The Company held 31.6% of the non-life insurance market, which is 0.2 percentage point more compared to the previous year, whilst its life insurance market share came to 32.0% or 0.4 percentage point less than in the respective period of 2013. Maintaining the leading position in the market is becoming increasingly challenging, as the fierce price competition is additionally aggravated by a difficult economic situation. In the conditions of high market concentration, the competition is directed at the existing clients. Therefore, maintaining the market position will greatly depend on the speed of responses to market changes.

Graph: The market share of traditional insurance companies in Slovenia at the end of the first half of 2014



Source: Slovenian Insurance Association

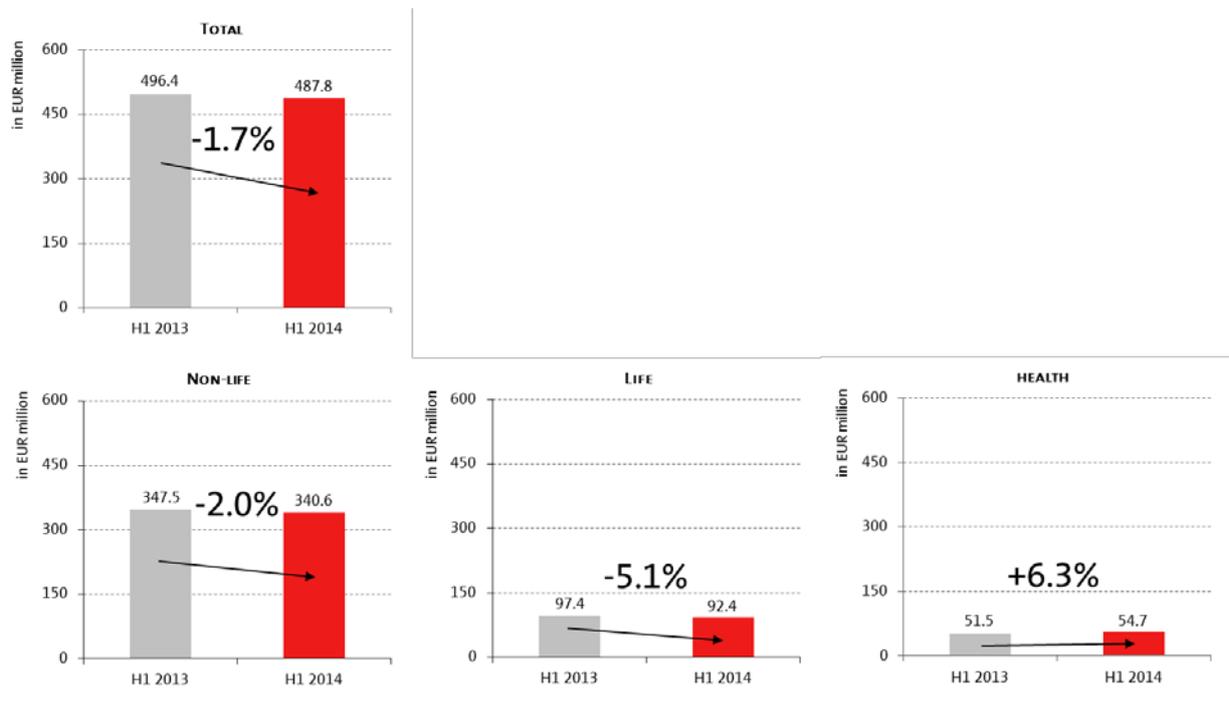
4.3 Performance of the Triglav Group

4.3.1 Gross written premiums from insurance and co-insurance contracts

In the first six months of 2014, the Triglav Group posted a total of EUR 487.8 million in consolidated gross insurance and co-insurance premium or 2% less than in the respective period of 2013. **Non-life insurance** total was EUR 340.6 million (index 98), **life insurance** reached EUR 92.4 million (index 95) and **health insurance** EUR 54.7 million (index 106).

In the first half of 2014, the Triglav Group charged EUR 487.8 million in gross insurance and co-insurance premiums.

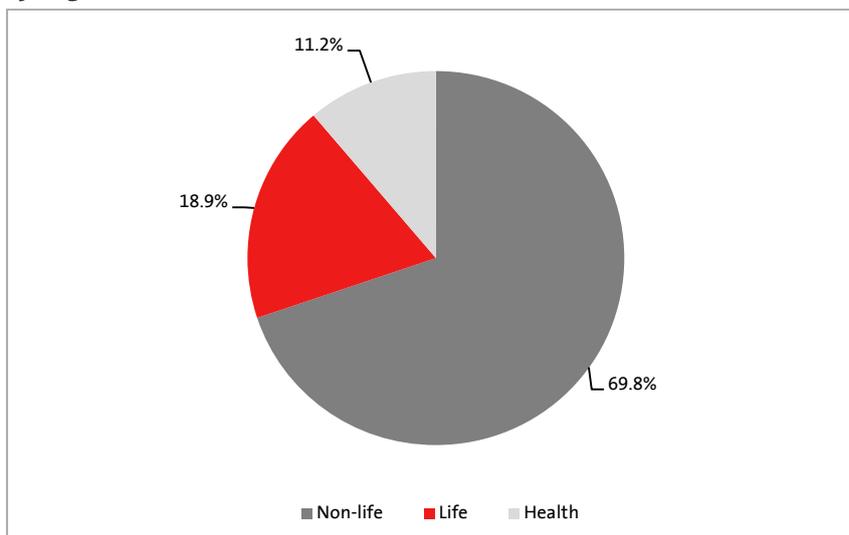
Graph: Gross written premiums from insurance and co-insurance contracts in H1 2014 compared to H1 2013



The structure of consolidated written premiums by insurance segment was as follows:

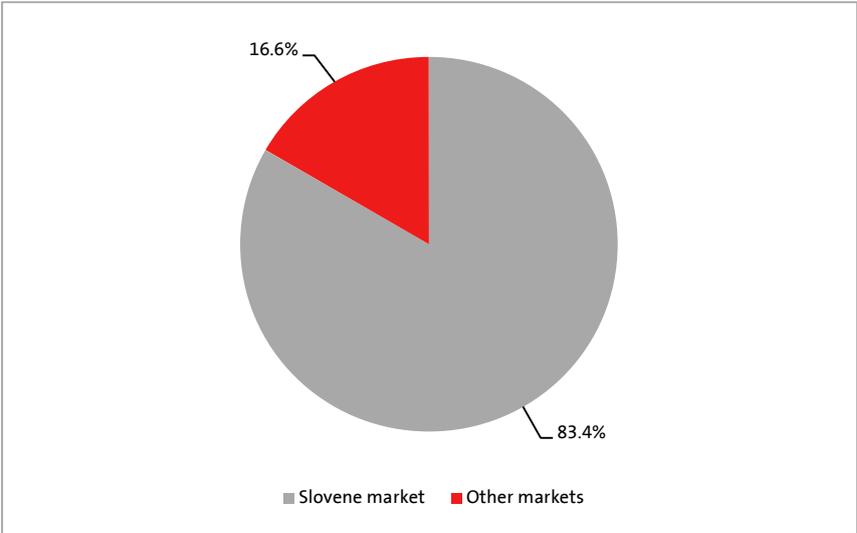
- non-life insurance accounted for 69.8% (H1 2013: 70.0%);
- life insurance accounted for 18.9% (H1 2013: 19.6%) and
- health insurance accounted for 11.2% (H1 2013: 10.4%).

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



A total of 83.4% of consolidated gross written premiums was charged in the Slovene insurance market, representing a 0.7 percentage point increase over 2013.

Graph: Gross written premiums from insurance and co-insurance contracts of the Triglav Group by markets



The Triglav Group insurance companies (excluding Pozavarovalnica Triglav Re) booked EUR 471.6 million in non-consolidated gross insurance and co-insurance premiums, which was 2% less than in the same period last year. Trends varied depending on subsidiary and market. In Slovenia, gross written premiums of Zavarovalnica Triglav were lower by 2%, whilst those of Triglav Zdravstvena zavarovalnica were higher by 6%. Gross written premiums grew in Triglav Osiguranje, Banja Luka and Triglav Osiguranje, Belgrade by 18%, in Triglav Osiguruvanje, Skopje by 14% and in Triglav Osiguranje, Sarajevo by 1%. Gross written premiums were lower in Triglav Pojišt'ovna by 21%, Triglav Osiguranje, Zagreb by 13%, Lovćen Osiguranje, Podgorica and Lovćen životna osiguranja by 8%.

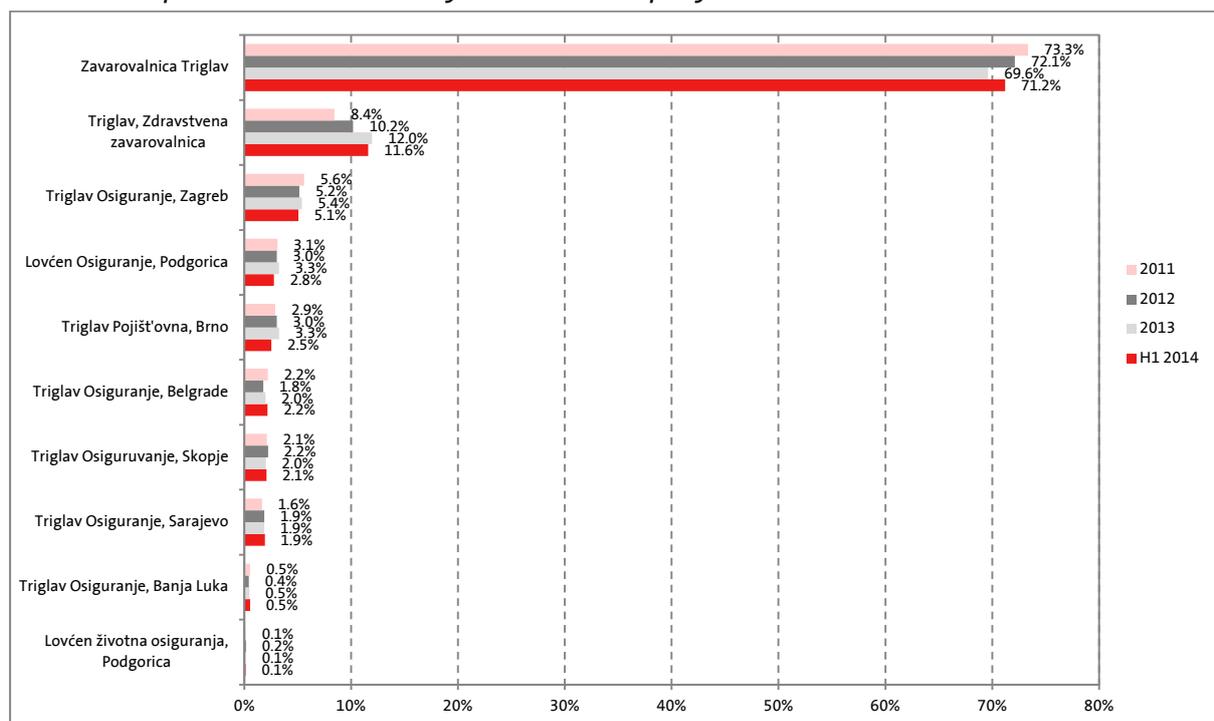
Pozavarovalnica Triglav Re booked a total of EUR 60.1 million in gross insurance premiums or 1% less than in the respective period of 2013. The decrease in premiums was to a great extent caused by a drop in premiums from goods in transit insurance due to a contract cancellation on a larger transport abroad and in premiums from motor vehicle liability insurance in operations within the Triglav Group. On the other hand, high growth was recorded in aircraft insurance, aircraft liability insurance, marine insurance and accident insurance. Lower gross insurance premiums were a result of lower premiums from optional business with the Triglav Group (index 96), whilst insurance premiums earned outside the Triglav Group went up by 5%.

Table: Gross written premiums from insurance and co-insurance contracts in H1 2014 by insurance company of the Triglav Group

Insurance company	Gross written premiums			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	H1 2014
Zavarovalnica Triglav	249,660,467	86,157,285	335,817,752	99	94	98	71.2%
Triglav, Zdravstvena zavarovalnica	54,718,300	0	54,718,300	106	0	106	11.6%
Triglav Osiguranje, Zagreb	19,792,677	4,042,233	23,834,910	86	94	87	5.1%
Triglav Osiguranje, Sarajevo	7,452,346	1,606,658	9,059,004	96	135	101	1.9%
Triglav Pojišt'ovna, Brno	11,953,542	0	11,953,542	79	0	79	2.5%
Lovćen Osiguranje, Podgorica	13,098,452	0	13,098,452	92	0	92	2.8%
Triglav Osiguranje, Belgrade	9,992,223	289,660	10,281,883	119	95	118	2.2%
Triglav Osiguranje, Banja Luka	2,558,368	0	2,558,368	118	0	118	0.5%
Triglav Osiguruvanje, Skopje	9,743,033	0	9,743,033	114	0	114	2.1%
Lovćen životna osiguranja, Podgorica	0	578,617	578,617	0	92	92	0.1%
Total	378,969,408	92,674,453	471,643,861	99	95	98	100.0%
Pozavarovalnica Triglav Re	60,086,909	0	60,086,909	99	0	99	
Consolidation eliminations	-43,722,908	-252,714	-43,975,622	97	117	97	
Total consolidated	395,333,409	92,421,739	487,755,148	99	95	98	

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

Graph: Gross written premiums from insurance and co-insurance contracts in H1 2014 compared to the same period in 2011–2013 by insurance company



4.3.1.1 Non-life insurance

In non-life insurance, the Triglav Group insurance companies charged EUR 379.0 million in non-consolidated insurance and co-insurance premiums, which represents a 1% decrease compared to the respective period of 2013.

Motor vehicle insurance remains the largest insurance class, accounting for 32.8% of total written premiums. In **comprehensive car insurance**, insurance companies of the Group collected EUR 66.2 million in written premiums, or 4% less compared to the same period in 2013. Growth was recorded only by Triglav Osiguranje, Banja Luka (19%) and Triglav Osiguranje, Sarajevo (2%). Other insurance companies recorded a drop in premiums, the largest in Triglav Osiguruvanje, Skopje (index 78) and Triglav Pojišt'ovna (index 84). The Group collected EUR 88.6 million in **motor liability insurance** premiums, which was 5% less than in H1 2013. A decrease in premiums was seen in the parent company (index 96), whose share in total premiums from motor vehicle liability insurance represents almost 63%, in Triglav Pojišt'ovna (index 79), Triglav Osiguranje, Zagreb (index 85) and Lovćen Osiguranje, Podgorica (index 90). Other insurance companies recorded premium growth, the largest, i.e. 21%, by Triglav Osiguranje, Banja Luka and Triglav Osiguranje, Belgrade.

Motor vehicle insurance remained the most important segment, accounting for 32.8% of total premiums earned.

The main reasons for a decrease in the motor vehicle insurance premiums were the aggressive price competition among insurance companies, lower premiums due to several sales promotion activities, the introduction of additional discounts (a bonus programme) and the economic crisis. The effects of the economic crisis are widespread and manifested in lower sales of motor vehicles in most of the countries where the Triglav Group operates as well as in lower insurance density of natural persons and legal entities, failure to renew comprehensive car insurance for older vehicles, for vehicles after the expiration of leasing contracts or after loan repayment, stricter borrowing terms and conditions, and corporate bankruptcies. Apart from that, Triglav Pojišt'ovna's drop in premiums was a result of tighter underwriting conditions and changes in the pricing policy, liberalisation of the motor liability insurance market in Croatia, which resulted in aggressive price competition among insurers in this insurance segment, and closing down the business of some road worthiness test providers in Montenegro (a major sales channel for the conclusion of motor vehicle insurance), which have to make adjustments to their premises in compliance with the new regulations on roadworthiness tests.

A growth of 6% was recorded in **health insurance**, where the Triglav Group wrote EUR 55.0 million in premiums. Triglav, Zdravstvena zavarovalnica collected the majority of premiums, i.e. EUR 54.7 million in insurance premiums, which is 6% more than in the respective period last year. The growth of written premiums stems from successful marketing of supplemental health insurance products.

A premium growth of 6% was achieved in health insurance.

In the **real property** insurance class (fire and natural disaster insurance and other damage to property insurance), premiums of EUR 94.9 million were booked, which was approximately the same as in the previous year (index 100). In fire and natural disaster insurance, a drop of 3% was recorded, while other damage to property insurance experienced a 3% premium growth. The strongest increase in premiums written was observed in Triglav Osiguruvanje, Skopje (index 140), Triglav Osiguranje, Banja Luka (index 132) and Triglav Osiguranje, Belgrade (index 122) due to acquiring new policyholders. Zavarovalnica Triglav, accounting for 81% of total premiums, saw a 1% increase in written premiums (for more information see *Section 4.4.1*). On the contrary, a significant drop in written premiums was recorded in Triglav Pojišt'ovna (index 61), Triglav Osiguranje, Sarajevo (index 88), Triglav Osiguranje, Zagreb (index 89) and Lovćen

Osiguranje (index 90). The main reasons for significantly lower premiums in Triglav Pojišt'ovna are the transition to a new IT system, making it difficult to provide this type of insurance, and the transformation of these insurance products into the products of other insurance classes. Less premium in Triglav Osiguranje, Sarajevo was generated due to the discontinuation of cooperation and a reduced scope of insurance coverage of some large policyholders. In Triglav Osiguranje, Zagreb the main reason for the drop in premiums is non-renewal of insurance contracts of some major clients, primarily due to poor insurance technical results or financial problems of policyholders and lower fronting premiums. The decline in premiums in Lovćen Osiguranje is a result of partial charging of premiums of some policyholders already in December 2013 for the year 2014 and/or non-renewal of insurance contracts of some major clients.

In **general liability insurance**, the Triglav Group recorded EUR 23.7 million, having decreased by 2% compared to the respective period in 2013, representing 5.0% of total premiums. Zavarovalnica Triglav, accounting for almost 84% of total premiums, booked approximately the same premium volume as in 2013 (index 100). A high increase in premiums was recorded in insurance subsidiaries Triglav Osiguranje, Belgrade and Triglav Osiguruvanje, Skopje due to increased volume of policies of existing clients and acquiring new policyholders. A drop in premiums was posted by Triglav Osiguranje, Banja Luka, Triglav Pojišt'ovna, Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Zagreb. The main reason for this decline is non-renewal of insurance policies or a reduced scope of insurance coverage of some large policyholders.

Accident insurance represented 4.9% of total written premiums, or EUR 22.9 million in nominal terms and remained at approximately the same level as in 2013 (index 100). A decrease in premiums was posted by Zavarovalnica Triglav, Triglav Osiguranje, Zagreb, Triglav Osiguranje, Banja Luka and Triglav Pojišt'ovna, whose combined share in total premiums from accident insurance represented 77%. Other insurance companies recorded premium increases. The decrease in accident insurance premiums was primarily the consequence of lower group accident insurance premiums as a result of an increasing number of corporate bankruptcies and lower corporate operating expenses. The drop in accident insurance premiums was also a result of the situation in the motor vehicle insurance market, as almost a half of premiums 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).

Credit insurance accounted for a 2.4% share of total premiums. The written premiums amounted to EUR 11.5 million, which is 13% more than in 2013. Zavarovalnica Triglav (accounting for 99.6% of total premiums) recorded a 13% growth in written premiums, mainly as a result of high growth in consumer loan insurance, the largest insurance sub-class of credit insurance (see *Section 4.4.1* for details). Apart from the parent company, credit insurance is also sold by Triglav Osiguranje, Sarajevo where the premiums markedly decreased due to a reduced scope of cooperation with one of the banks.

Premiums from **other non-life insurance** (accounting for 3.4% of total premiums) decreased by 3% to EUR 16.1 million, mainly as a result of lower aircraft insurance premiums in Lovćen Osiguranje and goods in transit insurance in Triglav Osiguranje, Zagreb. Zavarovalnica Triglav, accounting for 75% of total premiums, saw a 1% decline in written premiums compared to the preceding year (for more information see *Section 4.4.1*). Other insurance subsidiaries of the Group recorded high growth in premiums, the highest rates in Triglav Pojišt'ovna and Triglav Osiguruvanje, Skopje. Among insurance sub-classes high growth was seen in aircraft liability insurance, miscellaneous financial loss insurance, assistance insurance and marine liability insurance.

4.3.1.2 Life insurance

In total, the Triglav Group insurance companies charged EUR 92.7 million in non-consolidated gross written premiums from **life insurance** contracts or 5% less than in the first nine months of 2013. This accounted for 19.6% of total gross written premiums, which was 0.7 percentage point less than in the corresponding period of 2013. The main reasons for this decrease can be found in the persistent adverse financial and economic conditions, 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 (an increased number of maturities).

In a deteriorated economic and financial environment, clients were more prudent when purchasing long-term life insurance policies.

Premiums from **life insurance** (traditional life, pension, annuity pension, voluntary pension insurance and tontine) amounted to EUR 47.7 million or 51.4% of the life insurance class total. Life insurance generated 4% more premiums than in the same period of 2013, however comparison with the last year is not realistic. In 2013, annuity pension insurance was a part of the capital redemption insurance class, whereas this year it is covered by the life insurance class. Significant growth in premiums was recorded in Triglav Osiguranje, Sarajevo, achieved as a result of sales via agencies and banking sales channels.

The premiums generated by **unit-linked life insurance** totalled EUR 38.2 million or 41.2% of total written premiums in the life insurance class. They were 6% lower than in the previous year. Unit-linked life insurance policies are available from Zavarovalnica Triglav (a 6% decline compared to 2013) and Triglav Osiguranje, Zagreb (compared to 2013 a 12% decline), which booked EUR 36.6 million and EUR 1.6 million in written premiums respectively.

Supplemental voluntary pension insurance (capital redemption insurance) generated EUR 6.8 million or 7.4% of total life insurance premiums. The premiums dropped by 38% compared to the year before, although comparison with the same period last year is not realistic. In 2013, annuity pension insurance was a part of the capital redemption insurance class, whereas this year it is covered by the life insurance class.

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

Insurance class	Gross written premium		Index	Structure
	H1 2014	H1 2013	H1 2014/ H1 2013	H1 2014
Accident insurance	22,946,615	22,999,943	100	4.9%
Health insurance	55,014,196	51,792,481	106	11.7%
Comprehensive car insurance	66,188,967	69,287,242	96	14.0%
Real property insurance	94,902,595	94,521,423	100	20.1%
Motor liability insurance	88,640,790	93,535,437	95	18.8%
General liability insurance	23,670,274	24,217,624	98	5.0%
Credit insurance	11,468,260	10,183,338	113	2.4%
Other non-life insurance	16,137,544	16,636,924	97	3.4%
Non-life insurance	378,969,241	383,174,412	99	80.4%
Life insurance	47,673,512	45,926,022	104	10.1%
Unit-linked life insurance	38,182,898	40,765,288	94	8.1%
Capital redemption insurance	6,818,044	10,955,623	62	1.4%
Life insurance	92,674,454	97,646,933	95	19.6%
Total	471,643,695	480,821,345	98	100.0%

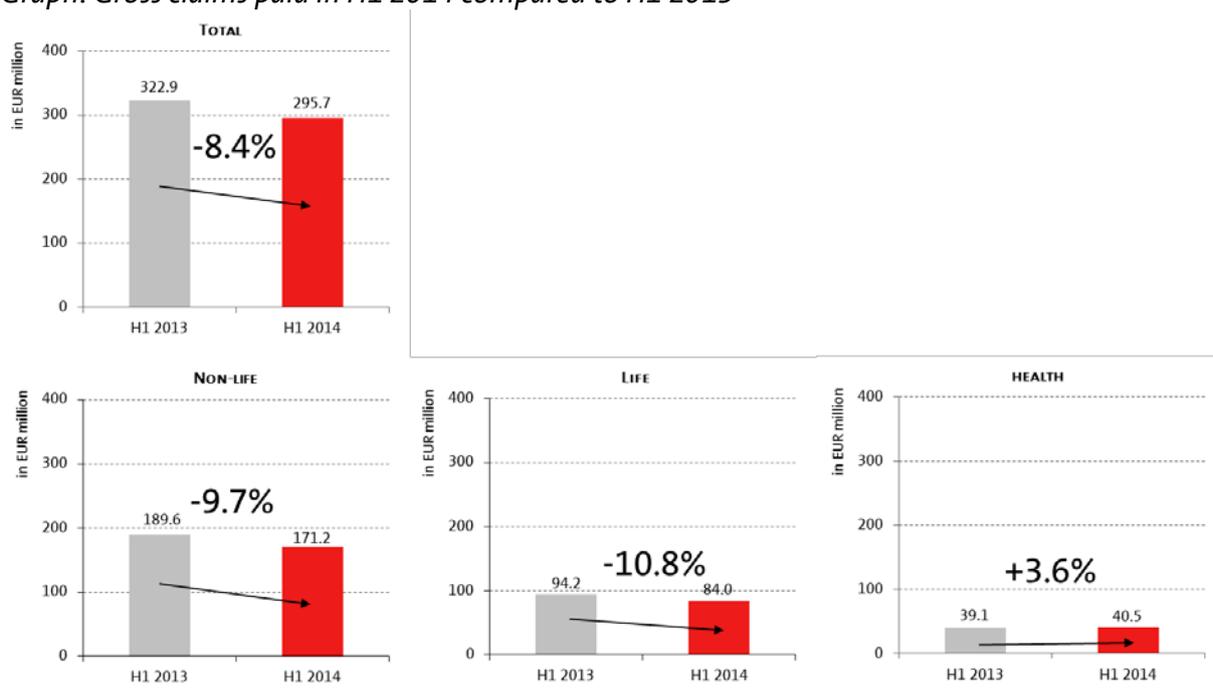
Note: The data on life insurance and capital redemption insurance premiums for 2014 and 2013 are not comparable. In 2013, annuity pension insurance was a part of the capital redemption insurance class (supplemental voluntary pension insurance), whereas this year it is covered by the life insurance class.

