

ZAVAROVALNICA TRIGLAV D.D.  
HEADQUARTERS  
MIKLOŠIČEVA CESTA 19, 1000 LJUBLJANA

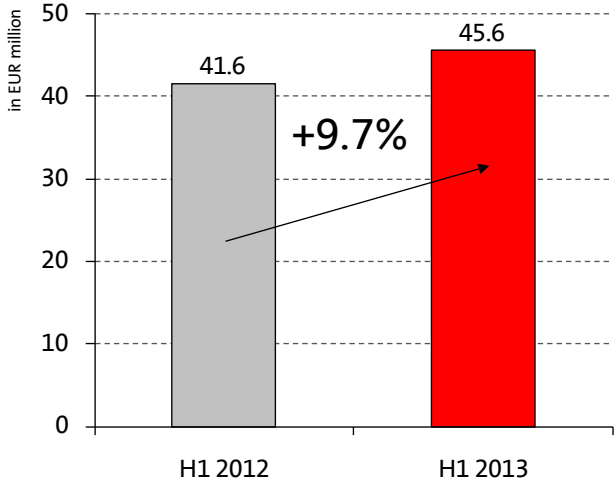


**UNAUDITED INTERIM REPORT OF  
ZAVAROVALNICA TRIGLAV D.D. AND THE  
TRIGLAV GROUP FOR THE PERIOD  
FROM 1 JANUARY 2013 TO 30 JUNE 2013**

Ljubljana, 22 August 2013

**PERFORMANCE OF THE TRIGLAV GROUP IN THE FIRST HALF OF 2013**

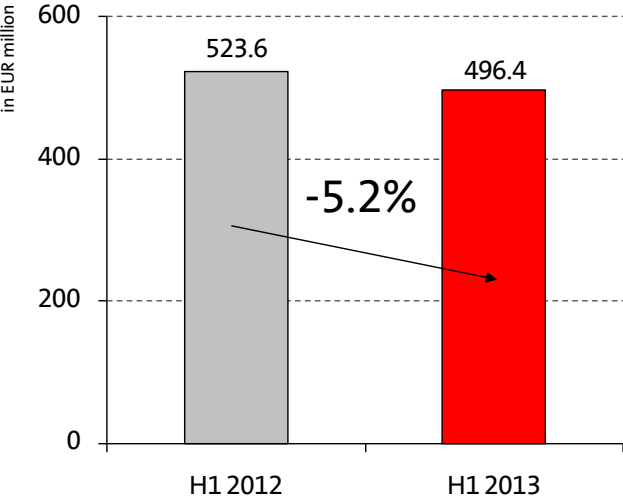
**Net profit/loss**



Consistent implementation of strategic guidelines is reflected in higher profit.

For additional information see page 40.

**Gross written premium for insurance and co-insurance contracts**



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

For additional information see page 20.



**Dear Shareholders,**

In 2013, the Triglav Group continues to implement its strategy, placing focus on the core insurance business, profitability and safety of operations. In the first half of the year, we earned **EUR 45.6 million in net profit**, which represents a **10% growth** compared to the respective period of 2012. Despite unfavourable business conditions, the Group managed to maintain a high level of financial stability, as confirmed by Standard & Poor's Ratings Services (hereinafter: S&P) which has raised the Triglav Group's credit rating by one notch to »A-« and issued a stable medium-term outlook. The credit rating increase is the result of the S&P's view that the Triglav Group is capable of preserving its capital adequacy and earnings at very strong levels. The S&P's credit rating also reflects the Triglav Group's prudent margins on property/casualty technical reserves of non-life insurance and improved net retained earnings. The stable medium-term outlook reflects the S&P's view that the Triglav Group will maintain its strong competitive position and very strong capital adequacy and earnings.