4.3.2 Gross claims paid

In the first six months of 2014, the Triglav Group posted a total of EUR 295.7 million in consolidated gross claims paid (including claim handling costs and subrogation receivables) or 8% less than in the same period of 2013. Gross claims paid in **non-life insurance** came to EUR 171.2 million (index 90), in the **life insurance** segment they amounted to EUR 84.0 million (index 89) and in **health insurance** they totalled EUR 40.5 million (index 104).

Gross claims paid decreased by 8% compared to the same period of 2013.

Graph: Gross claims paid in H1 2014 compared to H1 2013



Excluding Pozavarovalnica Triglav Re, the Triglav Group insurance subsidiaries posted EUR 282.7 million in non-consolidated gross claims, which represents a decrease of 9% compared to the previous year. The highest growth rates in gross claims paid were recorded by Lovćen životna osiguranja (index 251), Triglav Osiguranje, Banja Luka (index 162) and Lovćen Osiguranje, Podgorica (index 109). A 4% increase in gross claims paid was observed in Triglav Zdravstvena zavarovalnica and Triglav Osiguranje, Sarajevo. A decrease in gross claims paid was recorded by Triglav Osiguranje, Zagreb (index 67), Triglav Pojišt'ovna, Brno (index 75), Triglav Osiguruvanje, Skopje (index 84), Zavarovalnica Triglav (index 91) and Triglav Osiguranje, Belgrade (index 94).

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 26.9 million, or 15% less than the preceding year. This drop was primarily caused by lower gross claims paid in general liability insurance (index 13) because of a large claim payment in 2013, credit insurance (index 62), fire and natural disaster insurance (index 86) and other damage to property insurance (index 93), the latter two being the largest insurance classes. Gross claims paid in business outside the Triglav Group increased by 7% on account of claims settlement due to higher loss events in 2013 (heavy storms in Germany and in Northern Europe and flood events in Central Europe). In the reporting period, gross claims paid in operations in the Triglav Group decreased by 31%.

Table: Gross claims paid in H1 2014 by insurance company of the Triglav Group

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	H1 2014
Zavarovalnica Triglav	116,922,874	80,293,286	197,216,160	93	88	91	69.8%
Triglav, Zdravstvena zavarovalnica	40,516,257		40,516,257	104		104	14.3%
Triglav Osiguranje, Zagreb	11,260,506	2,239,699	13,500,205	62	119	67	4.8%
Triglav Osiguranje, Sarajevo	3,647,263	440,096	4,087,359	105	98	104	1.4%
Triglav Pojišt'ovna, Brno	9,285,928		9,285,928	75		75	3.3%
Lovćen Osiguranje, Podgorica	7,873,403		7,873,403	109		109	2.8%
Triglav Osiguranje, Belgrade	3,905,108	150,643	4,055,751	94	120	94	1.4%
Triglav Osiguranje, Banja Luka	1,200,787		1,200,787	162		162	0.4%
Triglav Osiguruvanje, Skopje	4,118,102		4,118,102	84		84	1.5%
Lovćen životna osiguranja, Podgorica		859,257	859,257		251	251	0.3%
Total	198,730,228	83,982,981	282,713,209	92	89	91	100.0%
Pozavarovalnica Triglav Re	26,915,830		26,915,830	85		85	
Consolidation eliminations	-13,914,200	-360	-13,914,560	72	86	72	
Total - consolidated	211,731,858	83,982,621	295,714,479	93	89	92	

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

4.3.2.1 Non-life insurance

Non-consolidated gross claims in **non-life insurance** amounted to EUR 198.7 million or 8% less than in the respective period of 2013.

Claims related to **motor liability insurance** represented 15.8% of total gross claims settled by the insurance subsidiaries of the Triglav Group. Total claims paid amounted to EUR 44.8 million, which was 14% less than in respective period last year. All Group's insurance companies recorded a drop in gross claims in this insurance class. Less premiums were booked primarily by Triglav Osiguranje, Banja Luka, Triglav Pojišt'ovna and Triglav Osiguruvanje, Skopje. In Zavarovalnica Triglav, holding a 62% structural share, claims settled in motor vehicle liability insurance fell by 13%. The decrease was a result of fewer reported claims.

A 10% decrease in gross claims paid was recorded in the **comprehensive car insurance** class. Gross claims paid amounted to EUR 43.4 million, which was 15.4% of all claims settled. In this

insurance class, the majority of the Triglav Group insurance subsidiaries posted a decrease in gross claims paid mainly due to a lower number of reported claims. Highest growth in gross claims paid was recorded by Triglav Osiguranje, Banja Luka (index 163) due to a large payment of a claim in court ruling and the payment of claims as a result of flood damage. Lovćen Osiguranje recorded a 1% increase in gross claims paid. In the parent company, which accounts for 83% of the total, gross claims settled in this insurance class experienced a 10% decrease.

In **health insurance** gross claims increased by 3%, mainly due to insurance portfolio growth in Triglav Zdravstvena zavarovalnica. Equalisation scheme expenses totalled EUR 3.8 million, which was 4% less than in the same period last year (a decrease of EUR 149 thousand).

In **real property insurance**, total claims paid amounted to EUR 37.6 million or 13% less than the year before, accounting for 13.3% of total gross claims paid. In fire and natural disaster insurance, a 34% decrease in gross claims was achieved, whilst other damage to property insurance grew by 8%. A large decline in gross claims paid was recorded by Triglav Osiguranje, Zagreb, which made several large payments of individual claims in the corresponding period last year, and by Triglav Pojišt'ovna due to portfolio selection and fewer insurance policies taken out. Other insurance subsidiaries of the Group, however, recorded high growth. In Triglav Osiguranje, Banja Luka, high growth in gross claims was a result of large payments of two individual claims, which were largely reinsured. High growth in claims in Lovćen Osiguranje was a result of claim payments to two large policyholders due to damage on the electrical grid caused by storms in January 2013. High growth in Triglav Osiguranje, Sarajevo was affected by high claims and claims due to floods. A significant increase in Triglav Osiguranje, Belgrade is mostly a consequence of a high claim paid in court ruling. Zavarovalnica Triglav, holding a 77% share of this insurance class, recorded an 8% increase in claims, mainly as a result of damage on the electrical grid and telecommunication networks caused by frost in Slovenia in early 2014. High growth was also recorded in combined non-life insurance products due to a large payment of claim to two policyholders by the parent company.

Accident insurance dropped by 3%, amounting to EUR 11.5 million. The decrease in claims in this insurance class was mostly due to the drop in claims paid in the largest insurance subclass: group accident insurance in Zavarovalnica Triglav (index 94). The parent company's share in the Group's accident insurance accounts for 59% of the total. A substantial decrease in gross written claims was recorded by Triglav Osiguranje, Skopje and Triglav Osiguranje, Zagreb due to fewer reported claims.

Gross claims paid in **general liability insurance** were lower by as much as 24%. A high drop was primarily a consequence of a 31% decrease in gross claims paid by Zavarovalnica Triglav (accounting for 86% of total claims in this insurance class) because a large payment of a product liability insurance claim was made in the respective period last year. A decline in claims settled was also posted by Triglav Osiguranje, Skopje, Lovćen Osiguranje, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Sarajevo, whilst other insurance companies recorded growth in gross claims settled.

Gross claims paid in **credit insurance** decreased by 21%, amounting to EUR 1.9 million. Gross claims paid by the Triglav Group, accounting for the majority of total claims (92%) in this insurance class, decreased by 19%. This drop was mainly caused by decreased claims in domestic trade insurance and export credit insurance. A significant decrease in claims was also recorded in Triglav Osiguranje, Zagreb.

A 30% increase in gross claims paid was recorded in **other non-life insurance**, primarily owing to high growth in Triglav Osiguranje, Zagreb and the parent company. This is mostly due to high claims paid arising from marine insurance. The main reasons for high growth in Zavarovalnica Triglav are primarily a result of higher gross claims paid in suretyship insurance

(liquidation of a high-value guarantee), railway insurance (an increase in loss events) and goods in transit insurance (larger portfolio). On the other hand, aircraft liability insurance and miscellaneous financial loss insurance experienced decreases in claims paid.

4.3.2.2 Life insurance

Gross claims paid in **life insurance** totalled EUR 84.0 million and were 11% lower compared to the respective period last year. Claims in the life insurance class accounted for 29.7% of total claims paid, which is 0.6 percentage point less than the year before.

Gross claims paid in life insurance decreased by 11% compared to the year before.

The bulk of all claims settled was accounted for by the **life insurance** class (traditional life, annuity, annuity pension and voluntary pension insurance), which totalled EUR 48.2 million, or 4% less compared to the previous year, due to a decrease in sums paid out on the maturity, decreased number of surrenders and fewer withdrawals. Due to an increase in sums paid out on the maturity the gross claims in **unit-linked life insurance** paid grew by 5% to EUR 30.3 million. Gross claims paid in **supplemental voluntary pension insurance** decreased by 64% as a result of lower payments due to transfers to another pension insurance provider and withdrawals from insurance contracts. However, comparison with the previous year for this insurance class is not realistic as in 2013 annuity pension insurance, which is now a part of life insurance, was not accounted for in this insurance class.

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

Insurance class	Gross written premium		Index	Structure
	H1 2014	H1 2013	H1 2014/ H1 2013	H1 2014
Accident insurance	11,510,882	11,863,036	97	4.1%
Health insurance	40,841,764	39,534,132	103	14.4%
Comprehensive car insurance	43,425,753	48,361,956	90	15.4%
Real property insurance	37,628,540	43,219,810	87	13.3%
Motor liability insurance	44,753,056	51,837,289	86	15.8%
General liability insurance	8,587,385	11,320,652	76	3.0%
Credit insurance	1,874,345	2,382,078	79	0.7%
Other non-life insurance	10,108,505	7,789,301	130	3.6%
Non-life insurance	198,730,230	216,308,254	92	70.3%
Life insurance	48,191,041	50,267,819	96	17.0%
Unit-linked life insurance	30,348,320	28,925,344	105	10.7%
Capital redemption insurance	5,443,618	14,977,098	36	1.9%
Life insurance	83,982,979	94,170,261	89	29.7%
Total	282,713,209	310,478,515	91	100.0%

Note: The data on gross claims paid in life insurance and capital redemption insurance for 2014 and 2013 are not comparable. In 2013, 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.

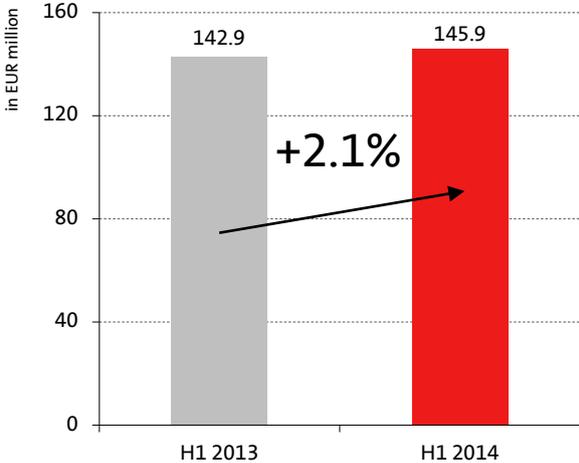
4.3.3 Gross operating expenses

Gross consolidated operating expenses of the Triglav Group totalled EUR 145.9 million, increasing 2% over the preceding year. **Insurance business expenses** climbed by 3% to EUR 114.0 million. **Expenses of non-insurance business** remained approximately at the same level as the year before (index 100), reaching EUR 31.9 million.

Gross operating expenses went up by 2% mainly as a result of sales campaigns.

Insurance business operating expenses accounted for 23.4% of gross written premiums, which was 1.0 percentage point more than in the respective period one year earlier. Gross operating expenses in **non-life insurance** equalled EUR 92.4 million (index 103), in the **life-insurance** segment they amounted to EUR 17.5 million (index 101) and in **health insurance** they totalled EUR 4.0 million (index 120).

Graph: Gross operating expenses in H1 2014 compared to the same period of 2013



Acquisition costs (fees and commissions) increased by 22%, mainly as a result of sales campaigns, and totalled EUR 19.8 million. The costs of acquisition of goods remained approximately at the same level as the year before (index 100), reaching EUR 9.1 million. Depreciation costs equalled EUR 8.7 million or 5% less compared to 2013. With 45.5%, labour costs accounted for the largest portion of total expenses and increased by 2%, totalling EUR 69.9 million. Costs of services provided by natural persons other than sole proprietors equalled EUR 1.3 million, having decreased by 7%. Other operating expenses decreased by 1% to EUR 44.9 million.

In total gross operating expenses, broken down by functional group, costs of insurance contract acquisition accounted for 59.3%, representing an increase of 4.5 percentage points. Claim handling costs accounted for 11.8% (2013: 12.3%) and asset management costs for 1.7% (2013: 1.5%). Other operating expenses represented 27.1% and decreased by 4.3 percentage points.

Table: Gross operating expenses in H1 2014 by nature

	Gross operating costs		Index	Structure
	H1 2014	H1 2013	2014/2013	H1 2014
Acquisition costs (fees and charges)	19,820,415	16,265,456	122	12.9%
Costs of goods sold	9,098,303	9,122,108	100	5.9%
Depreciation of operating assets	8,688,537	9,185,156	95	5.6%
Labour costs	69,926,932	68,312,839	102	45.5%
- wages and salaries	49,396,610	48,958,677	101	32.1%
- social securities and pension insurance costs	10,942,417	10,521,338	104	7.1%
- other labour costs	9,587,905	8,832,824	109	6.2%
Costs of services provided by natural persons other than SPs together with pertaining taxes	1,347,801	1,447,223	93	0.9%
Other operating expenses	44,899,414	45,498,254	99	29.2%
- costs of entertainment, advertising, trade shows	6,811,757	6,702,360	102	4.4%
- costs of material and energy	6,947,330	7,427,520	94	4.5%
- maintenance costs	4,827,780	4,849,894	100	3.1%
- reimbursement of labour-related costs	2,300,969	2,338,216	98	1.5%
- costs of intellectual and personal services	1,945,499	1,961,837	99	1.3%
- non-income-related costs, excluding insurance	1,216,774	1,264,143	96	0.8%
- costs of transport and communication services	2,307,571	2,396,705	96	1.5%
- costs for insurance premiums	605,708	626,785	97	0.4%
- payment transaction costs and banking services	1,311,138	1,443,509	91	0.9%
- rents	2,978,084	3,068,902	97	1.9%
- costs of services of professional training	369,750	572,045	65	0.2%
- other costs of services	13,277,054	12,763,836	104	8.6%
- long-term employee benefits	0	82,502	0	0.0%
Total	153,781,402	149,831,036	103	100.0%
Consolidation eliminations	-7,908,979	-6,952,503	114	
Total consolidated	145,872,423	142,878,533	102	

4.3.4 Reinsurance

In the first half of 2014, the Triglav Group allocated EUR 44.6 million of reinsurance and coinsurance premiums to external equalisation, which is 1% more than in the respective period of 2013. Reinsurance premiums accounted for 9.1% total gross written insurance and coinsurance premiums. An amount of EUR 10.1 million was received from reinsurance (index 55).

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 June 2014, the Triglav Group allocated EUR 2,387.1 million to gross insurance technical provisions, a 6% increase over the 2013 year-end. In non-life insurance, the amount of gross insurance technical provisions increased by 8%, whereas in life insurance and in health insurance it grew by 4% and 3% respectively.

The total amount of gross insurance technical provisions increased by 6%.

Provisions by type as at 30 June 2014 compared to 31 December 2013:

- **Gross provisions for unearned premiums** increased by 22% and reached EUR 314.8 million. Unearned premiums from non-life insurance amounted to EUR 311.9 million (index 122), unearned premiums from life insurance totalled EUR 494 thousand (index 109), while those from health insurance increased by 21% or EUR 2.4 million in nominal terms.

- **Gross claims provisions** increased by 2% and amounted to EUR 687.9 million. Gross provisions for outstanding claims in non-life insurance equalled EUR 660.3 million (index 102), in the life-insurance segment they amounted to EUR 19.9 million (index 99) and in health insurance they totalled EUR 7.6 million (index 94).
- **Mathematical provisions** stood at EUR 1,360.7 million or 4% more than at the end of 2013. Of that amount, EUR 910.1 million arose from the guarantee fund backing life insurance (index 105), and the remaining EUR 450.6 million from the guarantee fund backing unit-linked life insurance (index 104).
- **Provisions for bonuses and discounts** increased by 2% to EUR 15.7 million.
- **Other insurance technical provisions** totalled EUR 8.0 million and increased by 5% compared to the 2013 year-end.

Table: Gross insurance technical provisions as at 30 June 2014

	Gross insurance technical provisions		Index
	30 June 2014	31 December 2013	2014/2013
Unearned premiums	314,816,174	258,066,669	122
Mathematical provisions	1,360,728,767	1,305,934,730	104
Claims provisions	687,887,746	674,436,244	102
Provisions for bonuses and discounts	15,722,317	15,399,739	102
Other insurance technical provisions	7,962,741	7,595,652	105
Total	2,387,117,745	2,261,433,034	106

4.3.6 Structure of financial investments

As at 30 June 2014, financial assets amounted to EUR 2,729.5 million or 7% more than as at the 2013 year-end. Their share in total assets dropped by 1.0 percentage point and stood at 81.6%.

The tables show certain changes in investment grade structure of financial assets at the end of the reporting period, as the Triglav Group implemented its strategy of maintaining a high credit rating. With 67.3%, **debt and other fixed-return securities** accounted for the bulk of total financial assets. Their share in total assets grew by 1.1 percentage points compared to the end of 2013. As at the reporting date, they reached EUR 1,837.7 million (index 109).

Unit-linked insurance contract investments amounted to EUR 456.2 million as at the end of the first half of 2014. Compared to the 2013 year-end, they experienced a 4% increase and accounted for 16.7% of total financial assets (0.5 percentage point less than as at 31 December 2013).

The largest increase was recorded in **investments in shares and other floating rate securities**, having increased by 39%, partly as a result of an active management policy and partly due to higher prices of these investments. They amounted to EUR 157.3 million, accounting for 5.8% of total financial assets, having increased by 1.3 percentage points over the 2013 year-end.

In total financial assets, **deposits with banks** accounted for 3.9%, having decreased by 5% to EUR 105.2 million. **Investment property** amounted to EUR 96.5 million and accounted for 3.5% of total financial assets, which decreased by 1%. **Loans given** declined by 38% and amounted to EUR 33.3 million, accounting for 1.2% of the total. This decrease was primarily a result of the final maturity of the loan in the amount of EUR 20 million. **Other financial investments** stood at EUR 29.2 million (index 98), representing a 1.1% share of total financial assets.

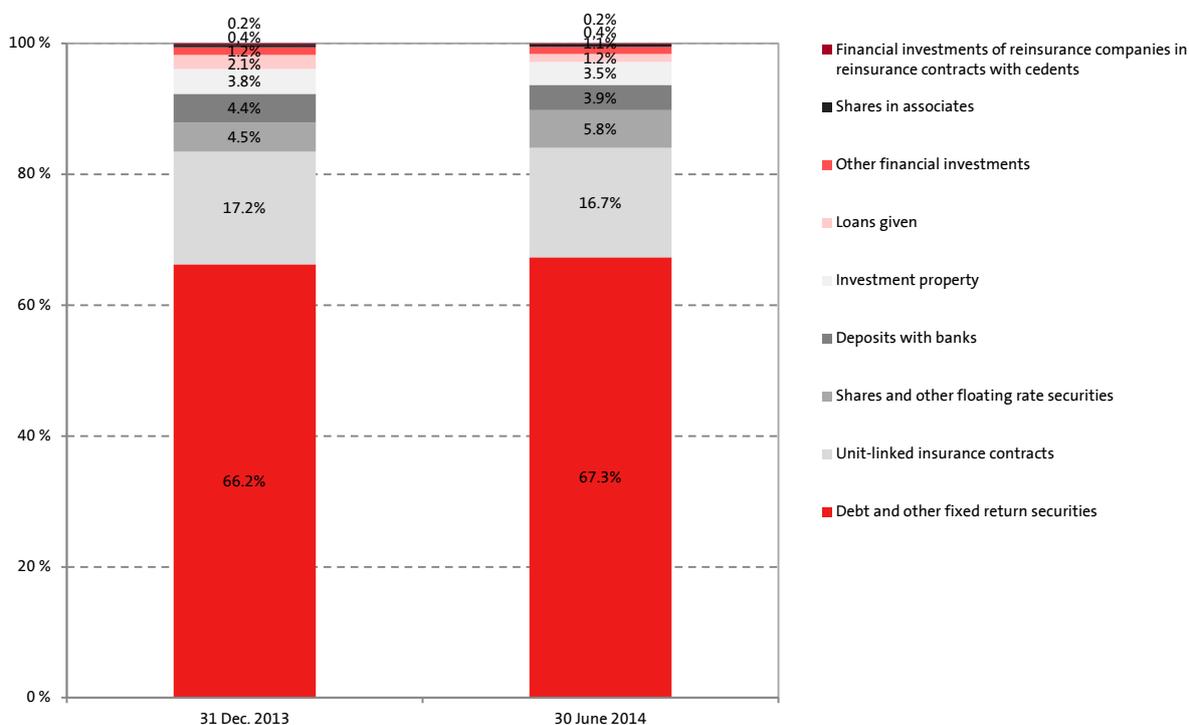
Financial investments in associates fell by 3% (a 0.4% share of total financial investments), amounting to EUR 9.9 million.

Financial investments of reinsurance companies in reinsurance contracts with cedents were 1% lower compared to the 2013 year-end, totalling EUR 4.1 million, and accounted for a 0.2% share of total financial assets.

Table: Financial assets of the Triglav Group as at 30 June 2014 and 31 December 2013

	Financial investments			Structure
	30 June 2014	31 Dec. 2013	Index	30 June 2014
Investment property	96,518,692	97,245,384	99	3.5%
Shares in associates	9,885,518	10,204,674	97	0.4%
Shares and other floating rate securities	157,262,295	113,308,492	139	5.8%
Debt and other fixed return securities	1,837,732,119	1,682,058,225	109	67.3%
Loans given	33,315,049	53,739,807	62	1.2%
Deposits with banks	105,232,888	111,252,085	95	3.9%
Other financial investments	29,244,667	29,990,307	98	1.1%
Financial investments of reinsurance companies in reinsurance contracts with cedents	4,124,688	4,166,848	99	0.2%
Unit-linked insurance contracts	456,233,714	437,667,615	104	16.7%
Total	2,729,549,630	2,539,633,437	107	100.0%

Graph: Structure of financial assets of the Triglav Group



Government bonds representing 63.2% continued to account for the bulk of total fixed-return debt securities. Compared to 31 December 2013, they grew by 25% and their share in total financial assets rose by 7.9 percentage points. Financial bonds saw an increase of 0.4 percentage point, representing 16.4% in total debt securities, whereas in total debt and other fixed-return securities, the shares of corporate bonds (17.4%) and structured bonds (2.9%) decreased.

Table: Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index	Structure	
	30 June 2014	31 December 2013	2014/2013	30 June 2014	31 Dec. 2013
Government	1,162,306,665	931,508,835	125	63.2%	55.4%
Corporate	319,882,294	416,414,731	77	17.4%	24.8%
Financial	301,442,379	268,514,593	112	16.4%	16.0%
Structured	54,100,781	65,620,066	82	2.9%	3.9%
Total	1,837,732,119	1,682,058,225	109	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

With respect to the credit rating, bonds with a BBB credit rating hold the largest, 50.4% share. Their share increased by 8.9 percentage points (index 133) compared to the 2013 year-end. Higher exposure is a result of both new purchases made in this credit rating grade and the migration of investments due to a changed credit rating and an extraordinary increase in BBB-rated bonds. The extraordinary growth rate of BBB-rated bonds resulted primarily from narrowing the credit spreads of peripheral countries. An average price growth of 12.1% was recorded in the BBB credit rating grade; a half of which was contributed by an increase in prices and a half by migration and new purchases. Lower shares of A-rated and AA-rated bonds stems not only from a lower return achieved in the reporting period by bonds with the highest credit ratings compared to BBB-rated bonds but also from the maturity of short-term positions in the BBB credit rating grade. A lower share of bonds with the worst credit ratings resulted from the fact that certain securities in this rating grade fell due and the Company's policy aimed at making slightly fewer investments in these grades.

Table: Table: Debt securities of the Triglav Group by issuer credit rating

Credit rating	Debt securities		Index	Structure	
	30 June 2014	31 December 2013	2014/2013	30 June 2014	31 Dec. 2013
AAA	294,206,652	319,807,623	92	16.0%	19.0%
AA	123,890,441	135,631,475	91	6.7%	8.1%
A	239,881,554	258,228,467	93	13.1%	15.4%
BBB	925,622,310	696,985,051	133	50.4%	41.4%
Below BBB	175,070,332	157,628,625	111	9.5%	9.4%
Not rated	79,060,831	113,776,984	69	4.3%	6.8%
Total	1,837,732,119	1,682,058,225	109	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

Changes in exposure of debt securities to individual countries are a result of price fluctuations and active trading. Most purchasing transactions involved securities in peripheral countries, particularly of Italian (index 237), Spanish (index 150) and Slovene issuers (index 127). Price changes contributed more than half of the increase in these positions. Lower exposure to countries with the highest credit ratings is a result of reservations to invest in securities with a relatively low return under the current conditions of record low interest rates.

Table: Debt securities of the Triglav Group by issuer's country

Country of issuer	Debt securities		Index	Structure	
	30 June 2014	31 December 2013	2014/2013	30 June 2014	31 Dec. 2013
Slovenia	488,899,430	392,777,070	124	26.6%	23.4%
Germany	249,856,843	296,233,281	84	13.6%	17.6%
France	130,329,536	160,156,601	81	7.1%	9.5%
Spain	119,418,153	79,665,521	150	6.5%	4.7%
Netherlands	108,167,011	45,664,085	237	5.9%	2.7%
Italy	103,897,142	116,296,851	89	5.7%	6.9%
Other	637,164,003	591,264,815	108	34.7%	35.2%
Total	1,837,732,119	1,682,058,225	109	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The proportion of shares in total assets increased mainly due to purchases of shares in developed markets and growth share prices of Slovene issuers and those in developed markets. Exposure to shares of emerging market issuers is lower as a result of sales made at the beginning of 2014 and exposures to shares in the Balkans.

Table: Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index	Structure	
	30 June 2014	31 December 2013	2014/2013	30 June 2014	31 Dec. 2013
Slovenia	80,906,435	68,664,283	118	48.4%	55.6%
Developed markets	68,846,177	36,128,938	191	41.2%	29.3%
Developing markets	7,704,984	9,409,322	82	4.6%	7.6%
Balkans	9,690,217	9,310,624	104	5.8%	7.5%
Total	167,147,813	123,513,166	135	100.0%	100.0%

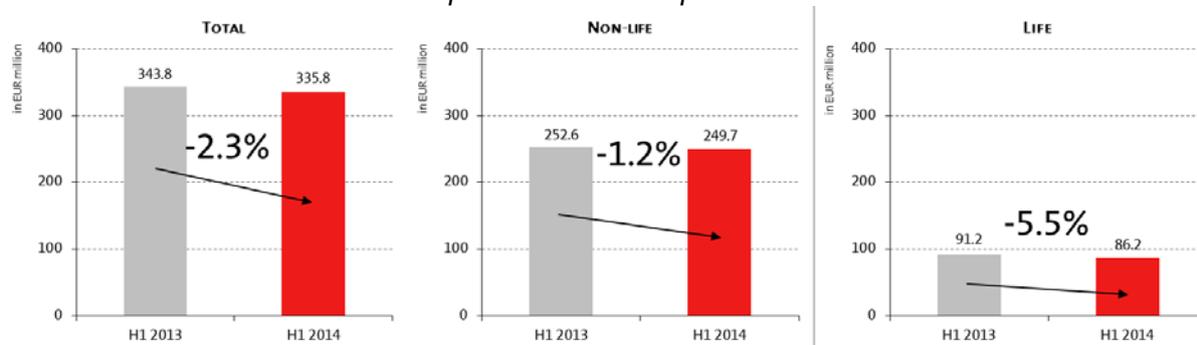
4.4 Performance of Zavarovalnica Triglav

4.4.1 Gross written premiums from insurance and co-insurance contracts

In the first six months of 2014, Zavarovalnica Triglav booked a total of EUR 335.8 million of gross written premiums from insurance and co-insurance contracts or 2% less than in the same period of the year before.

Zavarovalnica Triglav booked a total of EUR 335.8 million of gross written premiums from insurance and co-insurance contracts.

Graph: Gross written premiums from insurance and co-insurance contracts in H1 2014 compared to the same period in 2013



The gross written premiums in non-life insurance totalled EUR 249.7 million, having decreased by 1% compared to the preceding year, whilst that of life insurance decreased by 6% or EUR 86.2 million in nominal terms.

In total written premiums, non-life insurance accounted for 74.3% and life insurance for 25.7%. The share of non-life insurance premiums in total gross written premiums increased by 0.9 percentage point compared to the same period of the previous year.

Table: Gross written premiums from insurance and co-insurance contracts for Zavarovalnica Triglav in H1 2014 by insurance class

Insurance class	Gross written premium		Index	Structure
	H1 2014	H1 2013	H1 2014/ H1 2013	H1 2014
Accident insurance	16,680,379	17,021,935	98	5.0%
Health insurance	0	0	0	0.0%
Comprehensive car insurance	56,824,191	58,788,397	97	16.9%
Real property insurance	77,171,013	76,199,733	101	23.0%
Motor liability insurance	55,571,071	58,416,156	95	16.5%
General liability insurance	19,851,335	19,805,632	100	5.9%
Credit insurance	11,427,820	10,108,140	113	3.4%
Other non-life insurance	12,131,612	12,269,602	99	3.6%
Non-life insurance	249,657,422	252,609,594	99	74.3%
Life insurance	42,724,808	41,266,539	104	12.7%
Unit-linked life insurance	36,615,225	38,983,243	94	10.9%
Capital redemption insurance	6,818,044	10,955,623	62	2.0%
Life insurance	86,158,077	91,205,405	94	25.7%
Total	335,815,498	343,814,999	98	100.0%

Note: The data on life insurance and capital redemption insurance premiums for 2014 and 2013 are not comparable. In 2013, 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**, an increase in gross written premiums was seen in credit insurance and real property insurance. In credit insurance premiums written amounted to EUR 11.4 million, representing a 13% growth, mainly as a result of high growth in consumer loan insurance, the largest insurance sub-class of credit insurance (66%), as banks more frequently decided to take out credit insurance. Good sales results were achieved in financial gap insurance, insurance in the event of unemployment, disability and death, export credit insurance and payment card claims insurance.

In the real property insurance class (fire and natural disaster insurance and other damage to property insurance), premiums recorded a 1% growth. High growth was achieved in travel insurance as a result of a sales campaign organised in April and May and in combined non-life insurance by attracting new clients (transfer of international programmes) and increasing the premium of insurance subsidiaries. However, solid sales results were achieved in fire insurance of civil risks, fire insurance in the power industry, machinery breakdown insurance, car warranty insurance, food freezer insurance, broken glass and insurance of raw materials and semi-finished products.

Premium from general liability insurance remained at approximately the same level as in 2013 (index 100). A substantial premium growth was recorded in liability insurance of attorneys-at-law, liability of medical doctors, construction insurance, professional liability insurance products, of which combined share accounts only for 4% of total general liability premiums. The general liability insurance, accounting for 77% of total premiums of this insurance class, recorded a 1% growth. On the contrary, liability insurance of management and supervisory board members saw a major drop, since a premium of a large policyholder in 2013 was invoiced for 2013 and 2014 at the same time.

In motor vehicle insurance, which accounts for the largest share (33.5%) in the portfolio, EUR 112.4 million in premiums was recorded; i.e. 4% less than in 2013. Motor liability insurance premiums and comprehensive car insurance premiums decreased by 5% and 3% respectively. The main reasons for this decrease are:

- a persisting aggressive price competition among insurance companies;

- lower premiums due to several sales promotion activities and continued inclusion of policyholders in the "Triglav komplet" bonus programme;
- greater prudence of policyholders and the economic crisis resulted in older and fewer vehicles owned by families, which is reflected in non-renewal, cancellation and reduced volume of purchased comprehensive car insurance.

The decrease in accident insurance premiums (index 98) was primarily the consequence of lower premiums in collective accident insurance as the largest insurance sub-class of accident insurance group (38%). The premium drop is a result of an increasing number of corporate bankruptcies and lower corporate operating expenses. The decrease in accident insurance premiums was also a result of the situation in the motor vehicle insurance market, as almost a half of premiums 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). High premium growth in accident insurance for children and adolescents is a result of effective web sales and direct mail campaigns.

A 1% premium decrease was seen in other non-life insurance. This mainly resulted from lower premiums in suretyship insurance, miscellaneous financial loss insurance, marine insurance and aircraft liability insurance. A lower premium of suretyship insurance is a result of guarantees issued at lower values, despite higher demand for this insurance. In miscellaneous financial loss insurance, the largest drop was recorded in business interruption insurance as a part of fire insurance, where premium is partly covered by the premium of combined non-life insurance. The decrease in aircraft insurance premium resulted from business operations and fleet restructuring of a large policyholder. Harsh economic conditions significantly affected this insurance class as the policyholders were returning the vessels funded through leasing or sold them. On the other hand, goods in transit insurance, aircraft liability insurance and marine liability insurance experienced increases in premiums.

The 6% decrease in **life insurance** premiums mostly resulted from the aging of the life insurance portfolio (an increased number of maturities) as well as the unfavourable financial and economic environment, which was reflected in more prudent consumer behaviour when concluding long-term life insurance contracts and in an increased number of surrenders and withdrawals. For these reasons, an even bigger decline in life insurance premiums was planned, but as a result of increased sales activities the insurance premium periodic plan was exceeded.

Premiums, generated from life insurance (traditional life, pension, annuity pension and voluntary pension insurance) was 4% higher than in the respective period last year and accounted for almost 50% of total life insurance premiums. The comparison with the preceding year is not realistic, for in 2013 the annuity pension insurance was a part of the capital redemption insurance class, whereas this year it is covered by the life insurance class.

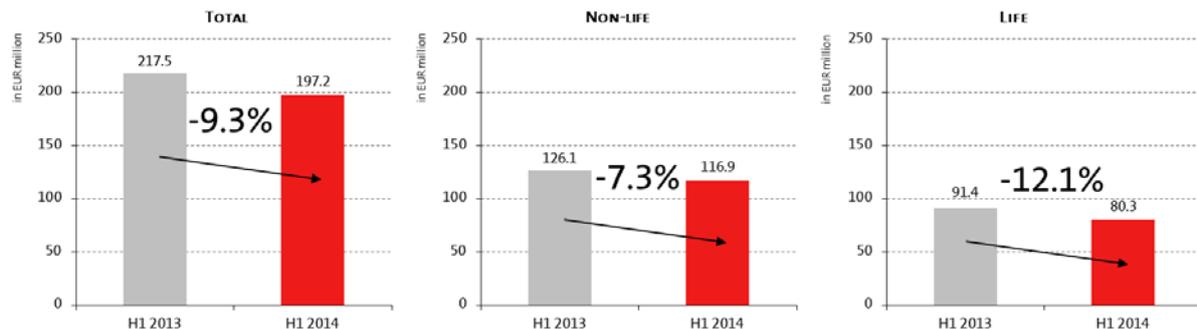
The premiums generated by unit-linked life insurance represented 43% of total written premiums in the life insurance class, which was 6% less compared to one year earlier. Premiums from supplemental voluntary pension insurance (capital redemption insurance) dropped by 38% compared to the year before, although comparison with the same period last year is not realistic. In 2013, annuity pension insurance was part of the capital redemption insurance class, whereas this year it is covered by the life insurance class.

4.4.2 Gross claims paid

In the first half of 2014, Zavarovalnica Triglav posted a total of EUR 197.2 million in gross claims paid (including claim handling costs and reduced by subrogation receivables) which is 9% less than in the respective period of 2013. Performance in the first six months of 2014 was primarily impacted by the snow and ice storm that affected the entire Slovenia in January and February, resulting in over EUR 10 million of claims. In mid-May, the stormy wind caused claims worth EUR 1.5 million.

The profit level was also affected by mass loss events.

Graph: Gross claims paid in H1 2014 compared to the same period of 2013



In non-life insurance, total gross claims paid amounted to EUR 116.9 million or 7% less than the year before. Non-life insurance premium growth was higher by 6 percentage points than the growth of gross claims.

Non-life insurance premium growth was higher by 6 percentage points than the growth of gross claims.

The other non-life insurance class recorded 18% growth in gross claims paid, primarily as a result of higher gross claims paid in suretyship insurance (liquidation of a high-value guarantee), railway insurance (an increase in loss events) and goods in transit insurance (larger portfolio).

Gross claims in real property insurance recorded an 8% growth rate, mainly as a result of frost, which caused the greatest damage to the electrical grid and telecommunication networks (the insurance sub-classes fire insurance and machinery breakdown insurance – power industry). High growth was also recorded in combined non-life insurance products due to a payment of two large claims.

Gross claims paid in other non-life insurance classes decreased compared to the respective period last year. The highest drop in gross claims paid was recorded in general liability insurance (index 69) and credit insurance (index 81). In the largest non-life insurance class, i.e. comprehensive car insurance, representing 31% of all non-life insurance claims, gross claims decreased by 10%. A 13% drop in gross claims was seen in motor liability insurance. In the reporting period, gross claims paid in accident insurance decreased by 6%.

Gross claims paid in life insurance totalled EUR 80.3 million and were 12% lower than in the corresponding period of 2013. Claims in the life insurance group accounted for 40.7% of total claims paid, having decreased by 1.3 percentage points. The bulk of all claims settled was accounted for by the life insurance class (traditional life, annuity, annuity pension and voluntary pension insurance), which totalled EUR 45.3 million, or 7% less compared to the previous year, due to a decrease in sums paid out on the

Gross claims paid in life insurance decreased by 12% compared to the corresponding period last year.

maturity, decreased number of surrenders and fewer surrenders. Gross claims paid in supplemental voluntary pension insurance decreased by 62% due to reduced payments arising from the transfers to another pension insurance provider and withdrawals from insurance contracts. However, comparison with the previous year is not realistic as in 2013 annuity pension insurance was accounted for in another insurance class, while now it is a part of life insurance. Due to an increase in sums paid out on the maturity the gross claims in unit-linked life insurance paid grew by 5%.

Table: Gross claims paid by Zavarovalnica Triglav in H1 2014 by insurance class

Insurance class	Gross claims paid		Index	Structure
	H1 2014	H1 2013	H1 2014/ H1 2013	H1 2014
Accident insurance	6,790,794	7,233,265	94	3.4%
Health insurance	0	0	0	0.0%
Comprehensive car insurance	36,157,002	40,173,387	90	18.3%
Real property insurance	28,936,677	26,803,180	108	14.7%
Motor liability insurance	27,952,672	32,262,177	87	14.2%
General liability insurance	7,383,422	10,703,421	69	3.7%
Credit insurance	1,724,466	2,129,416	81	0.9%
Other non-life insurance	7,977,840	6,775,122	118	4.0%
Non-life insurance	116,922,873	126,079,968	93	59.3%
Life insurance	45,254,484	48,853,417	93	22.9%
Unit-linked life insurance	29,595,185	28,249,499	105	15.0%
Capital redemption insurance	5,443,618	14,271,489	38	2.8%
Life insurance	80,293,286	91,374,404	88	40.7%
Total	197,216,159	217,454,373	91	100.0%

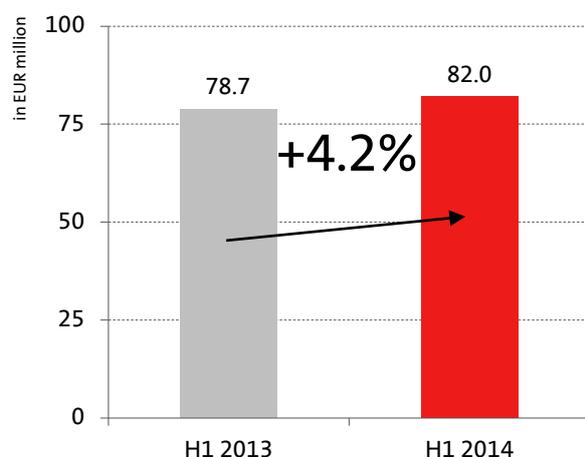
Note: The data on gross claims paid in life insurance and capital redemption insurance for 2014 and 2013 are not comparable. Namely, in 2013, annuity pension insurance was a part of the capital redemption insurance class, whereas this year it is covered by the life insurance class.

4.4.3 Gross operating expenses

Gross operating expenses totalled EUR 82.0 million and were 4% higher compared to the previous year.

Gross operating expenses were 4% higher than in the respective period of 2013 primarily due to sales campaigns.

Graph: Gross operating expenses in H1 2014 compared to the same period of 2013



Operating expenses accounted for 24.4% of gross written premiums and were 1.5 percentage points higher than in the same period of 2013.

Acquisition costs (fees and commissions) increased by 39% mainly due to sales campaigns (Mercator Vinjeta, Mercator Pika, travel insurance coupon sales promotion) and totalled EUR 11.9 million. Depreciation expenses equalled EUR 4.8 million or 8% less than in 2013. With 55.9%, labour costs accounted for the largest portion of total expenses and climbed by 4% compared to 2013, totalling EUR 45.9 million. Labour costs primarily increased due to bonuses paid to most successful sales agents, new employees as a result of the merger of Triglav nepremičnine and the payment of extraordinary performance allowance to employees (payment of extra work time above 150 hours). Costs of services provided by natural persons other than sole proprietors equalled EUR 860 thousand, representing a decrease of 10% from the year before. In the reporting period, other operating expenses decreased by 6% to EUR 18.5 million.

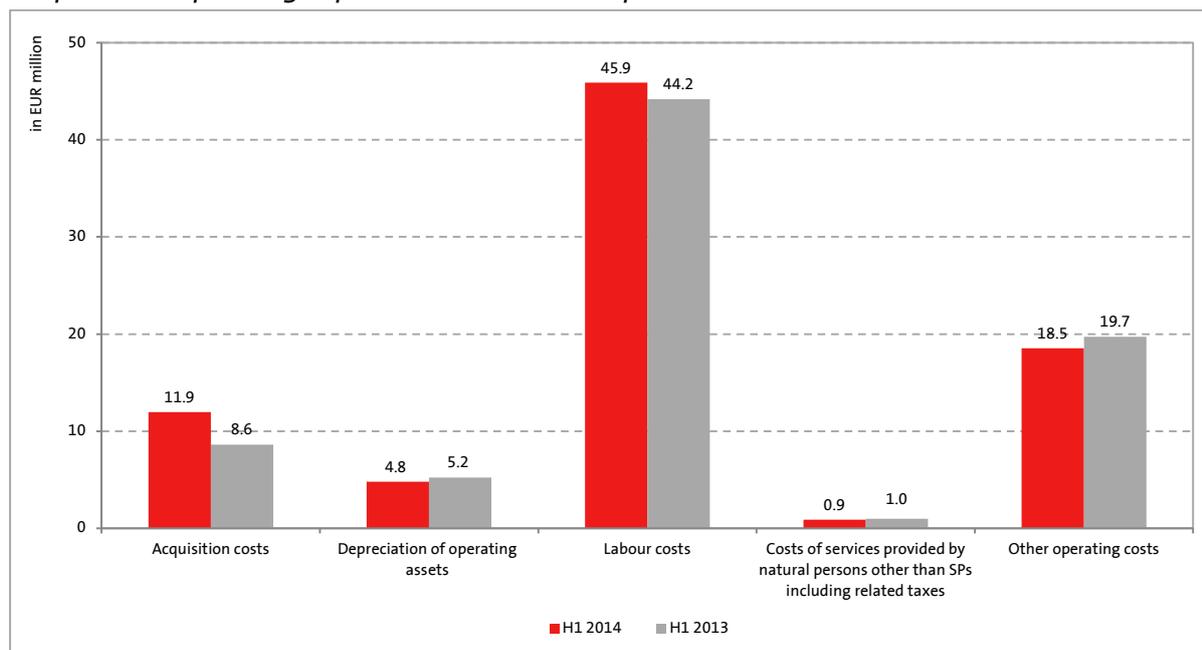
Operating expenses for life insurance came to EUR 17.3 million and accounted for 20.1% of gross written premiums or 1.9 percentage points more than in the respective period of 2013. Gross operating expenses in non-life insurance amounted to EUR 64.7 million, their share in gross written premiums being 25.9% or 1.3 percentage points more than in the same period last year.

In total gross operating expenses, broken down by functional group, costs of insurance contract acquisition accounted for 61.9%, which is higher by 2.7 percentage points compared to 2013. Claim handling costs accounted for 12.5% (2013: 12.8%) and asset management costs for 2.1% (H1 2013: 1.8%). Other operating expenses represented 23.5%, having increased by 2.7 percentage points over the respective period in the preceding year.

Table: Gross operating expenses in H1 2013 by nature

	Gross operating costs		Index	Structure
	H1 2014	H1 2013	H1 2014/ H1 2013	H1 2014
Operating costs by nature				
Acquisition costs (by nature)	11,944,486	8,616,338	139	14.6%
Depretiation of operating assets	4,788,991	5,212,468	92	5.8%
Labour costs	45,888,924	44,190,176	104	55.9%
- wages and salaries	33,217,275	32,250,211	103	40.5%
- social securities and pension insurance costs	5,412,669	5,317,764	102	6.6%
- other labour costs	7,258,980	6,622,201	110	8.8%
Costs of services provided by natural persons other than SPs including related taxes	860,157	956,510	90	1.0%
Other operating expenses	18,540,203	19,722,527	94	22.6%
- costs of entertainment, advertising, trade shows	3,844,679	4,678,939	82	4.7%
- costs of material and energy	2,309,769	2,405,603	96	2.8%
- maintenance costs	3,404,635	3,478,936	98	4.2%
- reimbursement of labour-related costs	1,913,062	1,912,777	100	2.3%
- costs of intellectual and personal services	1,065,272	954,649	112	1.3%
- non-income-related costs, excluding insurance	834,289	930,827	90	1.0%
- costs of transport and communication services	1,397,814	1,403,962	100	1.7%
- costs of insurance premiums	335,916	374,406	90	0.4%
- payment transation costs and banking services	917,434	1,053,994	87	1.1%
- rents	1,456,446	1,387,060	105	1.8%
- costs of services of professional training	250,852	450,350	56	0.3%
- other costs of services	810,036	691,024	117	1.0%
Total	82,022,761	78,698,019	104	100.0%

Graph: Gross operating expenses in H1 2014 compared to H1 2013



4.4.4 Reinsurance

In the first half of 2014, Zavarovalnica Triglav allocated EUR 41.0 million to external equalisation, which was 1% more than in the respective period of 2013. Reinsurance premiums account for 12.2% of total gross written premiums. The change in gross unearned premiums related to reinsurance amounted to EUR 10.0 million, approximately the same as the year before (index 100). A reinsurers' and co-insurers' share of gross claims settled of EUR 10.3 million was received from reinsurance and coinsurance (index 83). The change in gross claims provisions for the reinsurance portion equalled EUR –4.0 million (EUR 4.8 million in 2013). The Company also received EUR 7.6 million in ceding commissions (index 123).

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. As at 30 June 2014, the Company allocated EUR 2,073.8 million to gross insurance technical provisions. Compared to the 2013 year-end, the total amount of gross provisions increased by 6%; with provisions for non-life insurance rising by 9% and provisions for life insurance by 4%.

The total amount of gross insurance technical provisions increased by 6%.

Provisions by type as at 30 June 2014 compared to the 2013 year-end:

- **Gross provisions for unearned premiums** increased by 25% and reached EUR 236.0 million. Unearned premiums from non-life insurance totalled EUR 235.5 million (index 125) and from life insurance EUR 474 thousand (index 111).
- **Gross claims provisions** rose by 2% and amounted to EUR 522.6 million. Claims provisions from non-life insurance totalled EUR 503.5 million (index 103) and those from life insurance EUR 19.1 million (index 99), having increased mainly as a result of extreme weather conditions in early 2014, as provisions were made for the majority of claims but were not yet paid out. The provisions were also higher on account of two major claims from fire insurance and product liability insurance.

- **Mathematical provisions** stood at EUR 1,297.1 million, representing a 4% increase over the last year. Of the total amount of mathematical provisions, EUR 674.3 million originated from the guarantee fund backing life insurance, EUR 435.0 million from the guarantee fund backing unit-linked life insurance, EUR 164.7 million from the guarantee fund backing SVPI, and EUR 23.1 million from the guarantee fund backing SVPI during the annuity payout period.
- Compared to the end of 2013, **provisions for bonuses and discounts** remained at the same level (index 100) and equalled EUR 15.0 million.
- **Other insurance technical provisions** totalled EUR 3.2 million, having increased by 82% mostly due to higher provisions for unexpired risks (index 271). This item includes provisions for unexpired risks, which as at 30 June 2014 amounted to EUR 2.3 million, and provisions for cancellations, which totalled EUR 856 thousand (index 97).

Table: Gross insurance technical provisions as at 30 June 2014

	Gross insurance technical provisions		Index
	30 June 2014	31 Dec. 2013	2014/2013
Unearned premiums	235,984,425	188,286,777	125
Mathematical provisions	1,297,089,012	1,244,116,610	104
Claims provisions	522,552,576	510,090,992	102
Provisions for bonuses and discounts	15,040,488	15,040,488	100
Other insurance technical provisions	3,162,694	1,737,337	182
Total	2,073,829,195	1,959,272,204	106

4.4.6 Structure of financial investments

As at 30 June 2014, financial assets amounted to EUR 2,424.8 million or 8% more than at the 2013 year-end. Their share in total assets dropped by 0.8 percentage point and stood at 87.4%.