The sustained economic crisis continues to impact the **total written premium** of the Triglav Group, which **decreased by 5%**. The Triglav Group and Zavarovalnica Triglav have responded to the changed market situation and lower demand by different sales measures as well as by launching new products and redesigning the existing ones. However, this still falls short of completely offsetting the drop in premium due to new corporate bankruptcies, reduced purchasing power of households, greater prudence of policyholders, lower insurance density, higher unemployment, reduction in bank lending and lower sales of motor vehicles. Moreover, we continued with portfolio selection activities and focused on building relationships with high-quality clients. Intensive management of the non-life insurance portfolio led to a favourable **combined ratio** – an instrument measuring profitability in core insurance operations – which at the end of H1 **reached 90.8%**.

Through large-scale impairment of financial assets carried out in 2012 as a consequence of unfavourable trends in the capital markets and the developments in the banking sector, which negatively affected the value of some of its assets, Triglav managed to effectively adjust the value of its portfolio, which had a favourable influence on its performance in H1 2013.

As at 30 June 2013, the **total balance sheet assets** of the Triglav Group **stood at EUR 3,166.7 million** and were 1% higher than at the 2012 year-end. Moreover, **the amount of insurance technical provisions increased by 1%** and totalled **EUR 2,322.1 million** as at the end of June 2013. On the contrary, **total equity of the Triglav Group decreased by 3%**, as at the end of June 2013 amounting to **EUR 555.7 million**.

In the first half of 2013, **Zavarovalnica Triglav's shares (ZVTG)** – which are listed on the Ljubljana Stock Exchange – saw growth in price and average turnover. **From 31 December 2012 to the end of the first half 2013**, the closing price of Zavarovalnica Triglav's shares **increased by 8%** and as at 30 June 2013 equalled EUR 17.80. In the reporting period, the Slovene Blue-Chip Index decreased by 3%. The average turnover of ZVTG shares per trading day was EUR 245,460, which was considerably higher than the 2012 average of EUR 84,364. The price of ZVTG shares continued to rise after the end of the first half 2013.

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

**Andrej Slapar**

**President of the Management Board of Zavarovalnica Triglav**

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## 1. FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP IN THE FIRST HALF OF 2013

### 1.1 Performance of the Triglav Group

in EUR million

	H1 2013	H1 2012	Index 2013/2012
Gross written premium from insurance and co-insurance contracts	496.4	523.6	95
Net premium earned	419.0	443.5	94
Gross claims settled	322.9	301.7	107
Net claims incurred	297.7	291.5	102
Gross operating costs*	110.9	112.7	98
Profit/loss before tax	55.9	49.5	113
Net profit/loss	45.6	41.6	110
Net profit/loss attributable to the controlling company	45.3	40.6	111
	30 June 2013	31 December 2012	Index 2013/2012
Insurance technical provisions as at	2,322.1	2,305.3	101
Equity as at	555.7	574.6	97
Equity attributable to the controlling company	549.4	567.9	97
Number of employees	5.471	5.379	102

\*Insurance business gross operating costs

### Key performance indicators of the Triglav Group

	H1 2013	H1 2012
ROE annualized	17,0%	16,9%
Claims ratio	63.0%	60.4%
Expense ratio	27.8%	27.6%
Combined ratio	90.8%	88.0%
Ratio between gross operating costs and gross premium written	22.3%	21.5%

### 1.2 Performance of Zavarovalnica Triglav d.d.

in EUR million

	H1 2013	H1 2012	Index 2013/2012
Gross written premium	343.8	373.2	92
Net premium earned	277.2	303.3	91
Gross claims settled	217.5	210.6	103
Net claims incurred	196.8	193.2	102
Gross operating costs	78.7	79.7	99
Profit/loss before tax	46.6	32.0	146
Net profit/loss	37.5	25.0	150
	30 June 2013	31 December 2012	Index 2013/2012
Insurance technical provisions as at	2,003.6	1,990.2	101
Equity as at	485.9	507.7	96
Number of employees	2.391	2.405	99