The tables show certain changes in investment grade structure of financial assets that occurred at the end of the reporting date, as the Company implemented its strategy of maintaining a high credit rating. The largest, 63.2% share of total financial assets was maintained by **debt and other fixed-return securities**. As at the end of reporting period, they totalled EUR 1,532.1 million, which represented a 9% increase over the 2013 year-end.

Unit-linked insurance contract investments amounted to EUR 440.6 million as at the reporting date, having increased by 4%. They accounted for 18.2% of total financial assets.

Financial investments in subsidiaries and associated companies remained unchanged compared to the 2013 year-end (index 100), totalling EUR 169.4 million and representing a 7.0% share of total assets.

The largest increase was recorded in **investment shares and other floating rate securities**. In total assets, their share grew by 1.5 percentage points and reached 4.9%, which equalled EUR 119.0 million (index 154).

Loans given declined by 2% compared to the 2013 year-end; and amounted to EUR 84.0 million representing 3.5% of total financial assets. In total financial assets, **deposits with banks** accounted for 2.4%; having decreased by 2.4% to EUR 58.0 million (index 81).

Investment property amounted to EUR 18.1 million and remained at the approximately same level as at the 2013 year-end (index 100). They accounted for 0.7% of total financial assets.

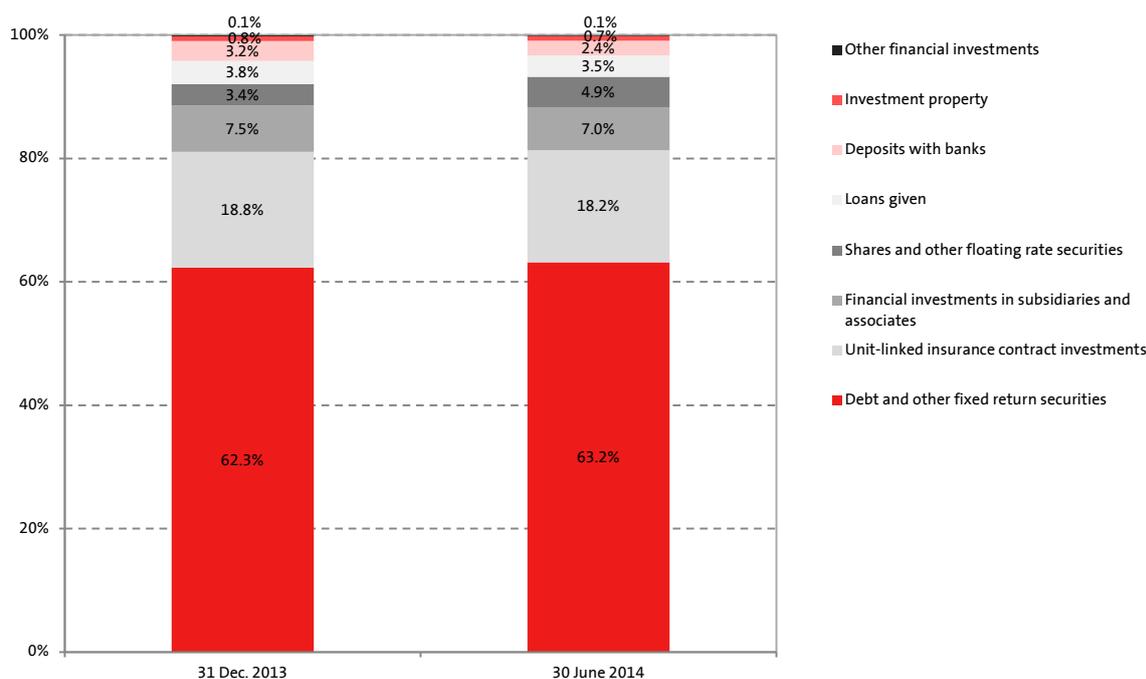
Other financial investments stood at EUR 3.0 million, representing a 0.1% share of the total (index 100).

Derivative financial instruments equalled EUR 549 thousand and accounted for merely 0.02% of total financial assets.

Table: Financial assets as at 30 June 2014

	Financial investments		Index	Structure
	30 June 2014	31 December 2013	2014/2013	30 June 2014
Investment property	18,090,517	18,067,610	100	0.7%
Financial investments in subsidiaries and associates	169,416,049	169,416,049	100	7.0%
Shares and other floating rate securities	119,034,379	77,433,178	154	4.9%
Debt and other fixed return securities	1,532,116,201	1,403,101,609	109	63.2%
Loans given	83,958,411	85,517,221	98	3.5%
Deposits with banks	58,001,967	71,943,722	81	2.4%
Other financial investments	3,012,258	3,019,766	100	0.1%
Derivative financial instruments	549,028	665,166	83	0.0%
Unit-linked insurance contract investments	440,580,395	422,849,370	104	18.2%
Total	2,424,759,205	2,252,013,691	108	100.0%

Graph: Structure of financial assets of Zavarovalnica Triglav as at 31 December 2013 and 30 June 2014



Government bonds representing 61.0% continued to account for the bulk of total fixed-return debt securities. Compared to the 2013 year-end, government bonds grew by 30% and their share in total financial assets increased by 9.6 percentage points, whilst in total debt and other fixed-return securities, the shares of corporate bonds (18%) and structured bonds (3.5%) decreased. The percentage of financial bonds remained unchanged and accounted for 17.4% of total debt securities.

Table: Debt securities of Zavarovalnica Triglav by issuer sector

Issuer sector	Debt securities		Index	Structure	
	30 June 2014	31 December 2013	2014/2013	30 June 2014	31 Dec. 2013
Corporate	275,593,160	371,624,542	74	18.0%	26.5%
Financial	267,072,375	243,868,429	110	17.4%	17.4%
Government	935,349,859	721,988,114	130	61.0%	51.5%
Structured	54,100,808	65,620,525	82	3.5%	4.7%
Total	1,532,116,201	1,403,101,609	109	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The share of bonds with a BBB credit rating increased by 10.0 percentage points (index 134) over the 2013 year-end. Higher exposure is a result of both new purchases made in this credit rating grade and the migration of investments due to a changed credit rating and an extraordinary increase in BBB-rated bonds. The growth rate of BBB-rated bonds resulted primarily from the narrowing credit spreads of peripheral countries. Lower shares of A-rated and AA-rated bonds stem not only from a lower return achieved in the reporting period by bonds with the highest credit ratings compared to BBB-rated bonds but also from the maturity of short-term positions in the BBB credit rating grade. A lower share of bonds with the worst credit ratings resulted from the fact that certain securities in this rating grade fell due and the Company's policy of decreasing investments in these grades.

Table: Debt securities of Zavarovalnica Triglav by credit rating

Credit rating	Debt securities		Index	Structure	
	30 June 2014	31 December 2013	2014/2013	30 June 2014	31 Dec. 2013
AAA	268,361,183	290,469,428	92	17.5%	20.7%
AA	97,450,717	106,148,478	92	6.4%	7.6%
A	219,054,361	240,865,854	91	14.3%	17.2%
BBB	819,639,288	610,556,569	134	53.5%	43.5%
Below BBB	66,568,234	68,937,714	97	4.3%	4.9%
Not rated	61,042,419	86,123,567	71	4.0%	6.1%
Total	1,532,116,201	1,403,101,609	109	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

Changes in exposure of debt securities to individual countries are a result of price fluctuations and active trading. Most purchasing transactions involved securities issued by peripheral countries, particularly of Italian (index 227), Spanish (index 151) and Slovene issuers, which increased by 27%. Price changes contributed more than half of the increase in these positions. Lower exposure to countries with the highest credit ratings is a result of reservations to invest in securities with a relatively low return under the current conditions of record low interest rates.

Table: Debt securities of Zavarovalnica Triglav by issuer's country

Country of issuer	Debt securities		Index	Structure	
	30 June 2014	31 December 2013	2014/2013	30 June 2014	31 Dec. 2013
Slovenia	428,527,671	337,538,415	127	28.0%	24.1%
Germany	231,499,929	273,392,440	85	15.1%	19.5%
France	118,587,717	146,372,607	81	7.7%	10.4%
Spain	111,791,758	74,191,051	151	7.3%	5.3%
Italy	101,728,226	44,833,977	227	6.6%	3.2%
Netherlands	90,355,195	104,205,925	87	5.9%	7.4%
Other	449,625,705	422,567,193	106	29.3%	30.1%
Total	1,532,116,201	1,403,101,609	109	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The proportion of shares in total assets increased due to purchases of shares in developed markets and growing share prices of Slovene issuers and those in developed markets. Exposure to shares of emerging market issuers is lower as a result of sales made in early 2014. Exposure to shares of Balkan issuers remains virtually unchanged at a level below 1%.

Table: Equity investments of Zavarovalnica Triglav by geographic area

Geographic area	Equity investments		Index	Structure	
	30 June 2014	31 December 2013	2014/2013	30 June 2014	31 Dec. 2013
Slovenia	236,502,350	225,666,590	105	82.0%	91.4%
Developed markets	48,270,709	13,756,415	351	16.7%	5.6%
Developing markets	2,000,855	5,756,014	35	0.7%	2.3%
Balkans	1,676,515	1,670,208	100	0.6%	0.7%
Total	288,450,429	246,849,227	117	100.0%	100.0%

5. FINANCIAL RESULT AND FINANCIAL STANDING

5.1 The Triglav Group

5.1.1 Financial result

Despite tight conditions and extraordinary loss events in Slovenia in early 2014 and floods in Serbia, Bosnia and Herzegovina and in Croatia, the Triglav Group performed well and ended H1 with a profit. Profit before tax reached EUR 65.4 million, increasing by 17% over 2013. Net profit amounted to EUR 56.3 million and was 23% higher compared to the respective period of 2013. Net profit attributable to the shareholders of the controlling company amounted to EUR 56.1 million (index 124); whereas net profit attributable to minority shareholders totalled EUR 224 thousand (index 62). The Group achieved solid operating results by consistently realising its strategic guidelines focused on its core insurance business, by implementing a clear risk management policy, adequate underwriting and reinsurance policies, as well as by implementing business policy measures geared towards mitigating the negative impacts of the financial crisis.

Despite tight operating conditions and extraordinary loss events, the Triglav Group generated a net profit of EUR 56.3 million or 23% more than in the same period last year.

The combined ratio in non-life insurance, which shows profitability of operations, was 95.7%. Any value of this ratio below 100 means, that the non-life insurance portfolio as the core business (excluding return on investments) is earning a profit. Compared to the respective period of 2013, it increased by 4.9 percentage points, mainly as a result of extraordinary loss events in early 2014 and lower net premiums earned.

The financial crisis negatively affected demand for insurance products. Net premiums earned (calculated on the basis of gross written insurance and co-insurance premiums, reduced by the reinsurers' share and adjusted by the change in gross unearned premiums taking into account the reinsurers' share in unearned premiums) amounted to EUR 406.7 million or 3% less than in the respective period last year. Net premiums earned from health insurance grew by 7%, whilst net non-life and life premiums earned decreased by 4% and 5% respectively. Gross written premiums from reinsurance and co-insurance operations totalled EUR 44.6 million, representing a 1% increase compared to 2013. Net unearned premiums grew by 9% or EUR 36.5 million nominally compared to the previous year.

Net claims incurred (gross claims increased by loss adjustment costs and reduced by the reinsurers' and co-insurers' shares and subrogated receivables, adjusted by the change in gross claims provisions taking into account the reinsurers' and co-insurers' shares in these provisions) decreased by 1% and totalled EUR 294.1 million. Net claims incurred from non-life insurance increased by 5% as a result of higher claims provisions, mainly due to extensive damage caused by frost in early 2014 in Slovenia. Provisions were made for the majority of claims, which were not yet paid out. Net claims incurred decreased by 11% in life insurance and by 2% in health insurance. The reinsurers' and co-insurers' shares of gross claims dropped by 45% compared to 2013 and equalled EUR 10.1 million. The change in net claims provisions was EUR 4.6 million, compared with EUR –10.6 million in the same period of 2013. Equalisation scheme expenses for supplemental health insurance fell by 4% and totalled EUR 3.8 million.

Income from financial investments rose by 60% and reached EUR 121.3 million. Financial expenses went down by 38%, amounting to EUR 27.8 million. In the reporting period, investment return, i.e. the difference between investment income and expenses, totalled EUR

93.6 million and was as much as 199% higher compared to the respective period last year. The high increase was primarily a result of higher profit from sales in trading with debt securities (index 267), since almost 85% of realised gains arose from bond sale. High growth in the change in fair value (index 246) was also recorded, because required returns reached record low levels, increasing the value of investments in bonds. Due to changes in the dividend policy of some Slovene public limited companies, high increase in dividend income was recorded (index 297). Despite a reduction in interest rates, interest income remained at approximately the same level as the year before (index 101). In the first half of 2014, the Group's permanent impairments of financial investments amounted to EUR 82 thousand, which was significantly less than in the respective period of 2013, when they totalled EUR 7.8 million.

Changes in other insurance technical provisions summed up to EUR 23.8 million (2013: EUR – 2.1 million), primarily due to increased mathematical provisions.

Change in insurance technical provisions for unit-linked insurance contracts equalled EUR 15.4 million (2013: EUR –3.1 million) due to an increase in price of fund units. Expenses for bonuses and discounts amounted to EUR 4.0 million (index 117).

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 98.5 million and were 3% higher than in 2013. Acquisition costs totalled EUR 67.6 million (index 111); whereas other operating expenses amounted to EUR 30.9 million (index 89).

Other insurance income totalled EUR 5.9 million, having increased by 22%. Other income stood at EUR 39.4 million, representing a 3% increase over the respective period in the preceding year. Other insurance expenses totalled EUR 10.6 million (index 94); whilst other expenses amounted to EUR 33.7 million (index 98).

Table: Individual items in the consolidated income statement of the Triglav Group for H1 2014

	in EUR		
	H1 2014	H1 2013	Index
Net premium earned	406,661,184	418,950,905	97
Income from financial assets	121,344,018	75,926,235	160
Other income from insurance operations	5,923,279	4,839,127	122
Other income	39,352,649	38,117,995	103
Net claims incurred	294,099,111	297,690,598	99
Change in other insurance technical provisions	23,763,929	-2,102,209	
Change in insurance technical provisions for unit-linked insurance contracts	15,364,398	-3,069,202	
Expenses for bonuses and discounts	4,025,150	3,452,497	117
Operating expenses	98,472,348	95,592,259	103
Expenses from financial assets and liabilities	27,764,428	44,637,232	62
Other insurance expenses	10,648,719	11,363,913	94
Other expenses	33,745,887	34,367,792	98
Profit/loss before tax	65,397,160	55,901,382	117
Income tax expense	9,118,381	10,272,713	89
Net profit for the accounting period	56,278,779	45,628,669	123

5.1.2 Financial standing

As at 30 June 2014, the total balance sheet assets of the Triglav Group stood at EUR 3,346.8 million, which is 9% more over the 2013 year-end.

Compared to 31 December 2013, the total equity capital increased by 11% or EUR 653.2 million in nominal terms. The share of equity in total liabilities increased by 0.3 percentage point; from 19.2% to 19.5%. Equity attributable to the controlling company amounted to EUR 646.6 million, while non-controlling interest holders had EUR 6.7 million. The share capital of EUR 73.7 million was divided into 22,735,148 ordinary shares. Share premium amounted to EUR 56.9 million, whilst reserves from profit totalled EUR 277.2 million, remaining at approximately the same level as at the 2013 year-end (index 100). As a result of increased value of available-for-sale financial assets, revaluation surplus stood at EUR 89.3 million, having increased by 100% over the 2013 year-end.

The total equity capital increased by 11% compared to the 2013 year-end.

Accumulated profit for the year totalled EUR 153.2 million (index 112), which included net profit for the year amounting to EUR 55.9 million and net profit brought forward of EUR 97.3 million.

As at the reporting date, subordinated liabilities reached EUR 28.2 million and were at a level approximately equal to the 2013 year-end (index 100). Subordinated liabilities accounted for 0.8% of the balance sheet total.

Gross insurance technical provisions grew by 6% and amounted to EUR 2,387.1 million. In total liabilities, their share decreased by 2.2 percentage points, from 73.5% to 71.3%. As at the reporting date, mathematical provisions amounted to EUR 1,360.7 million, which was 4% higher than at the end of the previous year. Provisions for gross unearned premiums rose by 22%, gross claims provisions by 2% and other insurance technical provisions by 3%. Insurance technical provisions are discussed in greater detail under *Section 4.3.5*.

Financial liabilities increased by 140% to EUR 83.6 million. The increase in liabilities was primarily the result of payment of dividends totalling EUR 38.6 million and purchases of securities arising from cash settlements not yet executed in the accounting period. In the balance sheet total they accounted for 2.5%, which is 1.4 percentage points more than at 31 December 2013.

Operating liabilities as at the end of the reporting period increased by 30% over the 2013 year-end and totalled EUR 73.3 million. They accounted for 2.2% of total balance sheet liabilities, a 0.4 percentage point increase over the 2013 year-end. Liabilities from direct insurance operations dropped by 2% to EUR 19.9 million. Liabilities from co-insurance and reinsurance operations rose by 13% to EUR 39.9 million. Current tax liabilities equalled EUR 13.5 million (EUR 739 thousand as at 31 December 2013).

Other liabilities and other provisions rose by 6%. As at the reporting date, they stood at EUR 80.5 million, representing a 2.4% share of total liabilities.

Deferred tax liabilities amounted to EUR 29.2 million, which was 58% more than one year earlier, and accounted for 0.9% of the balance sheet total.

As at 30 June 2014, financial assets stood at EUR 2,623.1 million or 8% more than at the 2013 year-end. In total assets, their share decreased by 0.7 percentage point and reached 78.4%. Unit-linked insurance assets amounted to EUR 456.2 million (index 104) and financial investments to EUR 2,166.9 million (index 109). In total financial investments, EUR 179.4 million was accounted for by deposits and loans (index 90) and EUR 209.1 million by held-to-maturity assets (index 93). Available-for-sale assets totalled EUR 1,588.9 million (index 111) and assets measured at fair value through profit or loss (index 136) equalled EUR 189.6 million. The structure of financial assets is discussed in greater detail under *Section 4.3.6*.

The Triglav Group's investments in associates fell by 3%, totalling EUR 9.9 million and representing a 0.3% share of total assets.

Investment property stood at EUR 96.5 million and represented 2.9% of total assets, having decreased by 1%.

The Group's receivables as at the reporting date were 28% higher compared to the 2013 year-end and equalled EUR 250.5 million. They accounted for 7.5% of total assets. Receivables from direct insurance operations increased by 37% to EUR 131.9 million. Receivables from co-insurance and reinsurance operations reached EUR 44.3 million (index 102), other receivables stood at EUR 72.5 million (index 171) and current tax receivables at EUR 1.8 million (index 12). Deferred tax assets decreased by EUR 28.7 million (index 121).

As at 30 June 2014, insurance technical provisions transferred to reinsurance contracts amounted to EUR 85.3 million, which was 32% more than one year earlier. Assets from reinsurance contracts from claims provisions totalled EUR 58.3 million, while unearned premiums equalled EUR 27.0 million.

Property, plant and equipment amounted to EUR 122.6 million (index 100), representing 3.7% of total assets. Intangible assets increased by 10% to EUR 78.8 million, accounting for 2.4% of total assets.

Cash and cash equivalents and non-current assets held for sale equalled EUR 21.9 million (index 70); whilst other assets totalled EUR 29.4 million (index 109).

Table: Individual items in the consolidated balance sheet of the Triglav Group as at 30 June 2014

	in EUR		
	30 June 2014	31 December 2013	Index
Assets			
Intangible assets	78,827,050	71,724,243	110
Property, plant and equipment	122,621,118	122,850,884	100
Investment property	96,518,692	97,245,384	99
Investments in associates	9,885,518	10,204,674	97
Financial assets	2,623,145,420	2,432,183,379	108
Reinsurers' share of insurance technical provisions	85,325,187	64,707,528	132
Receivables and deferred tax receivables	279,164,342	220,025,580	127
Other assets	29,395,949	26,973,765	109
Cash and cash equivalents and non-current assets held for sale	21,891,638	31,191,907	70
Total assets	3,346,774,914	3,077,107,344	109
Equity and liabilities			
Equity	653,213,460	590,537,457	111
Subordinated liabilities	28,203,910	28,244,484	100
Insurance technical provisions	1,936,533,266	1,826,231,310	106
Insurance technical provisions for unit-linked insurance contracts	450,584,479	435,201,724	104
Employee benefits	11,650,450	11,401,382	102
Deferred tax liabilities	29,162,538	18,465,042	158
Other financial liabilities	83,625,868	34,790,998	240
Operating liabilities	73,298,277	56,325,533	130
Other liabilities and other provisions	80,502,666	75,909,414	106
Total equity and liabilities	3,346,774,914	3,077,107,344	109

5.2 Zavarovalnica Triglav

5.2.1 Financial result

In the first half of 2014, Zavarovalnica Triglav posted a net profit of EUR 42.9 million or 14% more than in the same period last year. The Company's profit before tax grew by 8% to EUR 50.4 million.

Despite the economic crisis and extreme loss events, Zavarovalnica Triglav earned a net profit of EUR 42.9 million.

In the reporting period, net premiums earned amounted to EUR 264.8 million or 4% less compared to the same period of 2013. Net premium income from non-life insurance contracts and from life insurance contracts dropped by 4% and 6% respectively. Gross written premiums from reinsurance and co-insurance operations totalled EUR 41.0 million, representing a 1% increase. Net unearned premiums grew by EUR 30.0 million, which was 16% more compared to the previous year.

In the reporting period, net claims incurred are disclosed at EUR 195.4 million, which represents a 1% decrease compared to the preceding year. Net claims incurred from non-life insurance increased by 9% as a result of higher claims provisions, mainly due to extensive damage caused by frost in the beginning of the year. Provisions were made for the majority of claims, which were not yet paid out. Net claims incurred from life insurance decreased by 12%. The reinsurers' and co-insurers' shares in gross claims decreased by 17% and totalled EUR 10.3 million. In the first six months of 2014, net claims provisions were up by EUR 8.5 million, whereas in the respective period of 2013 they dropped by EUR 8.2 million.

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 70.1 million and were 4% higher than in the respective period in 2013. Acquisition costs totalled EUR 50.8 million (index 109), whereas other operating expenses amounted to EUR 19.3 million (index 94).

Income from financial assets increased by 69% to EUR 109.0 million, of which non-life insurance accounted for EUR 23.8 million (index 129) and life insurance for EUR 85.1 million (index 186). Expenses from financial assets decreased by 40% to EUR 23.6 million. Return on financial investments, which represents the difference between income and expenses from financial assets, grew by 244% compared to the corresponding period of 2013 or EUR 85.4 million in nominal terms. The high increase was primarily a result of higher profit from sales in trading with debt securities (index 275), since almost 85% of realised gains arose from the bond sale. High growth in the change in fair value (index 252) was also recorded, because required returns reached record low levels, increasing the value of investments in bonds. Due to changes in the dividend policy of some Slovene public limited companies, high increase in dividend income was recorded (index 269). Despite lower interest rates, interest income remained at approximately the same level as the year before (index 101).

Return on financial investments increased by 244% in comparison to 2013.

Change in other insurance technical provisions amounted to EUR 23.9 million and change in insurance technical provisions for unit-linked insurance contracts equalled EUR 14.7 million. Expenses for bonuses and discounts totalled EUR 3.5 million (index 120).

Other income from insurance operations increased by 17% and equalled EUR 9.8 million, in which fee and commission income amounted to EUR 7.7 million (index 122). Other insurance expenses totalled EUR 5.2 million (index 94).

Table: Individual items in the non-consolidated income statement of Zavarovalnica Triglav for the period from 1 January to 30 June 2014

	in EUR		
	H1 2014	H1 2013	Index
Net premium earned	264,846,012	277,237,720	96
Income from financial assets	108,991,066	64,303,204	169
Other income from insurance operations	9,845,936	8,419,826	117
Other income	3,546,859	3,867,467	92
Net claims incurred	195,385,024	196,843,762	99
Change in other insurance technical provisions	23,896,992	-1,958,765	
Change in insurance technical provisions for unit-linked insurance contracts	14,682,714	-3,672,234	
Expenses for bonuses and discounts	3,473,244	2,887,221	120
Operating expenses	70,107,400	67,246,518	104
Expenses from financial assets and liabilities	23,557,492	39,500,000	60
Other insurance expenses	5,150,242	5,450,997	94
Other expenses	601,627	913,022	66
Profit/loss before tax	50,375,138	46,617,697	108
Income tax expense	7,514,404	9,079,289	83
Net profit for the accounting period	42,860,734	37,538,408	114

5.2.2 Financial standing

The total balance sheet of Zavarovalnica Triglav as at 30 June 2014 stood at EUR 2,773.4 million or 9% more compared to the 2013 year-end.

The total equity capital as at the reporting date amounted to EUR 538.2 million or 8% more than at the 2013 year-end. The portion of equity in the balance sheet total decreased by 0.2 percentage point, totalling 19.4%. The 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 259.5 million, which meant no change compared to the 2013 year-end. As a result of an increase in the value of available-for-sale financial assets, revaluation surplus increased by 97% and totalled EUR 69.5 million. Net profit brought forward amounted to EUR 39.2 million and was lower by 26% million due to the payment of dividends at the 2013 year-end. Net profit for the year stood at EUR 42.9 million, which is 71% more than as at the end of 2013.

The total equity capital increased by 8% compared to the 2013 year-end.

Subordinated liabilities amounted to EUR 30.0 million and were at a level approximately equal to the 2013 year-end (index 100).

On the liabilities side, gross insurance technical provisions increased by 6% to EUR 2,073.8 million as at the reporting date. In the balance sheet total, their share decreased by 2.0 percentage points compared to the 2013 year-end, from 76.8% to 74.8%. Gross insurance technical provisions are discussed in greater detail under *Section 4.4.5*.

Operating liabilities grew by 56% compared to the end of 2013, amounting to EUR 35.5 million and accounting for 1.3% of the balance sheet total. Liabilities from direct insurance operations went up by 1% and amounted to EUR 11.7 million, whilst liabilities from co-insurance and reinsurance operations dropped by 2% and reached EUR 10.9 million nominally. Current tax liabilities equalled EUR 12.8 million.

High growth was recorded by financial liabilities which totalled EUR 62.3 million as at 30 June 2014, whilst at the end of 2013 they amounted to EUR 1.3 million. The increase in liabilities was primarily the result of payment of dividends totalling EUR 38.6 million and purchases of

securities arising from cash settlements not yet executed in the accounting period. They accounted for 2.2% of the balance sheet total.

Other liabilities decreased by 17% and stood at EUR 24.2 million, representing a 0.9% share of total liabilities.

As at 30 June 2014, financial assets equalled EUR 2,237.3 million, which represents an 8% increase compared to the 2013 year-end. Their share in total assets went down by 0.2 percentage point and reached 80.7%. Unit-linked insurance assets amounted to EUR 440.6 million and financial investments to EUR 1,796.7 million. In total financial investments, EUR 157.4 million was accounted for by deposits and loans, EUR 184.5 million by investments held to maturity, EUR 1,269.0 million by investments available for sale and EUR 185.8 million by investments recognised at fair value through profit/loss. The structure of financial assets is discussed in greater detail under *Section 4.4.6*.

Financial investments in subsidiaries and associated companies remained unchanged compared to the 2013 year-end (index 100), totalling EUR 169.4 million and representing a 6.1% share of total assets. Financial investments in subsidiaries of the Group and associated companies amounted to EUR 159.8 million and 9.6 million, respectively.

Investment property stood at EUR 18.1 million, representing 0.7% of total assets, and remained at the approximately same level as at 31 December 2013 (index 100).

Assets and deferred tax assets totalled EUR 137.0 million or 28% more than at the end of 2013, with the largest portion of these assets represented by receivables from direct insurance operations, which amounted to EUR 93.3 million (index 147).

The insurance technical provisions transferred to reinsurance contracts stood at EUR 82.6 million, having increased by 20% compared to the 2013 year-end. Assets from reinsurance contracts from claim provisions totalled EUR 58.0 million, while unearned premiums equalled EUR 24.7 million.

Property, plant and equipment amounted to EUR 62.0 million (index 96) and accounted for 2.2% of total assets. Intangible assets equalled EUR 59.4 million, accounting for 2.1% of total assets (index 113).

Table: Individual items in the non-consolidated balance sheet of Zavarovalnica Triglav as at 30 June 2014

	in EUR		Index
	30 June 2014	31 December 2013	
Assets			
Intangible assets	59,426,451	52,638,444	113
Property, plant and equipment	61,988,899	64,302,130	96
Investment property	18,090,517	18,067,610	100
Financial assets and financial investments in subsidiaries and associated companies	169,416,049	169,416,049	100
Financial assets	2,237,252,639	2,064,530,031	108
Reinsurers' share of insurance technical provisions	82,638,563	68,643,350	120
Deferred tax receivables	136,996,765	107,057,508	128
Other assets	2,757,255	1,740,121	158
Cash and cash equivalents	4,877,237	5,000,081	98
Total assets	2,773,444,375	2,551,395,325	109
Equity and liabilities			
Equity	538,179,616	499,790,208	108
Subordinated liabilities	29,957,614	29,956,713	100
Insurance technical provisions	1,638,813,389	1,538,939,112	106
Insurance technical provisions for unit-linked insurance contracts	435,015,806	420,333,091	103
Other provisions	9,505,740	9,029,544	105
Other financial liabilities	62,294,880	1,337,704	4.657
Operating liabilities	35,471,446	22,779,490	156
Other liabilities	24,205,884	29,229,462	83
Total equity and liabilities	2,773,444,375	2,551,395,325	109

6. RISK MANAGEMENT

6.1 Risk management in the first half of 2014

After the easing of the debt crisis in the EU member states (hereinafter: the EU), the situation in financial markets stabilised as well, also impacting the growing stock exchange markets of the EU states and bond markets, where the required rate of return on the EU bonds dropped sharply in the first half of 2014. This was mainly contributed by the actions taken by the European Central Bank (hereinafter: the ECB) but also the member states with numerous reforms and a further cut in state consumption. In the reporting period, Slovenia experienced political instability, the dissolution of the parliament and preparations for new elections. Furthermore, privatisation processes began, numerous reforms continued to be implemented and the banking system was further stabilised. After capital increases in five banks in December 2013, the need to recapitalise another two banks became evident in the first half of 2014.

The main sources of investment risk are low interest rates, the debt crisis, macroeconomic imbalances and political instability in Slovenia.

In early 2014, the leading credit rating agencies retained the rating of Slovenia. Slovenia was re-assigned an »A-« credit rating with a stable outlook by S&P. Moody's kept Slovenia's credit rating of "speculative" »Ba1«, but upgraded the outlook from negative to stable. Fitch Ratings maintained the credit rating »BBB+« and changed a negative outlook to stable. However, credit rating agencies stressed that the ratings could be downgraded in the event of a deteriorating situation in banks, increased political uncertainty, higher public debt or deteriorated fiscal conditions. The Triglav Group's credit rating is discussed in greater detail in Section 3.3 *Credit Rating*.

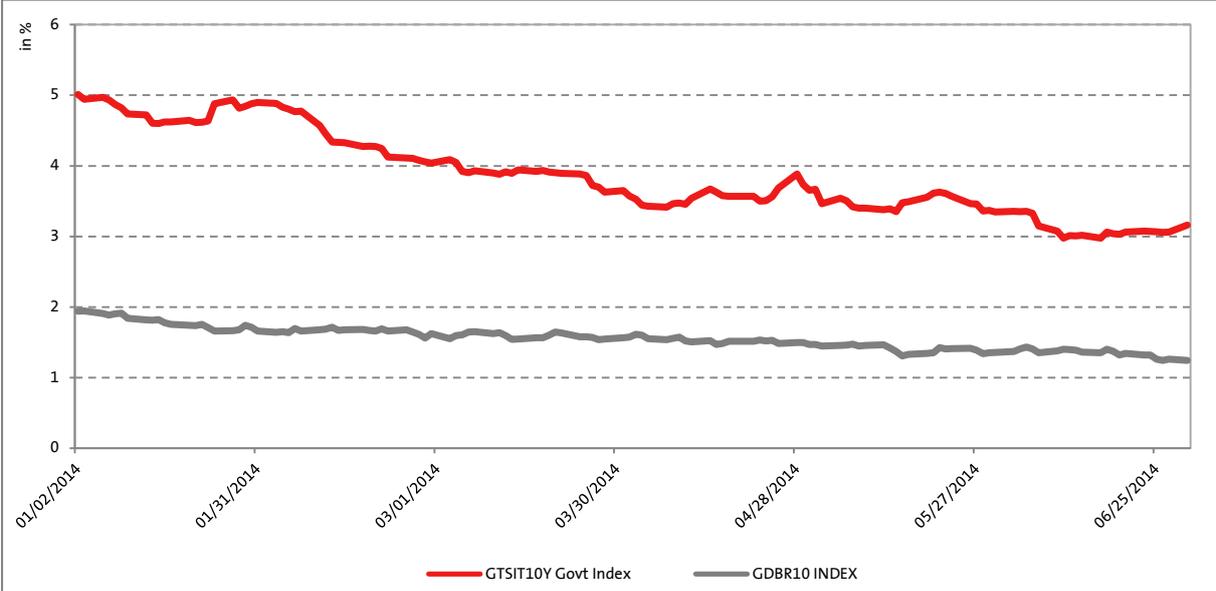
Being a major investor in the Slovene government debt market, the Triglav Group and Zavarovalnica Triglav in particular are primarily exposed to the pertaining financial risks of the Slovene economy, therefore the main focus remains on credit risk exposure and on maintaining an adequate asset and liability structure. Since the beginning of 2010, the Company has been carefully monitoring the exposure to debt securities of the problematic countries in the euro area. Despite the fact that the conditions on the markets stabilised, the Company continues to monitor their effects on the balanced asset and liability structure, adapting investment policies of individual guarantee funds and asset backing liabilities when needed. In doing so, the Company employs the results of different capital adequacy models and of the stress tests.

Other information detailed in the risk management section of the 2013 Annual Report remains accurate.

6.2 Significant risk types in the first half of 2014 and the near future

At the beginning of 2014, the trend from the 2013 year-end continued, when the required returns on government bonds issued in the EU states began to decrease. In addition, the required return on Slovene government bonds decreased because of the fact that Slovenia managed to rescue its banking system without the assistance of the EU. This was also a result of the previously adopted pension reform, the labour market reform, the establishment and operation of a bad bank and changes in the fiscal policy (higher VAT, etc.), as well as a cut in interest rates and forward guidance of the ECB.

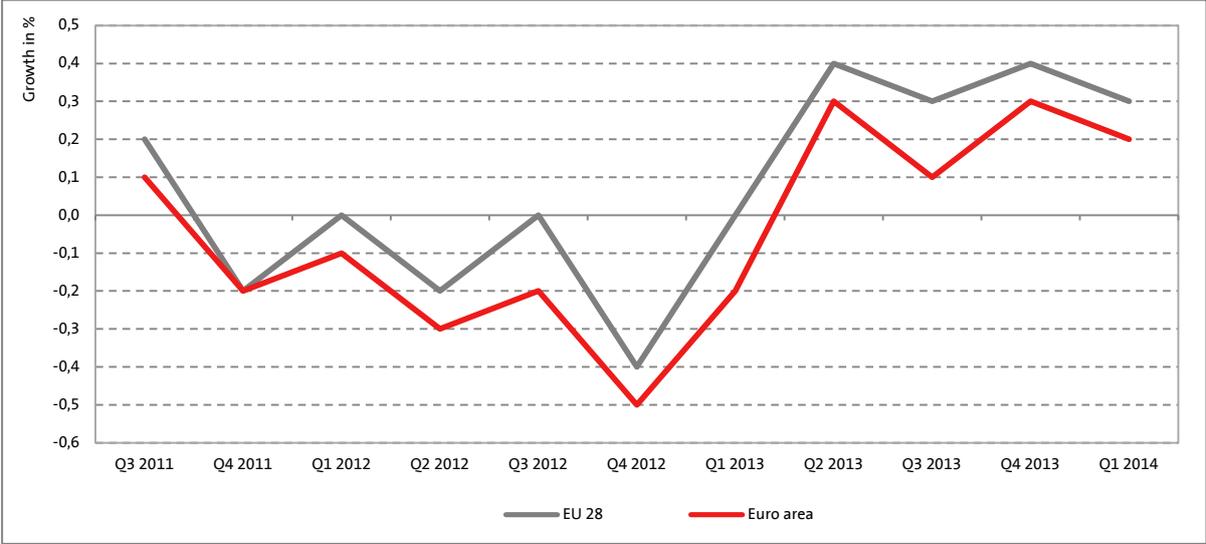
Graph: Generic indexes of required returns on ten-year Slovene bonds (GTSIT) and German bonds (GDBR) in the first half of 2014



Source: Bloomberg

In the first half of 2014, the positive trend of solving the debt crisis continued. After Ireland, Portugal was the second country to exit the international financial assistance programme of the EU and the International Monetary Fund (IMF), whilst Greece made a comeback on global bond markets with new bond issues. The required returns of many EU countries reached the lowest level in recent years. Economic activity indicators in the EU also slightly improved. An important agreement on the banking union and future bank bailouts was reached at the EU level. The Single Resolution Mechanism (SRM) will include a Single Resolution Fund (SRF) and a Single Supervisory Mechanism (SSM), which will supervise bank restructuring and liquidation. The Single Resolution Fund will be financed with contributions by participating banks during an eight-year period until it reaches EUR 55 billion. In the future, troubled banks will be rescued by the Single Resolution Fund instead of taxpayers, and the bank bailout process will be simpler and faster. A "bail-in" mechanism was approved, according to which a bank rescuing operation would first be financed by its owners, then by subordinated creditors, depositors with over EUR 100,000 account balances and taxpayers in the final instance. Furthermore, in recent periods the growth rate of the euro area increased.

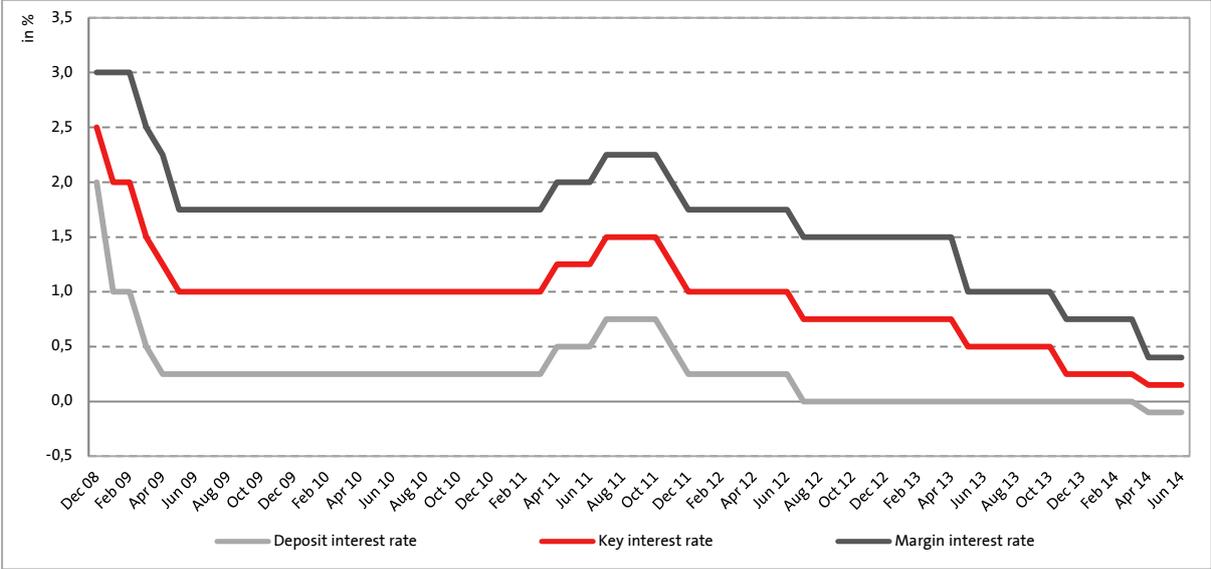
Graph: Movements of the euro area and EU 28 GDP compared to the previous period (in %)



Source: Eurostat

One of the key risks, to which the Company is exposed, is low interest rates. With the onset of the debt crisis, the prices of high-quality bonds rose sharply, consequently lowering the return on such securities, which represent the bulk of the portfolio of insurance companies. This means that under such conditions insurance companies generate investment return more difficult. One of the key factors currently affecting the market interest rates is the ECB’s monetary policy. The ECB has been focused on low interest rate policy for quite some time, and according to its forward guidance disclosure such policy will continue in the future. In the first six months of 2014, the ECB decreased the key interest rate to a new record low of 0.15% and the deposit interest rate to 0.4%. For the first time, the ECB imposed a negative interest rate of 0.1%, forcing banks to pay for their deposits in the central bank. The ECB went on to announce a targeted longer-term refinancing operation (TLTRO). Under this scheme, in September and December 2014 banks will be able to obtain cheaper funding from the ECB aimed to boost lending to small and medium-sized enterprises. According to the ECB’s initial estimates, around EUR 700 billion should be made available to banks. An additional source of investment risks is the prospects that the EU will face a long period of low growth and low inflation or even deflation.

Graph: Movements of the ECB key interest rate (in %)



Source: ECB

The risks associated with the completion of the banking system restructuring remain in Slovenia, in addition to important macroeconomic and political risks related to the formation of a new government. In Slovenia and at the EU level recovery is expected in 2014. A risk of deflation and long-term slow economic growth remains high. Apart from that, there are risks in the banking system. The year 2014 will represent an important step in the process of establishing a banking union, as at the end of the year the second pillar will be completed, when the ECB will assume its role as the watchdog (bank supervisor). The European Banking Authority will start conducting stress test for the ECB. This is why banks sought additional capital already in the first half of 2014 and will continue to do so in the near future. In the first six months of 2014, the banking sector also witnessed a rise in various penalties related to banks' business practices. Despite the easing of the situation, the EU economy could also be significantly affected by the crisis between Ukraine and Russia.

The highest risks in the near future represent low interest rates, credit risk and the risk of changes in credit spread.

Apart from low interest rates, the performance of the Triglav Group is impacted by the credit risk (counterparty's default risk) of government securities, while the credit spread risk is also of great importance. The Group's assets and liabilities will also be significantly affected by the development of the economic environment in Slovenia, which is improving but still 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 Company, 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 guarantee 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 six months of 2014, the Internal Audit Department complied with its annual and operational work programme. It conducted 10 internal audits of various divisions in Zavarovalnica Triglav and 3 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 engaged in 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 the Supervisory Boards on the work done.

7. HUMAN RESOURCE MANAGEMENT IN THE TRIGLAV GROUP

7.1 Number of employees

As at 30 June 2014, there were 5,355 employees in the Triglav Group, which are 4 more over the 2013 year-end.

Table: Number of employees in the Triglav Group as at 30 June 2014

	Number of employees		Difference
	30 June 2014	31 December 2013	2014-2013
Subsidiaries of the Triglav Group			
Zavarovalnica Triglav d.d., Ljubljana	2,384	2,373	11
Pozavarovalnica Triglav Re d.d., Ljubljana	42	42	0
Triglav, Zdravstvena zavarovalnica d.d., Koper	82	81	1
Triglav Osiguranje d.d., Zagreb	520	554	-34
Triglav Osiguranje d.d., Sarajevo	248	243	5
Triglav Pojišt'ovna a.s., Brno	122	121	1
Lovćen Osiguranje a.d., Podgorica	270	264	6
Triglav Osiguranje a.d.o., Belgrade	414	406	8
Triglav Osiguranje a.d., Banja Luka	79	80	-1
Triglav Osiguruvanje a.d., Skopje	243	232	11
Triglav Skladi d.o.o., Ljubljana	42	42	0
Triglav Avtoservis d.o.o., Ljubljana	29	28	1
Triglav Svetovanje d.o.o., Domžale	83	81	2
Triglav nepremičnine d.o.o., Ljubljana	0	28	-28
Triglav Naložbe d.d., Ljubljana	6	6	0
Slovenijales d.d., Ljubljana	127	125	2
Golf Arboretum d.o.o., Volčji potok	10	10	0
Triglav, Upravljanje nepremičnin d.d., Ljubljana	21	1	20
TRI-PRO BH d.o.o., Sarajevo	23	19	4
Unis automobili i dijelovi d.o.o., Sarajevo	31	32	-1
Autocentar BH d.o.o., Sarajevo	42	53	-11
Triglav INT d.d., Ljubljana	4	4	0
Lovćen životna osiguranja a.d., Podgorica	14	13	1
Sarajevostan d.d., Sarajevo	120	122	-2
Triglav Auto d.o.o., Banja Luka	0	0	0
Lovćen auto a.d., Podgorica	105	101	4
Avrigo d.o.o., Nova Gorica	204	201	3
Integral Notranjska d.o.o., Cerknica	16	16	0
Integral Zagorje d.o.o., Zagorje ob Savi	47	47	0
Integral Stojna Kočevje d.o.o., Kočevje	27	26	1
Alptours d.o.o., Bovec	0	0	0
Total	5,355	5,351	4

7.2 Educational structure of employees

Compared to the 2013 year-end, the educational structure improved. The number of employees with university degree as well as with masters or doctoral degrees increased, while the number of staff with post-secondary education or less decreased.

Table: Employees of the Triglav Group as at 30 June 2014 and 31 December 2013 – structure by education level

Level of education	Employees as at 30 June 2014		Employees as at 31 December 2013	
	Number	Percentage	Number	Percentage
Level I-IV	1,414	26.4%	1,445	27.0%
Level V	1,548	28.9%	1,549	28.9%
Level VI	586	10.9%	593	11.1%
Level VII	1,635	30.5%	1,606	30.0%
Masters and PhDs	172	3.2%	158	3.0%
Total	5,355	100.0%	5,351	100.0%

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board herewith confirms the financial statements for the period from 1 January 2014 to 30 June 2014 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 2014 to 30 June 2014 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 2014 to 30 June 2014 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

Benjamin Jošar
Member of the Management Board

Uroš Ivanc
Member of the Management Board

Tadej Čoroli
Member of the Management Board

Marica Makoter
Member of the Management Board

Ljubljana, 21 August 2014

FINANCIAL OVERVIEW

Unaudited Financial Statements of Zavarovalnica Triglav d.d. and the Triglav Group and Notes thereto for the Period from 1 January 2014 to 30 June 2014

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1. FINANCIAL STATEMENTS OF ZAVAROVALNICA TRIGLAV D.D.

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV D.D.

in EUR

	30 June 2014	31 December 2013
ASSETS	2,773,444,375	2,551,395,325
Intangible assets	59,426,451	52,638,444
Property, plant and equipment	61,988,899	64,302,130
Deferred tax receivables	0	5,051,465
Investment property	18,090,517	18,067,610
Investments in subsidiaries	159,778,726	159,778,726
Investments in associates	9,637,324	9,637,324
Financial assets	2,237,252,639	2,064,530,031
Financial investments	1,796,672,244	1,641,680,661
- loans and deposits	157,392,557	173,477,782
- held to maturity	184,515,278	197,096,116
- available for sale	1,269,002,263	1,135,406,507
- investments recognised at fair value	185,762,146	135,700,257
Unit-linked insurance assets	440,580,395	422,849,370
Reinsurers' share of insurance technical provisions	82,638,563	68,643,350
Receivables	136,996,765	102,006,043
- receivables from direct insurance operations	93,289,701	63,302,197
- receivables from reinsurance and co-insurance operations	8,245,437	9,140,990
- current tax receivables	0	12,912,838
- other receivables	35,461,627	16,650,018
Other assets	2,757,255	1,740,121
Cash and cash equivalents	4,877,237	5,000,081
EQUITY AND LIABILITIES	2,773,444,375	2,551,395,325
Equity	538,179,616	499,790,208
- share capital	73,701,392	73,701,392
- share premium	53,412,884	53,412,884
- reserves from profit	259,486,919	259,486,919
- fair value reserve	69,541,268	35,362,843
- net profit/loss brought forward	39,176,418	52,735,703
- net profit/loss for the year	42,860,734	25,090,466
Subordinated liabilities	29,957,614	29,956,713
Insurance technical provisions	1,638,813,389	1,538,939,112
- unearned premiums	235,984,425	188,286,777
- mathematical provisions	862,073,206	823,783,519
- claims provisions	522,552,576	510,090,992
- other insurance technical provisions	18,203,182	16,777,825
Insurance technical provisions for unit-linked insurance contracts	435,015,806	420,333,091
Employee benefits	9,036,141	8,459,095
Other provisions	469,599	570,449
Deferred tax liabilities	115,028	0
Other financial liabilities	62,294,880	1,337,704
Operating liabilities	35,471,446	22,779,490
- liabilities from direct insurance operations	11,748,654	11,643,628
- liabilities from reinsurance and co-insurance operations	10,936,797	11,135,863
- current tax liabilities	12,785,995	0
Other liabilities	24,090,856	29,229,462

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR	
	H1 2014	H1 2013
NET PREMIUM INCOME	264,846,012	277,237,720
- gross written premium	335,815,498	343,814,999
- ceded written premium	-40,950,348	-40,734,628
- change in unearned premiums	-30,019,139	-25,842,651
TOTAL INCOME FROM FINANCIAL ASSETS	108,991,066	64,303,204
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	1,374,882	1,021,098
- interest income	1,310,302	1,020,293
- dividends	60,541	0
- fair value gains	0	0
- realised gains on disposals	0	0
- other financial income	4,040	805
INCOME FROM OTHER FINANCIAL ASSETS	76,738,658	47,363,961
- interest income	30,596,808	30,190,419
- dividends	2,098,797	779,296
- fair value gains	15,174,693	6,010,292
- realised gains on disposals	27,135,397	9,853,965
- other financial income	1,732,963	529,989
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	30,877,526	15,918,145
OTHER INCOME FROM INSURANCE OPERATIONS	9,845,936	8,419,826
- fees and commission income	7,688,060	6,290,093
- other income from insurance operations	2,157,876	2,129,734
OTHER INCOME	3,546,859	3,867,467
NET CLAIMS INCURRED	195,385,024	196,843,762
- gross claims settled	197,216,159	217,454,374
- reinsurers' and co-insurers' share	-10,301,807	-12,429,939
- changes in claims provisions	8,470,672	-8,180,672
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding unit-linked)	23,896,992	-1,958,765
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	14,682,714	-3,672,234
EXPENSES FOR BONUSES AND DISCOUNTS	3,473,244	2,887,221
OPERATING EXPENSES	70,107,400	67,246,518
- acquisition costs	50,804,735	46,617,482
- other operating costs	19,302,664	20,629,036
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	23,557,492	39,500,000
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	2,585	1,228,728
- interest expense	0	0
- fair value losses	0	0
- permanent impairment	0	0
- impairment of financial assets	0	1,224,830
- other expenses from financial assets and liabilities	2,585	3,898
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	13,504,236	21,667,702
- interest expense	944,614	1,147,543
- fair value losses	3,642,010	8,249,020
- realised loss on disposals	5,355,408	2,800,176
- permanent impairment of financial assets	0	7,225,804
- other expenses from financial assets and liabilities	3,562,204	2,245,158
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	10,050,671	16,603,570
OTHER INSURANCE EXPENSES	5,150,242	5,450,997
OTHER EXPENSES	601,627	913,022
PROFIT/LOSS BEFORE TAX	50,375,138	46,617,697
Income tax expense	7,514,404	9,079,289
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	42,860,734	37,538,408
Earnings per share (basic and diluted)	1.89	1.65

STATEMENT OF COMPREHENSIVE INCOME OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR	
	H1 2014	H1 2013
NET PROFIT/LOSS FOR THE YEAR AFTER TAX	42,860,734	37,538,408
OTHER COMPREHENSIVE INCOME AFTER TAX	34,178,425	-13,813,275
Net gains/losses from the re-measurement of available-for-sale financial assets	60,438,540	-29,145,891
- Gains/losses recognised in fair value reserve	82,855,826	-27,737,870
- Transfer from fair value reserve to profit/loss	-22,417,286	-1,408,021
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-15,822,031	11,210,415
Tax on other comprehensive income	-10,438,084	4,122,201
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	77,039,159	23,725,133

STATEMENT OF CHANGES IN EQUITY OF TRIGLAV D.D.

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014	Share capital	Share premium	Reserves form 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	53,412,884	4,662,643	30,624,276	224,200,000	35,362,843	52,735,703	25,090,466	499,790,208
Comprehensive income for the period from 1 January 2014 to 30 June 2014	0	0	0	0	0	34,178,425	0	42,860,734	77,039,159
Allocation to net profit/loss brought forward	0	0	0	0	0	0	25,090,466	-25,090,466	0
Payment of dividends	0	0	0	0	0	0	-38,649,751	0	-38,649,751
CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	224,200,000	69,541,268	39,176,418	42,860,734	538,179,616

FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 JUNE 2013	Share capital	Share premium	Reserves form 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	53,412,884	4,662,643	30,624,276	201,000,000	46,049,906	72,813,826	25,392,174	507,657,101
Comprehensive income for the period from 1 January 2013 to 30 June 2013	0	0	0	0	0	-13,813,274	0	37,538,408	23,725,133
Allocation to net profit/loss brought forward	0	0	0	0	0	0	25,392,174	-25,392,174	0
Dividend payment	0	0	0	0	0	0	-45,470,296	0	-45,470,296
CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	201,000,000	32,236,632	52,735,703	37,538,408	485,911,938

CASH FLOW STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR	
	H1 2014	H1 2013
A. OPERATING CASH FLOW		
Income statement items	49,165,755	29,490,498
Operating income (excluding revaluation) and financial income from operating receivables	302,723,869	309,933,616
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-253,558,114	-269,848,970
Corporate income tax and other taxes excluded from operating expenses	0	-10,594,147
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-31,328,006	-35,307,962
Movements in receivables and prepayments and accrued income	-45,065,794	-34,452,728
Movements in deferred tax assets	10,438,084	0
Movements in inventories	-13,077	-20,788
Movements in operating debts	2,401,196	340,610
Movements in accruals and deferred income and provisions	911,585	-1,175,057
OPERATING CASH FLOW	17,837,749	-5,817,464
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities	1,186,007,256	1,399,845,838
Cash inflows from interest received and profit sharing arising from investing activities	41,274,464	44,423,815
Income from dividends and profit sharing	274,130	366,669
Cash inflows from the disposal of intangible assets	0	11,085
Cash inflows from the disposal of property, plant and equipment	181,480	71,873
Cash inflows from the disposal of financial investments	1,144,277,183	1,354,972,396
Cash inflows from the disposal of financial investments in associates	0	0
Cash outflows from investing activities	-1,202,166,161	-1,390,252,536
Cash outflows for the purchase of intangible assets	-1,150,924	-1,691,787
Cash outflows for the purchase of property, plant and equipment	-915,380	-2,335,473
Cash outflows for the purchase of financial investments	-1,200,099,857	-1,385,539,270
Cash outflows for the acquisition of financial investments in associates	0	-686,006
CASH FLOWS FROM INVESTING ACTIVITIES	-16,158,905	9,593,302
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash outflows from financing activities	-1,801,687	-1,786,782
Interest paid on financing activities	-1,785,000	-1,785,000
Dividends and profit sharing paid	-16,687	-1,782
CASH FLOWS FROM FINANCING ACTIVITIES	-1,801,687	-1,786,782
D. Opening balance of cash and cash equivalents	5,000,081	2,278,084
E. Net cash flow for the period	-122,843	1,989,056
F. Closing balance of cash and cash equivalents	4,877,238	4,267,141

2. FINANCIAL STATEMENTS OF THE TRIGLAV GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in EUR

	30 June 2014	31 December 2013
ASSETS	3,346,774,914	3,077,107,344
Intangible assets	78,827,050	71,724,243
Property, plant and equipment	122,621,118	122,850,884
Deferred tax receivables	28,682,018	23,696,799
Investment property	96,518,692	97,245,384
Investments in associates	9,885,518	10,204,674
Financial assets	2,623,145,420	2,432,183,379
Financial investments:	2,166,911,706	1,994,515,763
- loans and deposits	179,352,592	199,264,326
- held to maturity	209,051,197	224,880,951
- available for sale	1,588,876,803	1,431,023,178
- investments recognised at fair value	189,631,114	139,347,308
Unit-linked insurance assets	456,233,714	437,667,616
Reinsurers' share of insurance technical provisions	85,325,187	64,707,528
Receivables	250,482,324	196,328,781
- receivables from direct insurance operations	131,885,917	95,959,929
- receivables from reinsurance and co-insurance operations	44,267,306	43,322,539
- current tax receivables	1,839,915	14,724,095
- other receivables	72,489,186	42,322,218
Other assets	29,395,949	26,973,765
Cash and cash equivalents	19,768,289	29,068,558
Noncurrent assets for sale	2,123,349	2,123,349
EQUITY AND LIABILITIES	3,346,774,914	3,077,107,344
Equity	653,213,460	590,537,457
Controlling interests	646,555,308	584,314,877
- share capital	73,701,392	73,701,392
- share premium	56,866,194	56,866,194
- reserves from profit	277,190,304	276,678,464
- fair value reserve	452,880	452,880
- treasury share reserves	-452,880	-452,880
- treasury shares	89,306,699	44,605,435
- net profit/loss brought forward	97,318,945	90,083,115
- net profit/loss for the year	55,926,917	46,213,507
- currency translation differences	-3,755,143	-3,833,230
Non-controlling interests	6,658,152	6,222,580
Subordinated liabilities	28,203,910	28,244,484
Insurance technical provisions	1,936,533,266	1,826,231,310
- unearned premiums	314,816,174	258,066,669
- mathematical provisions	910,144,288	870,733,006
- claims provisions	687,887,746	674,436,244
- other insurance technical provisions	23,685,058	22,995,391
Insurance technical provisions for unit-linked insurance contracts	450,584,479	435,201,724
Employee benefits	11,650,450	11,401,382
Other provisions	15,293,212	16,218,730
Deferred tax liabilities	29,162,538	18,465,042
Other financial liabilities	83,625,868	34,790,998
Operating liabilities	73,298,277	56,325,533
- liabilities from direct insurance operations	19,942,158	20,247,893
- liabilities from reinsurance and co-insurance operations	39,854,402	35,338,592
- current tax liabilities	13,501,717	739,048
Other liabilities	65,209,454	59,690,684

CONSOLIDATED INCOME STATEMENT

	in EUR	
	H1 2014	H1 2013
NET PREMIUM INCOME	406,661,184	418,950,905
- gross written premium	487,755,148	496,411,384
- ceded written premium	-44,564,862	-43,967,003
- change in unearned premiums	-36,529,102	-33,493,476
INCOME FROM FINANCIAL ASSETS	121,344,018	75,926,235
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	217,292	643,113
- profit on equity investments accounted for using the equity method	217,292	643,113
- interest income	0	0
- dividends	0	0
- fair value losses	0	0
- realised gains on disposals	0	0
- other financial income	0	0
INCOME FROM OTHER FINANCIAL ASSETS	89,356,242	58,683,352
- interest income	37,882,920	37,522,782
- dividends	2,869,936	967,850
- fair value gains	15,458,922	6,293,372
- realised gains on disposals	29,640,601	11,114,912
- other financial income	3,503,863	2,784,436
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	31,770,484	16,599,770
OTHER INCOME FROM INSURANCE OPERATIONS	5,923,279	4,839,127
- fees and commission income	3,396,064	2,041,132
- other income from insurance operations	2,527,215	2,797,995
OTHER INCOME	39,352,649	38,117,995
NET CLAIMS INCURRED	294,099,111	297,690,598
- gross claims settled	295,714,479	322,858,797
- reinsurers' and co-insurers' share	-10,087,340	-18,505,227
- changes in claims provisions	4,649,061	-10,634,886
- equalisation scheme expenses for supplementary health insurance	3,822,911	3,971,914
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	23,763,929	-2,102,209
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	15,364,398	-3,069,202
EXPENSES FOR BONUSES AND DISCOUNTS	4,025,150	3,452,497
CHANGE IN LIABILITIES FROM INVESTMENT CONTRACTS	0	0
OPERATING EXPENSES	98,472,348	95,592,259
- acquisition costs	67,578,737	60,812,181
- other operating costs	30,893,611	34,780,078
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	27,764,428	44,637,232
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	967,569	628,986
- loss on investments accounted for using the equity method	967,569	628,986
- interest expense	0	0
- fair value losses	0	0
- realised loss on disposals	0	0
- loss on impairment of financial assets	0	0
- other expenses from financial assets and liabilities	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	16,179,871	26,886,507
- interest expense	1,488,475	1,674,119
- fair value losses	3,729,704	9,322,855
- realised loss on disposals	5,421,032	3,141,593
- permanent impairment of financial assets	81,882	7,766,263
- other expenses from financial assets and liabilities	5,458,778	4,981,677
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	10,616,988	17,121,739
OTHER INSURANCE EXPENSES	10,648,719	11,363,913
OTHER EXPENSES	33,745,887	34,367,792
PROFIT/LOSS BEFORE TAX	65,397,160	55,901,382
Income tax expense	9,118,381	10,272,713
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	56,278,779	45,628,669
Net profit / loss attributable to the controlling company	56,054,508	45,268,144
Net profit / loss attributable to non-controlling interest holders	224,271	360,526

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	in EUR	
	H1 2014	H1 2013
NET PROFIT/LOSS FOR THE YEAR AFTER TAX	56,278,779	45,628,669
OTHER COMPREHENSIVE INCOME AFTER TAX	44,990,656	-18,392,480
Net gains/losses from the re-measurement of available-for-sale financial assets	70,968,557	-34,218,184
- Gains/losses recognised in fair value reserve	92,858,554	-31,837,532
- Transfer from fair value reserve to profit/loss	-21,889,997	-2,380,652
Net profit/loss from non-current assets held for sale	0	0
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	1,921,094	-280,442
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-15,822,031	11,210,416
Currency translation adjustment	83,963	124,881
Tax on other comprehensive income	-12,160,927	4,770,849
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	101,269,434	27,236,189
Controlling interests	100,833,861	26,837,040
Non-controlling interests	435,573	399,149

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014	Reserves from profit							Fair value reserve	Net profit/loss brought forward	Net profit/loss	Treasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL
	Share capital	Share premium	Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves form profit								
OPENING BALANCE FOR THE PERIOD	73,701,392	56,866,194	534,366	452,880	19,630,611	32,313,485	224,200,000	44,605,435	90,083,115	46,213,508	-452,880	-3,833,225	584,314,878	6,222,580	590,537,458
Comprehensive income for the period from 1 January 2014 to 30 June 2014	0	0	0	0	0	0	0	44,701,264	0	56,054,508	0	78,088	100,833,861	435,573	101,269,434
Net profit allocation to reserves from profit	0	0	0	0	0	0	0	0	46,213,507	-46,213,507	0	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	-38,593,429	0	0	0	-38,593,429	0	-38,593,429
Allocation and use of reserves for credit risk	0	0	0	0	0	127,591	0	0	0	-127,591	0	0	0	0	0
Other reserves from profit	0	0	0	0	384,249	0	0	0	-384,249	0	0	0	0	0	0
CLOSING BALANCE FOR THE PERIOD	73,701,392	56,866,194	534,366	452,880	20,014,860	32,441,076	224,200,000	89,306,699	97,318,945	55,926,917	-452,880	-3,755,143	646,555,308	6,658,152	653,213,460

FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 JUNE 2013	Reserves from profit							Fair value reserve	Net profit/loss brought forward	Net profit/loss	Treasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL
	Share capital	Share premium	Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves form profit								
OPENING BALANCE FOR THE PERIOD	73,701,392	56,710,713	529,798	452,880	19,517,390	32,185,892	201,000,000	51,819,054	86,769,095	48,809,667	-452,880	-3,179,181	567,863,820	6,699,937	574,563,757
Comprehensive income for the period from 1 January 2013 to 30 June 2013	0	0	0	0	0	0	0	-18,557,370	0	45,268,144	0	126,266	26,837,040	399,149	27,236,189
Net profit allocation to reserves from profit	0	0	0	0	0	0	0	0	48,809,667	-48,809,667	0	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	-45,421,670	0	0	0	-45,421,670	0	-45,421,670
Allocation and use of credit risk reserves	0	0	0	0	0	125,388	0	0	0	-125,388	0	0	0	0	0
Other reserves from profit	0	0	4,568	0	110,370	0	0	0	-114,927	0	0	0	11	-11	0
Recognition of reserves resulting from intragroup transactions	0	118,328	0	0	0	0	0	0	0	0	0	0	118,328	-804,335	-686,007
CLOSING BALANCE FOR THE PERIOD	73,701,392	56,829,041	534,366	452,880	19,627,760	32,311,280	201,000,000	33,261,684	90,042,165	45,142,756	-452,880	-3,052,915	549,397,529	6,294,740	555,692,269

CONSOLIDATED CASH FLOW STATEMENT

	in EUR	
	H1 2014	H1 2013
A. OPERATING CASH FLOW		
Income statement items	65,018,701	40,836,296
Operating income(excluding revaluation) and financial income from operating receivables	515,318,974	513,117,638
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-448,792,163	-460,676,628
Corporate income tax and other taxes excluded from operating expenses	-1,508,110	-11,604,714
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-30,957,736	-39,714,803
Movements in receivables and prepayments and accrued income	-65,723,828	-41,767,477
Movements in deferred tax assets	-474,307	-931,914
Movements in inventories	-137,521	-78,514
Movements in operating debts	21,422,255	7,689,744
Movements in accruals and deferred income and provisions	911,585	396,601
Movements in deferred tax liabilities	13,044,080	-5,023,243
OPERATING CASH FLOW	34,060,965	1,121,493
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities	1,418,885,859	1,646,477,948
Cash inflows from interest received and profit sharing arising from investing activities	46,091,767	50,016,487
Income from dividends and profit sharing	480,255	2,042,424
Cash inflows from the disposal of intangible assets	9,339	11,628
Cash inflows from the disposal of property, plant and equipment	661,195	335,414
Cash inflows from the disposal of financial investments	1,371,643,303	1,594,071,995
Cash outflows from investing activities	-1,460,314,761	-1,628,843,933
Cash outflows for the purchase of intangible assets	-1,274,733	-1,958,841
Cash outflows for the purchase of property, plant and equipment	-5,360,146	-5,501,461
Cash outflows for the purchase of financial investments	-1,453,679,882	-1,621,383,631
CASH FLOWS FROM INVESTING ACTIVITIES	-41,428,902	17,634,015
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from financing activities	473,595	20,139,734
Cash inflows from long term loans received	391,784	0
Cash inflows from loans received and bonds issued	81,811	20,139,734
Cash outflows from financing activities	-2,371,880	-32,886,643
Interest paid from financing activities	-2,114,232	-3,100,460
Cash outflows for payments of financial liabilities	-240,961	-29,784,401
Cash outflows from dividends paid and profit sharing	-16,687	-1,782
CASH FLOWS FROM FINANCING ACTIVITIES	-1,898,285	-12,746,909
D. Opening balance of cash and cash equivalents	29,068,558	17,251,420
E. Net cash flow for the period	-9,266,222	6,008,599
Foreign exchange differentials	-34,047	-8,552
F. Closing balance of cash and cash equivalents	19,768,289	23,251,467

3. SELECTED NOTES TO THE FINANCIAL STATEMENTS

3.1 Statement of compliance

The financial statements for the period from 1 January 2014 to 30 June 2014 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 2014 to 30 June 2014 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 2013 were used for the preparation of the financial statements for the first half-year of 2014. The tax expense calculation for the first half-year of 2014 was made by applying the average effective tax rate of 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 half-year of 2014, 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 of 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 June 2014			31 December 2013		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
ASSETS	1,334,484,576	1,476,262,727	2,810,747,303	1,189,909,138	1,381,235,603	2,571,144,742
Intangible assets	57,698,710	1,727,741	59,426,451	50,469,368	2,169,076	52,638,444
Property, plant and equipment	51,350,912	10,637,987	61,988,899	53,068,155	11,233,975	64,302,130
Deferred tax receivables	21,995,893	2,382,243	24,378,136	17,119,571	1,986,974	19,106,545
Investment property	16,755,467	1,335,050	18,090,517	16,719,402	1,348,208	18,067,610
Investments in subsidiaries	158,264,054	1,514,671	159,778,726	158,264,054	1,514,671	159,778,726
Investments in associates	0	9,637,324	9,637,324	0	9,637,324	9,637,324
Financial assets	801,124,548	1,436,128,091	2,237,252,639	716,515,971	1,348,014,060	2,064,530,031
Financial investments	801,124,548	995,547,696	1,796,672,244	716,515,971	925,164,690	1,641,680,661
- loans and deposits	101,874,600	55,517,956	157,392,557	108,391,469	65,086,312	173,477,782
- held to maturity	0	184,515,278	184,515,278	0	197,096,116	197,096,116
- available for sale	685,303,809	583,698,455	1,269,002,263	593,151,274	542,255,233	1,135,406,507
- investments recognised at fair value	13,946,139	171,816,007	185,762,146	14,973,228	120,727,028	135,700,257
Unit-linked insurance assets	0	440,580,395	440,580,395	0	422,849,370	422,849,370
Reinsurers' share of insurance technical provisions	82,625,417	13,147	82,638,563	68,615,087	28,264	68,643,350
Receivables	139,678,364	10,243,194	149,921,558	103,840,317	3,860,063	107,700,380
- receivables from direct insurance operations	92,808,045	481,656	93,289,701	62,884,284	417,913	63,302,197
- receivables from reinsurance and co-insurance operations	8,241,347	4,090	8,245,437	9,127,019	13,971	9,140,990
- current tax receivables	0	0	0	12,912,838	0	12,912,838
- other receivables	38,628,973	9,757,448	48,386,420	18,916,176	3,428,179	22,344,355
Other assets	2,749,785	7,470	2,757,255	1,720,653	19,468	1,740,121
Cash and cash equivalents	2,241,426	2,635,811	4,877,237	3,576,560	1,423,521	5,000,081
EQUITY AND LIABILITIES	1,334,484,576	1,476,262,727	2,810,747,303	1,189,909,138	1,381,235,603	2,571,144,742
Equity	433,367,627	104,811,988	538,179,616	412,363,814	87,426,394	499,790,208
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
- reserves from profit	220,723,028	38,763,891	259,486,919	220,723,028	38,763,891	259,486,919
- fair value reserve	53,461,209	16,080,059	69,541,268	26,108,583	9,254,261	35,362,843
- net profit/loss brought forward	39,176,418	0	39,176,418	52,735,703	0	52,735,703
- net profit/loss for the year	28,321,456	14,539,279	42,860,734	21,110,982	3,979,484	25,090,466
Subordinated liabilities	17,974,572	11,983,042	29,957,614	17,974,032	11,982,682	29,956,713
Insurance technical provisions	756,035,442	882,777,947	1,638,813,389	695,398,847	843,540,265	1,538,939,112
- unearned premiums	235,510,058	474,368	235,984,425	187,858,030	428,747	188,286,777
- mathematical provisions	0	862,073,206	862,073,206	0	823,783,519	823,783,519
- claims provisions	503,481,615	19,070,961	522,552,576	490,762,992	19,328,000	510,090,992
- other insurance technical provisions	17,043,770	1,159,412	18,203,182	16,777,825	0	16,777,825
Insurance technical provisions for unit-linked insurance contracts	0	435,015,806	435,015,806	0	420,333,091	420,333,091
Employee benefits	7,433,733	1,602,408	9,036,141	6,956,543	1,502,552	8,459,095
Other provisions	469,599	0	469,599	566,480	3,969	570,449
Deferred tax liabilities	15,554,596	8,938,568	24,493,164	9,952,251	4,102,829	14,055,080
Other financial liabilities	50,235,703	12,059,178	62,294,880	1,337,704	0	1,337,704
Operating liabilities	29,685,610	5,785,835	35,471,446	16,946,992	5,832,498	22,779,490
- liabilities from direct insurance operations	5,973,232	5,775,422	11,748,654	5,811,129	5,832,498	11,643,628
- liabilities from reinsurance and co-insurance operations	10,926,383	10,414	10,936,797	11,135,863	0	11,135,863
- current tax liabilities	12,785,995	0	12,785,995	0	0	0
Other liabilities	23,727,694	13,287,955	37,015,649	28,412,476	6,511,323	34,923,799

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT

in EUR

	H1 2014			H1 2013		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
NET PREMIUM INCOME	178,920,874	85,925,138	264,846,012	186,277,913	90,959,807	277,237,720
- gross written premium	249,657,422	86,158,077	335,815,498	252,609,594	91,205,405	343,814,999
- ceded written premium	-40,763,030	-187,318	-40,950,348	-40,564,883	-169,746	-40,734,628
- change in unearned premiums	-29,973,518	-45,621	-30,019,139	-25,766,799	-75,852	-25,842,651
TOTAL INVESTMENT INCOME	23,847,039	85,144,027	108,991,066	18,504,300	45,798,904	64,303,204
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	1,314,341	60,541	1,374,882	1,021,098	0	1,021,098
- interest income	1,310,302	0	1,310,302	1,020,293	0	1,020,293
- dividends	0	60,541	60,541	0	0	0
- other financial income	4,040	0	4,040	805	0	805
INCOME FROM OTHER FINANCIAL ASSETS	22,532,698	54,205,960	76,738,658	17,483,202	29,880,759	47,363,961
- interest income	11,530,151	19,066,657	30,596,808	12,799,486	17,390,933	30,190,419
- dividends	1,645,425	453,372	2,098,797	396,453	382,843	779,296
- fair value gains	802,297	14,372,397	15,174,693	677,623	5,332,669	6,010,292
- realised gains on disposals	7,646,647	19,488,750	27,135,397	3,330,244	6,523,721	9,853,965
- other financial income	908,177	824,785	1,732,963	279,396	250,593	529,989
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	30,877,526	30,877,526	0	15,918,145	15,918,145
OTHER INCOME FROM INSURANCE OPERATIONS	9,724,984	120,952	9,845,936	8,062,535	357,291	8,419,826
- fees and commission income	7,567,108	120,952	7,688,060	5,933,131	356,961	6,290,093
- other income from insurance operations	2,157,876	0	2,157,876	2,129,404	330	2,129,734
OTHER INCOME	1,868,512	1,678,346	3,546,859	2,240,735	1,626,732	3,867,467
NET CLAIMS INCURRED	115,367,478	80,017,546	195,385,024	105,442,307	91,401,455	196,843,762
- gross claims settled	116,922,873	80,293,286	197,216,159	126,079,968	91,374,405	217,454,374
- reinsurers' and co-insurers' share	-10,267,989	-33,818	-10,301,807	-12,330,289	-99,650	-12,429,939
- changes in claims provisions	8,712,593	-241,921	8,470,672	-8,307,372	126,700	-8,180,672
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding UNIT-LINKED)	265,945	23,631,047	23,896,992	655,673	-2,614,438	-1,958,765
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	14,682,714	14,682,714	0	-3,672,234	-3,672,234
EXPENSES FOR BONUSES AND DISCOUNTS	3,473,244	0	3,473,244	2,887,221	0	2,887,221
OPERATING EXPENSES	54,498,583	15,608,816	70,107,400	52,217,329	15,029,189	67,246,518
- acquisition costs	40,025,865	10,778,870	50,804,735	37,176,222	9,441,260	46,617,482
- other operating costs	14,472,718	4,829,946	19,302,664	15,041,107	5,587,929	20,629,036
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	3,782,455	19,775,037	23,557,492	9,862,874	29,637,125	39,500,000
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	2,585	0	2,585	1,228,728	0	1,228,728
- permanent impairment of financial assets	0	0	0	1,224,830	0	1,224,830
- other expenses from financial assets and liabilities	2,585	0	2,585	3,898	0	3,898
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	3,779,870	9,724,365	13,504,236	8,634,146	13,033,556	21,667,702
- interest expense	588,650	355,964	944,614	750,752	396,791	1,147,543
- fair value losses	358,914	3,283,095	3,642,010	547,845	7,701,176	8,249,020
- realised loss on disposals	802,717	4,552,691	5,355,408	291,465	2,508,712	2,800,176
- permanent impairment of financial assets	0	0	0	5,680,231	1,545,573	7,225,804
- other expenses from financial assets and liabilities	2,029,589	1,532,615	3,562,204	1,363,854	881,304	2,245,158
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	10,050,671	10,050,671	0	16,603,570	16,603,570
OTHER INSURANCE EXPENSES	5,016,475	133,767	5,150,242	5,024,941	426,055	5,450,997
OTHER EXPENSES	537,204	64,423	601,627	828,014	85,007	913,022
PROFIT/LOSS BEFORE TAX	31,420,026	18,955,113	50,375,138	38,167,122	8,450,575	46,617,697
Income tax expense	3,098,570	4,415,834	7,514,404	7,433,450	1,645,839	9,079,289
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	28,321,456	14,539,279	42,860,734	30,733,671	6,804,736	37,538,408

3.5 Segmental analysis of the Triglav Group operations

The management monitors the operations of 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 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

in EUR

	AS AT 30 JUNE 2014						
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (by eliminations)
ASSETS	1,882,186,959	1,558,432,959	43,099,047	312,255,923	3,795,974,888	-449,199,974	3,346,774,914
Intangible assets	71,269,792	1,737,035	260,991	4,910,737	78,178,555	648,495	78,827,050
Property, plant and equipment	84,290,352	10,671,433	1,402,909	26,021,069	122,385,763	235,355	122,621,118
Deferred tax receivables	23,141,824	2,421,530	0	3,118,664	28,682,018	0	28,682,018
Investment property	31,947,100	2,522,744	0	50,451,722	84,921,566	11,597,126	96,518,692
Investments in subsidiaries	163,223,032	1,600,756	0	103,778,314	268,602,102	-268,602,102	0
Investments in associates	0	6,453,437	0	3,432,081	9,885,518	0	9,885,518
Financial assets	1,073,051,251	1,515,957,101	36,621,046	67,438,574	2,693,067,972	-69,922,552	2,623,145,420
Financial investments:	1,073,051,251	1,059,723,387	36,621,046	67,438,574	2,236,834,258	-69,922,552	2,166,911,706
- loans and deposits	163,957,052	67,526,202	2,887,595	13,150,591	247,521,440	-68,168,848	179,352,592
- held to maturity	2,637,470	206,413,727	0	0	209,051,197	0	209,051,197
- available for sale	890,713,987	611,940,272	33,733,451	54,242,797	1,590,630,507	-1,753,704	1,588,876,803
- investments recognised at fair value	15,742,742	173,843,186	0	45,186	189,631,114	0	189,631,114
Unit-linked insurance assets	0	456,233,714	0	0	456,233,714	0	456,233,714
Reinsurers' share of insurance-technical provisions	170,119,111	13,245	1,290	0	170,133,646	-84,808,459	85,325,187
Receivables	253,148,847	12,363,516	4,715,248	15,910,457	286,138,068	-35,655,744	250,482,324
- receivables from direct insurance operations	129,155,949	644,498	3,665,938	0	133,466,385	-1,580,468	131,885,917
- receivables from reinsurance and co-insurance operations	71,253,143	4,090	19	0	71,257,252	-26,989,946	44,267,306
- current tax receivables	1,825,350	154	0	14,411	1,839,915	0	1,839,915
- other receivables	50,914,405	11,714,774	1,049,291	15,896,046	79,574,516	-7,085,330	72,489,186
Other assets	5,316,838	268,090	54,095	26,449,019	32,088,042	-2,692,093	29,395,949
Cash and cash equivalents	6,678,812	4,424,072	43,468	8,621,937	19,768,289	0	19,768,289
Noncurrent assets for sale	0	0	0	2,123,349	2,123,349	0	2,123,349
EQUITY AND LIABILITIES	1,882,186,959	1,558,432,959	43,099,047	312,255,923	3,795,974,888	-449,199,974	3,346,774,914
Equity	553,395,869	122,780,161	22,659,709	213,215,442	912,051,181	-258,837,721	653,213,460
Controlling interests	553,395,869	122,780,161	22,659,709	213,159,118	912,051,181	-265,495,873	646,555,308
- share capital	118,327,225	31,802,641	25,822,144	184,424,712	360,376,722	-286,675,330	73,701,392
- share premium	42,861,652	13,067,907	0	20,474,425	76,403,984	-19,537,790	56,866,194
- reserves from profit	239,125,253	39,295,891	0	4,032,661	282,453,805	-5,263,501	277,190,304
- fair value reserve	70,005,371	12,613,534	1,599,177	22,071,307	106,289,389	-16,982,690	89,306,699
- net profit/loss brought forward	54,232,445	12,105,390	-10,345,255	-22,833,770	33,158,810	64,160,135	97,318,945
- net profit/loss for the year	30,946,192	14,839,639	5,583,643	5,567,123	56,936,597	-1,009,680	55,926,917
- currency translation differences	-2,102,269	-944,841	0	-521,016	-3,568,126	-187,017	-3,755,143
Non-controlling interests	0	0	0	0	0	6,658,152	6,658,152
Subordinated liabilities	19,338,868	11,983,042	1,500,000	0	32,821,910	-4,618,000	28,203,910
Insurance technical provisions	1,078,745,222	931,826,257	10,881,246	0	2,021,452,725	-84,919,459	1,936,533,266
- unearned premiums	336,854,681	493,513	2,435,132	0	339,783,326	-24,967,152	314,816,174
- mathematical provisions	0	910,144,288	0	0	910,144,288	0	910,144,288
- claims provisions	720,278,412	19,943,927	7,617,714	0	747,840,053	-59,952,307	687,887,746
- other insurance technical provisions	21,612,129	1,244,529	828,400	0	23,685,058	0	23,685,058
Insurance technical provisions for unit-linked insurance contracts	0	450,584,479	0	0	450,584,479	0	450,584,479
Employee benefits	8,789,640	1,610,551	170,674	1,079,585	11,650,450	0	11,650,450
Other provisions	5,492,388	35,609	324,102	9,441,113	15,293,212	0	15,293,212
Deferred tax liabilities	15,904,824	7,127,812	1,980	5,776,629	28,811,245	351,293	29,162,538
Other financial liabilities	69,391,836	12,059,177	49,020	61,627,150	143,127,183	-59,501,315	83,625,868
Operating liabilities	91,626,679	6,285,355	4,007,534	37,549	101,957,117	-28,658,840	73,298,277
- liabilities from direct insurance operations	11,118,253	6,274,330	3,420,724	0	20,813,307	-871,149	19,942,158
- liabilities from reinsurance and co-insurance operations	67,631,068	11,025	0	0	67,642,093	-27,787,691	39,854,402
- current tax liabilities	12,877,358	0	586,810	37,549	13,501,717	0	13,501,717
Other liabilities	39,501,633	14,140,516	3,504,782	21,078,455	78,225,386	-13,015,932	65,209,454

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT - CONTINUED

in EUR

	AS AT 31 DECEMBER 2013						
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (by eliminations)
ASSETS	1,695,195,489	1,458,862,871	36,550,277	294,437,386	3,485,046,023	-407,938,679	3,077,107,344
Intangible assets	63,386,203	2,180,245	355,450	5,153,850	71,075,748	648,495	71,724,243
Property, plant and equipment	84,364,211	11,276,398	1,322,661	25,652,259	122,615,529	235,355	122,850,884
Deferred tax receivables	18,262,817	2,100,930	265,393	3,067,659	23,696,799	0	23,696,799
Investment property	32,575,926	2,550,233	0	50,522,099	85,648,258	11,597,126	97,245,384
Investments in subsidiaries	163,223,025	1,600,763	0	95,228,558	260,052,346	-260,052,346	0
Investments in associates	0	6,911,037	0	3,293,637	10,204,674	0	10,204,674
Financial assets	965,455,929	1,423,048,803	30,335,291	63,323,671	2,482,163,694	-49,980,315	2,432,183,379
Financial investments	965,455,929	985,381,187	30,335,291	63,323,671	2,044,496,078	-49,980,315	1,994,515,763
- loans and deposits	161,001,693	74,281,178	1,777,169	10,472,371	247,532,411	-48,268,085	199,264,326
- held to maturity	2,615,969	222,264,982	0	0	224,880,951	0	224,880,951
- available for sale	785,151,567	566,226,833	28,558,122	52,798,886	1,432,735,408	-1,712,230	1,431,023,178
- investments recognised at fair value	16,686,700	122,608,194	0	52,414	139,347,308	0	139,347,308
Unit-linked insurance assets	0	437,667,616	0	0	437,667,616	0	437,667,616
Reinsurers' share of insurance-technical provisions	137,840,108	32,271	514	0	137,872,893	-73,165,365	64,707,528
Receivables	208,623,391	5,625,012	4,172,193	12,598,929	231,019,525	-34,690,744	196,328,781
- receivables from direct insurance operations	93,219,131	525,095	3,847,280	0	97,591,506	-1,631,577	95,959,929
- receivables from reinsurance and co-insurance operations	71,395,409	16,128	0	0	71,411,537	-28,088,998	43,322,539
- current tax receivables	14,715,731	154	0	8,210	14,724,095	0	14,724,095
- other receivables	29,293,120	5,083,635	324,913	12,590,719	47,292,387	-4,970,169	42,322,218
Other assets	3,404,261	199,804	48,903	25,851,682	29,504,650	-2,530,885	26,973,765
Cash and cash equivalents	18,059,618	3,337,375	49,872	7,621,693	29,068,558	0	29,068,558
Non-current assets held for sale	0	0	0	2,123,349	2,123,349	0	2,123,349
EQUITY AND LIABILITIES	1,695,195,489	1,458,862,871	36,550,277	294,437,386	3,485,046,023	-407,938,679	3,077,107,344
Equity	514,580,357	103,192,573	15,770,657	207,307,723	840,851,310	-250,313,853	590,537,457
Controlling interests	514,580,357	103,192,573	15,770,657	207,307,723	840,851,310	-256,536,433	584,314,877
- share capital	114,724,605	31,799,855	25,822,144	184,424,707	356,771,311	-283,069,929	73,701,392
- share premium	42,861,652	13,067,907	0	20,474,425	76,403,984	-19,537,790	56,866,194
- reserves from profit	238,474,815	39,295,891	0	4,032,661	281,803,367	-5,124,903	276,678,464
- fair value reserve	35,793,900	4,350,686	293,768	20,944,342	61,382,696	-16,777,261	44,605,435
- net profit/loss brought forward	64,161,087	11,909,770	-15,303,446	-3,220,865	57,546,546	32,536,569	90,083,115
- net profit/loss for the year	20,735,564	3,759,666	4,958,191	-18,883,820	10,569,601	35,643,906	46,213,507
- currency translation differences	-2,171,266	-991,202	0	-463,727	-3,626,195	-207,035	-3,833,230
Non-controlling interests	0	0	0	0	0	6,222,580	6,222,580
Subordinated liabilities	19,341,157	11,982,682	1,500,000	0	32,823,839	-4,579,355	28,244,484
Insurance technical provisions	996,802,008	891,348,148	11,271,089	0	1,899,421,245	-73,189,935	1,826,231,310
- unearned premiums	270,929,452	450,957	2,009,309	0	273,389,718	-15,323,049	258,066,669
- mathematical provisions	0	870,733,006	0	0	870,733,006	0	870,733,006
- claims provisions	704,023,242	20,164,185	8,115,703	0	732,303,130	-57,866,886	674,436,244
- other insurance technical provisions	21,849,314	0	1,146,077	0	22,995,391	0	22,995,391
Insurance technical provisions for unit-linked insurance contracts	0	435,201,724	0	0	435,201,724	0	435,201,724
Employee benefits	8,504,665	1,511,247	281,151	1,104,319	11,401,382	0	11,401,382
Other provisions	6,339,830	78,640	215,003	9,585,257	16,218,730	0	16,218,730
Deferred tax liabilities	10,400,528	2,204,529	0	5,508,692	18,113,749	351,293	18,465,042
Other financial liabilities	22,614,740	9	0	52,424,285	75,039,034	-40,248,036	34,790,998
Operating liabilities	76,161,771	6,293,755	3,489,418	354,874	86,299,818	-29,974,285	56,325,533
- liabilities from direct insurance operations	12,367,962	6,229,925	3,489,157	0	22,087,044	-1,839,151	20,247,893
- liabilities from reinsurance and co-insurance operations	63,436,040	37,425	261	0	63,473,726	-28,135,134	35,338,592
- current tax liabilities	357,769	26,405	0	354,874	739,048	0	739,048
Other liabilities	40,450,433	7,049,564	4,022,959	18,152,236	69,675,192	-9,984,508	59,690,684

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

in EUR

	AS AT 30 JUNE 2014				
	SLOVENIA	OTHER	TOTAL (before eliminations)	Eliminations	TOTAL (by eliminations)
ASSETS	3,401,632,114	394,342,774	3,795,974,888	-449,199,974	3,346,774,914
Intangible assets	63,913,784	14,264,771	78,178,555	648,495	78,827,050
Property, plant and equipment	85,748,772	36,636,991	122,385,763	235,355	122,621,118
Deferred tax receivables	27,496,517	1,185,501	28,682,018	0	28,682,018
Investment property	62,977,042	21,944,524	84,921,566	11,597,126	96,518,692
Investments in subsidiaries	263,457,062	5,145,040	268,602,102	-268,602,102	0
Investments in associates	9,885,518	0	9,885,518	0	9,885,518
Financial assets	2,480,643,536	212,424,436	2,693,067,972	-69,922,552	2,623,145,420
Financial investments:	2,040,063,141	196,771,117	2,236,834,258	-69,922,552	2,166,911,706
- loans and deposits	181,314,540	66,206,900	247,521,440	-68,168,848	179,352,592
- held to maturity	184,515,278	24,535,919	209,051,197	0	209,051,197
- available for sale	1,488,259,441	102,371,066	1,590,630,507	-1,753,704	1,588,876,803
- investments recognised at fair value	185,973,882	3,657,232	189,631,114	0	189,631,114
Unit-linked insurance assets	440,580,395	15,653,319	456,233,714	0	456,233,714
Reinsurers' share of insurance technical provisions	137,738,203	32,395,443	170,133,646	-84,808,459	85,325,187
Receivables	225,784,690	60,353,378	286,138,068	-35,655,744	250,482,324
- receivables from direct insurance operations	96,966,130	36,500,255	133,466,385	-1,580,468	131,885,917
- receivables from reinsurance and co-insurance operations	67,203,328	4,053,924	71,257,252	-26,989,946	44,267,306
- current tax receivables	10,675	1,829,240	1,839,915	0	1,839,915
- other receivables	61,604,557	17,969,959	79,574,516	-7,085,330	72,489,186
Other assets	28,621,425	3,466,617	32,088,042	-2,692,093	29,395,949
Cash and cash equivalents	13,242,216	6,526,073	19,768,289	0	19,768,289
Noncurrent assets for sale	2,123,349	0	2,123,349	0	2,123,349
EQUITY AND LIABILITIES	3,401,632,114	394,342,774	3,795,974,888	-449,199,974	3,346,774,914
Equity	824,946,338	87,104,843	912,051,181	-258,837,721	653,213,460
Controlling interests	824,946,338	87,104,843	912,051,181	-265,495,873	646,555,308
- share capital	275,730,021	84,646,701	360,376,722	-286,675,330	73,701,392
- share premium	75,034,014	1,369,970	76,403,984	-19,537,790	56,866,194
- reserves from profit	266,171,441	16,282,364	282,453,805	-5,263,501	277,190,304
- fair value reserve	101,381,121	4,908,268	106,289,389	-16,982,690	89,306,699
- net profit/loss brought forward	50,032,318	-16,873,508	33,158,810	64,160,135	97,318,945
- net profit/loss for the year	56,597,423	339,174	56,936,597	-1,009,680	55,926,917
- currency translation differences	0	-3,568,126	-3,568,126	-187,017	-3,755,143
Non-controlling interests	0	0	0	6,658,152	6,658,152
Subordinated liabilities	31,457,614	1,364,296	32,821,910	-4,618,000	28,203,910
Insurance technical provisions	1,792,998,282	228,454,443	2,021,452,725	-84,919,459	1,936,533,266
- unearned premiums	272,177,365	67,605,961	339,783,326	-24,967,152	314,816,174
- mathematical provisions	862,073,206	48,071,082	910,144,288	0	910,144,288
- claims provisions	639,234,937	108,605,116	747,840,053	-59,952,307	687,887,746
- other insurance technical provisions	19,512,774	4,172,284	23,685,058	0	23,685,058
Insurance technical provisions for unit-linked insurance contracts	435,015,806	15,568,673	450,584,479	0	450,584,479
Employee benefits	10,335,705	1,314,745	11,650,450	0	11,650,450
Other provisions	9,979,840	5,313,372	15,293,212	0	15,293,212
Deferred tax liabilities	28,356,443	454,802	28,811,245	351,293	29,162,538
Other financial liabilities	123,331,435	19,795,748	143,127,183	-59,501,315	83,625,868
Operating liabilities	86,090,495	15,866,622	101,957,117	-28,658,840	73,298,277
- liabilities from direct insurance operations	15,169,462	5,643,845	20,813,307	-871,149	19,942,158
- liabilities from reinsurance and co-insurance operations	57,448,246	10,193,847	67,642,093	-27,787,691	39,854,402
- current tax liabilities	13,472,787	28,930	13,501,717	0	13,501,717
Other liabilities	59,120,156	19,105,230	78,225,386	-13,015,932	65,209,454

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA - CONTINUED

in EUR

	AS AT 31 DECEMBER 2013				
	SLOVENIA	OTHER	TOTAL (before eliminations)	Eliminations	TOTAL (by eliminations)
ASSETS	3,114,135,609	370,910,414	3,485,046,023	-407,938,679	3,077,107,344
Intangible assets	57,430,962	13,644,786	71,075,748	648,495	71,724,243
Property, plant and equipment	87,593,892	35,021,637	122,615,529	235,355	122,850,884
Deferred tax receivables	22,439,314	1,257,485	23,696,799	0	23,696,799
Investment property	62,846,550	22,801,708	85,648,258	11,597,126	97,245,384
Investments in subsidiaries	254,907,306	5,145,040	260,052,346	-260,052,346	0
Investments in associates	10,204,674	0	10,204,674	0	10,204,674
Financial assets	2,285,757,108	196,406,586	2,482,163,694	-49,980,315	2,432,183,379
Financial investments	1,862,907,738	181,588,340	2,044,496,078	-49,980,315	1,994,515,763
- loans and deposits	194,948,246	52,584,165	247,532,411	-48,268,085	199,264,326
- held to maturity	197,096,116	27,784,835	224,880,951	0	224,880,951
- available for sale	1,334,899,667	97,835,741	1,432,735,408	-1,712,230	1,431,023,178
- investments recognised at fair value	135,963,709	3,383,599	139,347,308	0	139,347,308
Unit-linked insurance assets	422,849,370	14,818,246	437,667,616	0	437,667,616
Reinsurers' share of insurance technical provisions	113,242,391	24,630,502	137,872,893	-73,165,365	64,707,528
Receivables	177,758,876	53,260,649	231,019,525	-34,690,744	196,328,781
- receivables from direct insurance operations	67,157,061	30,434,445	97,591,506	-1,631,577	95,959,929
- receivables from reinsurance and co-insurance operations	66,023,829	5,387,708	71,411,537	-28,088,998	43,322,539
- current tax receivables	12,917,312	1,806,783	14,724,095	0	14,724,095
- other receivables	31,660,674	15,631,713	47,292,387	-4,970,169	42,322,218
Other assets	26,952,370	2,552,280	29,504,650	-2,530,885	26,973,765
Cash and cash equivalents	12,878,817	16,189,741	29,068,558	0	29,068,558
Non-current assets held for sale	2,123,349	0	2,123,349	0	2,123,349
EQUITY AND LIABILITIES	3,114,135,609	370,910,414	3,485,046,023	-407,938,679	3,077,107,344
Equity	764,942,578	75,908,732	840,851,310	-250,313,853	590,537,457
Controlling interests	764,942,578	75,908,732	840,851,310	-256,536,433	584,314,877
- share capital	275,730,021	81,041,290	356,771,311	-283,069,929	73,701,392
- share premium	75,034,014	1,369,970	76,403,984	-19,537,790	56,866,194
- reserves from profit	266,043,850	15,759,517	281,803,367	-5,124,903	276,678,464
- fair value reserve	58,902,830	2,479,866	61,382,696	-16,777,261	44,605,435
- net profit/loss brought forward	70,981,681	-13,435,135	57,546,546	32,536,569	90,083,115
- net profit/loss for the year	18,250,182	-7,680,581	10,569,601	35,643,906	46,213,507
- currency translation differences	0	-3,626,195	-3,626,195	-207,035	-3,833,230
Non-controlling interests	0	0	0	6,222,580	6,222,580
Subordinated liabilities	31,456,714	1,367,125	32,823,839	-4,579,355	28,244,484
Insurance technical provisions	1,681,642,295	217,778,950	1,899,421,245	-73,189,935	1,826,231,310
- unearned premiums	211,391,566	61,998,152	273,389,718	-15,323,049	258,066,669
- mathematical provisions	823,783,519	46,949,487	870,733,006	0	870,733,006
- claims provisions	628,057,067	104,246,063	732,303,130	-57,866,886	674,436,244
- other insurance technical provisions	18,410,143	4,585,248	22,995,391	0	22,995,391
Insurance technical provisions for unit-linked insurance contracts	420,333,091	14,868,633	435,201,724	0	435,201,724
Employee benefits	9,874,510	1,526,872	11,401,382	0	11,401,382
Other provisions	10,044,992	6,173,738	16,218,730	0	16,218,730
Deferred tax liabilities	17,665,747	448,002	18,113,749	351,293	18,465,042
Other financial liabilities	51,695,793	23,343,241	75,039,034	-40,248,036	34,790,998
Operating liabilities	71,132,145	15,167,673	86,299,818	-29,974,285	56,325,533
- liabilities from direct insurance operations	15,615,686	6,471,358	22,087,044	-1,839,151	20,247,893
- liabilities from reinsurance and co-insurance operations	54,875,504	8,598,222	63,473,726	-28,135,134	35,338,592
- current tax liabilities	640,955	98,093	739,048	0	739,048
Other liabilities	55,347,744	14,327,448	69,675,192	-9,984,508	59,690,684

CONSOLIDATED INCOME STATEMENT BY BUSINESS SEGMENT

in EUR

	FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014				
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL
NET PREMIUM INCOME	259,990,995	92,377,712	54,292,477	0	406,661,184
- gross written premium	340,615,109	92,421,739	54,718,300	0	487,755,148
- ceded written premium	-44,564,229	-633	0	0	-44,564,862
- change in unearned premiums	-36,059,885	-43,394	-425,823	0	-36,529,102
INCOME FROM FINANCIAL ASSETS	30,522,993	88,349,076	1,026,699	1,445,250	121,344,018
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	0	3,314	0	213,978	217,292
- profit on equity investments accounted for using the equity method	0	3,314	0	213,978	217,292
- other financial income	0	0	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	30,522,993	56,575,278	1,026,699	1,231,272	89,356,242
- interest income	16,532,566	20,790,552	432,771	127,031	37,882,920
- dividends	1,686,848	453,372	0	729,716	2,869,936
- fair value gains	932,258	14,405,368	0	121,296	15,458,922
- realised gains on disposals	9,179,457	19,866,990	593,928	226	29,640,601
- other financial income	2,191,864	1,058,996	0	253,003	3,503,863
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	31,770,484	0	0	31,770,484
OTHER INCOME FROM INSURANCE OPERATIONS	5,859,357	46,870	17,052	0	5,923,279
- fees and commission income	3,355,724	40,340	0	0	3,396,064
- other income from insurance operations	2,503,633	6,530	17,052	0	2,527,215
OTHER INCOME	2,653,475	121,932	5,566	36,571,676	39,352,649
NET CLAIMS INCURRED	166,469,191	83,775,958	43,853,962	0	294,099,111
- gross claims settled	171,202,818	83,982,621	40,529,040	0	295,714,479
- reinsurers' and co-insurers' share	-10,085,543	-1,797	0	0	-10,087,340
- changes in claims provisions	5,351,916	-204,866	-497,989	0	4,649,061
- equalisation scheme expenses for supplementary health insurance	0	0	3,822,911	0	3,822,911
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-444,795	24,526,401	-317,677	0	23,763,929
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	15,364,398	0	0	15,364,398
EXPENSES FOR BONUSES AND DISCOUNTS	4,024,076	1,074	0	0	4,025,150
OPERATING EXPENSES	78,871,068	15,709,529	3,891,751	0	98,472,348
- acquisition costs	56,444,303	10,178,901	955,533	0	67,578,737
- other operating costs	22,426,765	5,530,628	2,936,218	0	30,893,611
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	5,105,114	21,987,951	25,775	645,588	27,764,428
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	0	917,285	0	50,284	967,569
- loss on investments accounted for using the equity method	0	917,285	0	50,284	967,569
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	5,105,114	10,453,678	25,775	595,304	16,179,871
- interest expense	644,538	370,214	0	473,723	1,488,475
- fair value losses	362,014	3,309,067	0	58,623	3,729,704
- realised loss on disposals	858,680	4,560,621	1,731	0	5,421,032
- permanent impairment of financial assets	67,578	14,304	0	0	81,882
- other expenses from financial assets and liabilities	3,172,304	2,199,472	24,044	62,958	5,458,778
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	10,616,988	0	0	10,616,988
OTHER INSURANCE EXPENSES	9,986,509	200,589	461,621	0	10,648,719
OTHER EXPENSES	1,431,166	90,413	3,753	32,220,555	33,745,887
PROFIT/LOSS BEFORE TAX	33,584,491	19,239,277	7,422,609	5,150,783	65,397,160
Income tax expense	3,759,773	4,415,834	586,810	355,964	9,118,381
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	29,824,718	14,823,443	6,835,799	4,794,819	56,278,779
Net profit / loss attributable to the controlling company	29,699,661	14,772,364	6,835,799	4,746,684	56,054,508
Net profit / loss attributable to non-controlling interest holders	125,057	51,079	0	48,135	224,271

CONSOLIDATED INCOME STATEMENT BY BUSINESS SEGMENT - CONTINUED

in EUR

	FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 JUNE 2013				
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL
NET PREMIUM INCOME	270,751,387	97,356,393	50,843,125	0	418,950,905
- gross written premium	347,504,377	97,431,340	51,475,667	0	496,411,384
- ceded written premium	-43,966,304	-699	0	0	-43,967,003
- change in unearned premiums	-32,786,686	-74,248	-632,542	0	-33,493,476
INCOME FROM FINANCIAL ASSETS	25,601,345	49,040,017	510,311	774,562	75,926,235
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	-1	390,354	0	252,759	643,112
- profit on equity investments accounted for using the equity method	0	390,354	0	252,759	643,113
- interest income	-1	0	0	0	-1
- dividends	0	0	0	0	0
- fair value gains	0	0	0	0	0
- realised gains on disposals	0	0	0	0	0
- other financial income	0	0	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	25,601,345	32,049,893	510,311	521,803	58,683,352
- interest income	18,030,407	18,875,401	420,988	195,986	37,522,782
- dividends	444,124	395,047	0	128,679	967,850
- fair value gains	784,696	5,463,245	0	45,431	6,293,372
- realised gains on disposals	4,342,561	6,683,028	89,323	0	11,114,912
- other financial income	1,999,557	633,172	0	151,707	2,784,436
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	16,599,770	0	0	16,599,770
OTHER INCOME FROM INSURANCE OPERATIONS	4,751,790	71,169	16,168	0	4,839,128
- fees and commission income	1,975,809	65,323	0	0	2,041,132
- other income from insurance operations	2,775,981	5,846	16,168	0	2,797,996
OTHER INCOME	2,270,580	137,696	5,113	35,704,606	38,117,994
NET CLAIMS INCURRED	158,690,755	94,213,486	44,786,357	0	297,690,597
- gross claims settled	189,554,913	94,169,839	39,134,045	0	322,858,798
- reinsurers' and co-insurers' share	-18,505,227	0	0	0	-18,505,229
- changes in claims provisions	-12,358,931	43,647	1,680,398	0	-10,634,886
- equalisation scheme expenses for supplementary health insurance	0	0	3,971,914	0	3,971,914
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-65,088	-1,249,433	-787,688	0	-2,102,209
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-3,069,202	0	0	-3,069,202
EXPENSES FOR BONUSES AND DISCOUNTS	3,451,613	884	0	0	3,452,497
OPERATING EXPENSES	76,711,639	15,636,113	3,244,507	0	95,592,260
- acquisition costs	51,152,707	9,165,858	493,616	0	60,812,181
- other operating costs	25,558,932	6,470,255	2,750,891	0	34,780,079
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	11,155,354	31,773,579	69,297	1,639,002	44,637,234
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	-5,882	41,329	0	593,539	628,986
- loss on investments accounted for using the equity method	0	41,329	0	587,657	628,986
- interest expense	0	0	0	0	0
- fair value losses	0	0	0	0	0
- realised loss on disposals	0	0	0	0	0
- other expenses from financial assets and liabilities	-5,882	0	0	5,882	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	11,161,236	14,610,511	69,297	1,045,463	26,886,509
- interest expense	742,289	410,134	8,942	512,754	1,674,119
- fair value losses	795,531	8,058,907	0	468,417	9,322,855
- realised loss on disposals	604,559	2,533,379	3,655	0	3,141,593
- permanent impairment of financial assets	6,005,577	1,737,065	0	23,621	7,766,263
- other expenses from financial assets and liabilities	3,013,280	1,871,026	56,700	40,671	4,981,679
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	17,121,739	0	0	17,121,739
OTHER INSURANCE EXPENSES	10,417,992	610,215	335,706	0	11,363,913
OTHER EXPENSES	1,925,092	106,034	2,386	32,334,280	34,367,789
PROFIT/LOSS BEFORE TAX	41,087,745	8,583,599	3,724,152	2,505,886	55,901,382
Income tax expense	8,220,334	1,634,279	0	418,100	10,272,713
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	32,867,411	6,949,320	3,724,152	2,087,786	45,628,669
Net profit / loss attributable to the controlling company	32,559,261	6,916,761	3,724,152	2,067,970	45,268,144
Net profit / loss attributable to non-controlling interest holders	308,148	32,560	0	19,818	360,526

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

in EUR

	FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014		
	SLOVENIA	OTHER	TOTAL
NET PREMIUM INCOME	337,279,578	69,381,606	406,661,184
- gross written premium	406,671,910	81,083,238	487,755,148
- ceded written premium	-35,724,108	-8,840,754	-44,564,862
- change in unearned premiums	-33,668,224	-2,860,878	-36,529,102
INCOME FROM FINANCIAL ASSETS	114,078,360	7,265,658	121,344,018
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	217,292	0	217,292
- profit on equity investments accounted for using the equity method	217,292	0	217,292
- other financial income	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	82,983,542	6,372,700	89,356,242
- interest income	33,150,679	4,732,241	37,882,920
- dividends	2,830,407	39,529	2,869,936
- fair value gains	15,397,495	61,427	15,458,922
- realised gains on disposals	29,069,297	571,304	29,640,601
- other financial income	2,535,664	968,199	3,503,863
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	30,877,526	892,958	31,770,484
OTHER INCOME FROM INSURANCE OPERATIONS	3,764,058	2,159,221	5,923,279
- fees and commission income	2,457,541	938,523	3,396,064
- other income from insurance operations	1,306,517	1,220,698	2,527,215
OTHER INCOME	35,575,552	3,777,097	39,352,649
NET CLAIMS INCURRED	253,207,394	40,891,717	294,099,111
- gross claims settled	250,809,903	44,904,576	295,714,479
- reinsurers' and co-insurers' share	-7,013,656	-3,073,684	-10,087,340
- changes in claims provisions	5,588,236	-939,175	4,649,061
- equalisation scheme expenses for supplementary health insurance	3,822,911	0	3,822,911
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	23,579,315	184,614	23,763,929
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	14,682,714	681,684	15,364,398
EXPENSES FOR BONUSES AND DISCOUNTS	3,468,195	556,955	4,025,150
OPERATING EXPENSES	72,950,018	25,522,330	98,472,348
- acquisition costs	50,533,498	17,045,239	67,578,737
- other operating costs	22,416,520	8,477,091	30,893,611
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	25,709,334	2,055,094	27,764,428
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	967,569	0	967,569
- loss on investments accounted for using the equity method	967,569	0	967,569
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	14,691,094	1,488,777	16,179,871
- interest expense	1,305,691	182,784	1,488,475
- fair value losses	3,700,632	29,072	3,729,704
- realised loss on disposals	5,387,915	33,117	5,421,032
- permanent impairment of financial assets	0	81,882	81,882
- other expenses from financial assets and liabilities	4,296,856	1,161,922	5,458,778
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	10,050,671	566,317	10,616,988
OTHER INSURANCE EXPENSES	5,668,027	4,980,692	10,648,719
OTHER EXPENSES	29,456,446	4,289,441	33,745,887
PROFIT/LOSS BEFORE TAX	61,976,105	3,421,055	65,397,160
Income tax expense	9,118,381	0	9,118,381
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	52,857,724	3,421,055	56,278,779
Net profit / loss attributable to the controlling company	52,846,743	3,207,765	56,054,508
Net profit / loss attributable to non-controlling interest holders	10,981	213,290	224,271

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA - CONTINUED

in EUR

	FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 JUNE 2013		
	SLOVENIA	OTHER	TOTAL
NET PREMIUM INCOME	347,276,673	71,674,232	418,950,905
- gross written premium	410,644,782	85,766,602	496,411,384
- ceded written premium	-34,971,383	-8,995,620	-43,967,003
- change in unearned premiums	-28,396,726	-5,096,750	-33,493,476
INCOME FROM FINANCIAL ASSETS	68,497,094	7,429,140	75,926,234
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	643,112	0	643,112
- profit on equity investments accounted for using the equity method	643,113	0	643,113
- interest income	-1	0	-1
- dividends	0	0	0
- fair value gains	0	0	0
- realised gains on disposals	0	0	0
- other financial income	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	51,935,837	6,747,515	58,683,352
- interest income	32,870,431	4,652,351	37,522,782
- dividends	912,430	55,420	967,850
- fair value gains	6,068,628	224,744	6,293,372
- realised gains on disposals	10,725,418	389,494	11,114,912
- other financial income	1,358,930	1,425,506	2,784,436
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	15,918,145	681,625	16,599,770
OTHER INCOME FROM INSURANCE OPERATIONS	2,555,034	2,284,093	4,839,128
- fees and commission income	1,108,620	932,512	2,041,132
- other income from insurance operations	1,446,414	1,351,581	2,797,996
OTHER INCOME	35,071,169	3,046,826	38,117,994
NET CLAIMS INCURRED	252,189,547	45,501,051	297,690,597
- gross claims settled	269,076,289	53,782,508	322,858,798
- reinsurers' and co-insurers' share	-10,209,261	-8,295,966	-18,505,229
- changes in claims provisions	-10,649,395	14,509	-10,634,886
- equalisation scheme expenses for supplementary health insurance	3,971,914	0	3,971,914
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-2,746,453	644,244	-2,102,209
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-3,672,234	603,032	-3,069,202
EXPENSES FOR BONUSES AND DISCOUNTS	2,886,245	566,252	3,452,497
OPERATING EXPENSES	69,878,703	25,713,556	95,592,260
- acquisition costs	46,181,128	14,631,053	60,812,181
- other operating costs	23,697,575	11,082,503	34,780,079
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	40,953,670	3,683,562	44,637,234
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	628,986	0	628,986
- loss on investments accounted for using the equity method	628,986	0	628,986
- interest expense	0	0	0
- fair value losses	0	0	0
- realised loss on disposals	0	0	0
- other financial expenses	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	23,721,114	3,165,393	26,886,509
- interest expense	1,619,664	54,455	1,674,119
- fair value losses	8,740,074	582,781	9,322,855
- realised loss on disposals	2,994,036	147,557	3,141,593
- permanent impairment of financial assets	7,274,328	491,935	7,766,263
- other expenses from financial assets and liabilities	3,093,012	1,888,665	4,981,679
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	16,603,570	518,169	17,121,739
OTHER INSURANCE EXPENSES	5,862,122	5,501,791	11,363,913
OTHER EXPENSES	29,971,265	4,396,527	34,367,792
PROFIT/LOSS BEFORE TAX	58,077,106	-2,175,724	55,901,382
Income tax expense	10,115,797	156,916	10,272,713
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	47,961,309	-2,332,640	45,628,669
Net profit / loss attributable to the controlling company	47,970,452	-2,702,308	45,268,144
Net profit / loss attributable to non-controlling interest holders	-9,143	369,669	360,526

3.6 Significant items of the statement of financial position

Intangible assets

In the first six-month period of 2014, intangible assets of Zavarovalnica Triglav increased by EUR 6.8 million. The increase is attributable mostly to higher long-term deferred acquisition costs in the amount of EUR 7.6 million, newly acquired other intangible assets amount to EUR 1,2 million.

In the reporting period, intangible assets of the Triglav Group increased by EUR 7.1 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 8.6 million, newly acquired other intangible assets amount to EUR 1.6 million.

Property, plant and equipment

In the first half-year of 2014, property, plant and equipment of Zavarovalnica Triglav decreased by EUR 2,3. Reduction was due to the current amortization, which was higher than the new acquisition, worth EUR 624 thousand. As at 30 June 2014, liabilities for the acquisition of property, plant and equipment amounted to EUR 135 thousand.

At the Group level acquisition of property, plant and equipment totalled EUR 4.9 million in the first six-month period of 2014.

Financial assets

Disclosure of fair value of financial assets as at 30 June 2014

Financial assets as at 30 June 2014	Zavarovalnica Triglav		Triglav Group	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits ⁽²⁾	157,392,556	157,392,556	179,352,592	179,352,592
Held to maturity	184,515,278	214,428,592	209,051,197	241,980,305
Available for sale	1,269,002,264	1,269,002,264	1,588,876,803	1,588,876,803
Investments recognised at fair value	185,762,146	185,762,146	189,631,114	189,631,114
Unit-linked insurance assets	440,580,395	440,580,395	456,233,714	456,233,714
TOTAL	2,237,252,639	2,267,165,953	2,623,145,420	2,656,074,528

in EUR

⁽²⁾The fair value of loan and deposits is recognised on the basis of carrying value, which is measured at amortised cost and represents an appropriate approximation of fair value

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 June 2014.

in EUR					
Zavarovalnica Triglav	L&R	HTM	AFS	FVTPL	TOTAL
Equity securities	0	0	113,154,119	5,880,261	119,034,380
Debt securities	13,838,878	184,515,278	1,154,429,187	179,332,857	1,532,116,201
Derivative financial instruments	0	0	0	549,028	549,028
Unit-linked financial assets	11,160,707	0	0	429,419,687	440,580,395
Loans	143,553,678	0	1,418,958	0	144,972,636
TOTAL	168,553,264	184,515,278	1,269,002,264	615,181,833	2,237,252,639

in EUR					
Triglav Group	L&R	HTM	AFS	FVTPL	TOTAL
Equity securities	0	0	173,725,213	8,167,645	181,892,858
Debt securities	34,990,496	209,051,197	1,413,717,413	180,869,255	1,838,628,361
Derivative financial instruments	0	0	0	594,214	594,214
Unit-linked financial assets	11,319,404	0	430,922	444,483,387	456,233,713
Loans	144,362,097	0	1,434,177	0	145,796,274
TOTAL	190,671,997	209,051,197	1,589,307,725	634,114,501	2,623,145,420

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	115,329,524	0	3,704,856	119,034,380
Debt securities	1,232,672,367	101,089,677	0	1,333,762,044
Derivative financial instruments	0	549,028	0	549,028
Unit-linked financial assets	331,645,331	97,774,355	0	429,419,687
TOTAL	1,679,647,222	199,413,061	3,704,856	1,882,765,138

in EUR

Triglav Group	Level 1	Level 2	Level 3	TOTAL
Equity securities	143,556,737	19,820,992	18,515,129	181,892,858
Debt securities	1,483,121,796	111,272,396	192,476	1,594,586,668
Derivative financial instruments	45,186	549,028	0	594,214
Unit-linked financial assets	347,139,953	97,774,355	0	444,914,308
TOTAL	1,973,863,672	229,416,771	18,707,605	2,221,988,048

Changes of Level 3 financial assets

	Zavarovalnica Triglav	Triglav Group
	in EUR	
Balance as at 1 January 2014	3,700,385	18,293,153
Acquisitions	0	0
Disposals	0	0
Revaluation through profit and loss	4,471	148,016
Revaluation through equity	0	260,200
Reclassifications from Level 1 and Level 2	0	0
Foreign exchange differences	0	6,236
Balance as at 30 June 2014	3,704,856	18,707,605

In the first half-year of 2014 in Zavarovalnica Triglav and Triglav Group there were not made any changes of financial assets from Level 1 to Level 2 and vice versa.

Impairment

In Zavarovalnica Triglav no loss arising from financial assets or other assets was recognised in the first six months of 2014.

Impairment loss in the consolidated income statement of the Triglav Group in the period from 1 January to 30 June 2014 amounted to EUR 81.9 thousand.

Subordinated debt instruments

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

Contingent assets and contingent liabilities

In the period from 1 January to 30 June 2014, off-balance sheet items arising from options and from futures and forwards dropped by EUR 11.7 million and EUR 19.4 million respectively. The contingent liability arising from a given guarantees decreased by EUR 3.1 million.

Distribution of accumulated profits

On 10 June 2014, the General Meeting of Shareholders of Zavarovalnica Triglav decided to distribute EUR 77,826,169.51 of profits accumulated in 2013. A part of accumulated profits totalling EUR 38,649,751.60 will be paid as dividend, amounting to EUR 1.70 gross per share. The distribution of the remaining accumulated profits of EUR 39,176,417.91 shall be decided upon in the following years.

3.7 Changes in equity stakes in subsidiaries and business combinations

In the reporting period there were two increases of capital in Triglav Group:

- Triglav Pojišt'ovna, a.s., Brno

The capital was increased through an issue of 685 new shares with a nominal value of CZK 100,000. Total share capital increase amounted to CZK 68,500,000 or EUR 2,489,280. All newly issued shares were purchased by Triglav INT d.d., whereby Triglav Pojišt'ovna a.s. remained its 100%-owned subsidiary.

- Triglav Osiguranje, a.d.o., Beograd

The capital was increased through an issue of 993,918 new shares with a nominal value of RSD 700. Total share capital increase amounted to RSD 695,742,600 or EUR 6,060,476. All newly issued shares were purchased by Triglav INT d.d. Triglav INT increased its share in the Serbian subsidiary by 0.65 percentage point, which as at the reporting date reached 99.8%.

3.8 Related party transactions⁽³⁾

Management Board of Zavarovalnica Triglav

In the first six-month period of 2014, 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*	Rewards	Net pay received	Insurance premiums**	Other benefits***	Reimbursements	
Slapar Andrej	73,359	789	14,445	34,625	19,576	3,090	776	
Vrtunski Stanislav	72,093	789	14,404	34,501	13,895	2,754	318	
Jošar Benjamin	72,020	789	14,404	32,319	13,343	4,746	1,104	
Makoter Marica	72,020	789	14,404	33,151	13,739	2,989	280	
Rakovec Matjaž****	0	0	12,264	5,741	0	0	0	
TOTAL	289,492	3,156	69,921	140,337	60,553	13,579	2,478	

* Other additional payments include holiday allowance.

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

*** Other benefits – company car

**** Matjaž Rakovec received a bonus for 2013 when he served as a President of the Management Board, although in the reporting period he was no longer a Management Board Member.

As at 30 June 2014, Zavarovalnica Triglav recorded following receivables from and liabilities to the Management Board members:

			in EUR
Surname and name	Receivables as at 30 June 2014	Liabilities as at 30 June 2014	
Slapar Andrej	0	17,533	
Vrtunski Stanislav	14	13,651	
Jošar Benjamin	0	10,975	
Makoter Marica	16	15,775	
TOTAL	30	57,934	

⁽³⁾ In 2014, two major shareholders of Zavarovalnica Triglav, i.e. Slovenska odškodninska družba d.d. (current Slovenski državni holding d.d.) with its subsidiaries and Zavod za pokojninsko in invalidsko zavarovanje, are not listed as the associated companies. By a decision, the Securities Market Agency suspended the voting rights of these two shareholders on 4 March 2013 until the time they launch a takeover bid for Zavarovalnica Triglav as the offeree company divest their ZVTG shares so that they neither jointly nor severally any longer reach the takeover threshold.

Supervisory Board, the Audit Committee and the Nominations Committee of Zavarovalnica Triglav

In the second quarter of 2014, members of the Supervisory Board, the Audit Committee and the Nominations Committee of Zavarovalnica Triglav were paid the following amounts as compensation for their work:

Surname and name	in EUR				
	Flat-rate remuneration	Attendance fee	Reimbursements	Total gross pay	Total net pay
Blažič Matija	5,417	1,100	841	7,358	5,351
Celar Peter	6,771	1,320	75	8,166	5,939
Gobbo Mario	8,125	2,992	9,054	20,171	13,288
Gorjan Branko	6,771	2,772	1,054	10,597	7,707
Kastelic Gregor	8,667	1,320	5,835	15,821	12,261
Krštinč Miran	6,771	2,200	631	9,602	6,983
Nose Barbara*	2,708	2,090	0	4,798	3,490
Runjak Matej	10,156	2,200	0	12,356	8,987
Stankovič Rajko	6,771	2,772	0	9,543	6,941
Štimac Dubravko	13,686	1,265	1,449	16,401	12,710
Total	75,843	20,031	18,939	114,813	83,657

* External members of committees

As at 30 June 2014, Zavarovalnica Triglav recorded the following receivables from and liabilities to the members of the Supervisory Board, the Audit Committee and the Nominations Committee:

Surname and name	in EUR
	Liabilities as at 30 June 2014
Blažič Matija	788
Celar Peter	985
Gobbo Mario	1,358
Gorjan Branko	985
Kastelic Gregor	1,343
Krštinč Miran	985
Nose Barbara*	394
Runjak Matej	1,477
Stankovič Rajko	985
Štimac Dubravko	0
TOTAL	9,300

* 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 June 2014	31 Dec. 2013
Stakes and shares	159,778,726	159,778,726
Debt securities and loans to subsidiaries	62,779,728	43,256,213
Other financial investments	1,418,958	1,426,466
Receivables from direct insurance operations – from insurance	1,533,913	1,581,610
Premium receivable from co-insurance	2,895	5,857
Receivables from reinsurers' share in claims	6,773,873	8,078,520
Other short-term receivables from insurance operations	8,579	12,500
Short-term receivables from financing	4,307,065	4,254,738
Other short-term receivables	814,619	1,053,339

	in EUR	
LIABILITIES	30 June 2014	31 Dec. 2013
Liabilities towards policyholders	503,638	686,996
Liabilities towards insurance brokers	277,794	245,340
Reinsurance liabilities premium	9,443,449	10,383,349
Other long-term liabilities	155,747	99,553

	IN EUR	
INCOME AND EXPENSES	H1 2014	H1 2013
Gross written premium	2,696,884	2,229,127
Assumed co-insurance written premium	4,049	8,254
Reinsurance written premium (-)	-34,969,784	-36,972,377
Reinsurance commission income	6,807,582	5,708,653
Other income from insurance	1,812,232	1,719,792
Interest income	1,310,302	1,020,293
Income from land and buildings	79,709	93,479
Other net income from insurance operations	868,411	699,488
Other income	384,229	483,247
TOTAL INCOME	-21,006,386	-25,010,044
Gross claims settled	994,244	448,560
Reinsurers' share of claims	-9,617,364	-13,016,081
TOTAL EXPENSES	-8,623,120	-12,567,521

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	
ASSETS	30 June 2014	31 Dec. 2013	30 June 2014	31 Dec. 2013
Stakes and shares	9,637,324	9,637,324	9,885,518	10,204,674
Receivables from direct insurance operations – from insurance	75,067	0	75,067	0
Short-term receivables from financing	1,172,269	1,111,728	1,172,269	1,111,728
Other short-term receivables	36,121	28,061	36,121	38,061

	in EUR			
	Zavarovalnica Triglav		The Triglav Group	
LIABILITIES	30 June 2014	31 Dec. 2013	30 June 2014	31 Dec. 2013
Liabilities towards insurance brokers	18,238	24,846	18,238	26,259
Other short-term liabilities	0	0	1,213,408	3,398
Accrued costs and expenses	0	0	14	14

	IN EUR			
	Zavarovalnica Triglav		The Triglav Group	
INCOME AND EXPENSES	H1 2014	H1 2013	H1 2014	H1 2013
Gross written premium	109,002	90,257	109,002	90,257
Income from dividends	60,541	0	60,541	0
Other income	875	0	875	0
TOTAL INCOME	170,418	90,257	170,418	90,257
Gross claims settled	9,350	30,473	9,350	30,473
TOTAL EXPENSES	9,350	30,473	9,350	30,473

3.9 Other significant events after the reporting data

No events occurring after the reporting date were material to the financial statements for the first half-year of 2014.

The events after the reporting date that are important for the operations in 2014 are the following:

- In April 2014, the Merger by Acquisition Agreement between Triglav nepremičnine d.o.o. and Zavarovalnica Triglav d.d. was signed. The merger of this 100%-owned subsidiary and the parent company is in line with optimising the management of the real property owned by Zavarovalnica Triglav. The merger by acquisition procedure is subject to the approval by the Insurance Supervision Agency.
- In June 2014, Uroš Ivanc and Tadej Čoroli assumed a five-year term of office on the Management Board, whilst the term of office of Stanislav Vrtunski on the Management Board expired.
- In July 2014, the Tax Administration of the Republic of Slovenia carried out a tax audit of Zavarovalnica Triglav. No irregularities were identified in this audit.