## Key performance indicators of Zavarovalnica Triglav d.d.

	H1 2013	H1 2012
ROE annualized	15,8%	11,3%
Claims ratio	57.0%	53.9%
Expense ratio	28.0%	26.9%
Combined ratio	84.9%	80.8%
Ratio between gross operating costs and gross premium written	22.9%	21.3%

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

The Group's key business pillars are:

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

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

The insurance-oriented part of the Group encompasses:

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

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

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

	<b>INSURANCE</b>	<b>ASSET MANAGEMENT</b>	<b>OTHER</b>
<b>Slovenia</b>	- Zavarovalnica Triglav d.d. - Pozavarovalnica Triglav Re d.d. - Triglav, Zdravstvena zavarovalnica d.d. - Skupna pokojninska družba d.d.	- Triglav Skladi d.o.o. - Triglav Naložbe d.d. - Triglav nepremičnine d.o.o. - Gradis IPGI d.d. - Slovenijales d.d.	- Triglav INT d.d. - TRI-PRO d.o.o. - AS Triglav d.o.o. - TriglavKo d.o.o.
<b>Croatia</b>	- Triglav Osiguranje d.d., Zagreb		
<b>Bosnia and Herzegovina</b>	- Triglav Osiguranje d.d., Sarajevo - Triglav Osiguranje a.d., Banja Luka	- Polara Invest d.d. - PROF-IN d.o.o.	- TRI-PRO BH d.o.o. - Triglav Auto d.o.o. - Autocentar BH d.o.o. - Unis automobili i dijelovi d.o.o.
<b>Serbia</b>	- Triglav Osiguranje a.d.o., Belgrade	- Triglav Penzijski fondovi a.d. - Pista d.o.o.	
<b>Montenegro</b>	- Lovćen Osiguranje a.d., Podgorica - Lovćen životna osiguranja a.d., Podgorica		- Lovćen auto a.d.
<b>Macedonia</b>	- Triglav Osiguruvanje a.d., Skopje		
<b>Czech Republic</b>	- Triglav Pojišťovna a.s., Brno		

#### 1.4 Composition and markets of the Triglav Group





The Triglav Group as at 30 June 2013:

Controlling company:

- **Zavarovalnica Triglav d.d.**

**Subsidiaries of the Triglav Group:**

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

**Associated companies of the Triglav Group:**

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

Changes in the Triglav Group in the first half of 2013:

- In the first three months of 2013, Zavarovalnica Triglav purchased 5,744 shares of Slovenijales d.d. from non-controlling shareholders, thus becoming the sole owner of the company. The purchase price for the 2.0% equity stake was EUR 686,006.

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

## 1.5 Significant events in the reporting period

Significant events in the reporting period were the following:

- In February 2013, the Standard and Poor's credit rating agency decreased the long-term rating of the Triglav Group, including both Zavarovalnica Triglav and Pozavarovalnica Triglav Re, by one notch from »A-« to »BBB+«. This downgrade was caused by the lowering of the long-term sovereign credit rating on the Republic of Slovenia. Due to the revised criteria for assessing credit ratings of insurance companies, S&P re-evaluated the Triglav Group's credit rating. Following this review, on 5 July 2013 S&P has raised the Triglav Group's credit rating by one notch from »BBB+« to »A-« and issued a stable medium-term outlook. On 21 March 2013, the A.M. Best Rating Services assigned Zavarovalnica Triglav d.d., and thus also the Triglav Group, a financial strength rating of »A-« (excellent) and an issuer credit rating of »A-«. The same joint credit rating was assigned to Pozavarovalnica Triglav Re d.d. The medium-term outlook assigned to the ratings is stable. Credit rating is discussed in greater detail in Section 3.3 *Credit rating*.
- The 37<sup>th</sup> General Meeting of Shareholders of Zavarovalnica Triglav was held on 14 February 2013. At the meeting, the shareholders took note of:
  - the expiration of the terms of office as at 7 April 2013 of the following Supervisory Board members – shareholder representatives: Igor Mihajlović, Aljoša Valentinčič, Vladimir Uršič, Adolf Zupan, Gregor Kastelic and Jovan Lukovac;
  - the appointment of the following new Supervisory Board members – shareholder representatives with a four-year term of office commencing on 8 April 2013: Jovan Lukovac, Aleš Živkovič, Rok Strašek, Mihael Perman, Žiga Andoljšek and Blaž Šlemic;
  - the activities regarding the participation of Zavarovalnica Triglav d.d. in the share capital increase of Triglav INT d.d. and the entry of a strategic partner in the latter and, in particular, the supervision and investment decision making in the subsidiaries of Triglav INT d.d., as well as the current state of affairs regarding the entry of the strategic partner in the shareholder structure of Triglav INT d.d. For detailed information see the Report to the General Meeting of Shareholders of Zavarovalnica Triglav d.d. available on Triglav's website at: [http://www.triglav.eu/sl/odnosi\\_z\\_vlagatelj/porocila\\_in\\_objave/skupscina](http://www.triglav.eu/sl/odnosi_z_vlagatelj/porocila_in_objave/skupscina).
- On 28 February 2013 Zavarovalnica Triglav was served an action for voidness by the shareholder Association of Small Shareholders of Slovenia, Dalmatinova Street 10, 1000 Ljubljana (hereinafter: MDS Association) with reference to certain resolutions passed at the 37<sup>th</sup> General Meeting of Shareholders of Zavarovalnica Triglav on 14 February 2013. In the action for voidness the MDS Association requires from the Court to declare the following resolutions null and void: Resolution No. 1, No. 3.1, No. 3.2, No. 3.3, No. 3.5 and No. 3.6. As two main reasons to declare certain resolutions by the General Meeting of Shareholders void and null, the MDS Association states the failure to prohibit the exercising of voting rights to persons who (in Zavarovalnica Triglav) allegedly acted in concert in accordance with the provisions of the Takeover Act, and the lack of power of Slovenska odškodninska družba d.d. to act as a proxy for the shareholder Zavod za

pokojninsko in invalidsko zavarovanje Slovenije at the General Meeting of Shareholders of Zavarovalnica Triglav.

- On 5 March 2013, Zavarovalnica Triglav d.d. received the Securities Market Agency Decision, issued on 4 March 2013, in which the said Agency orders Zavarovalnica Triglav d.d. to prohibit, as at the day the decision takes effect, the following persons from exercising their voting rights:
  - Slovenska odškodninska družba d.d., Mala ulica 5, Ljubljana, for the rights attached to the shares with the ticker symbol ZVTG held by Zavarovalnica Triglav d.d., and the rights attached to the shares, held by Zavod za pokojninsko in invalidsko zavarovanje, Kolodvorska 15, Ljubljana, which are exercised on behalf of and for the account of the latter by Slovenska odškodninska družba d.d., Mala ulica 5, Ljubljana;
  - HIT Hoteli, igralnice, turizem d.d., Delpinova ulica 7a, Nova Gorica;
  - Elektro-Slovenija, d.o.o., Hajdrihova ulica 2, Ljubljana;
  - D.S.U., družba za svetovanje in upravljanje d.o.o., Dunajska cesta 160, Ljubljana;
  - Nova KBM d.d., Ulica Vita Kraigherja 4, Maribor;
  - Telekom Slovenije d.d., Cigaletova ulica 15, Ljubljana;until Slovenska odškodninska družba d.d. on its own behalf and for its own account or on behalf of and for the account of Zavod za pokojninsko in invalidsko zavarovanje; Hit d.d.; Elektro-Slovenija d.o.o.; Luka Koper d.d.; D.S.U., družba za svetovanje in upravljanje d.o.o.; NOVA KBM d.d. and Telekom Slovenije d.d., Cigaletova ulica 15, Ljubljana; jointly or severally, on behalf of and for the account of all, launch a take-over bid for the offeree company Zavarovalnica Triglav d.d., Miklošičeva cesta 19, Ljubljana, in accordance with the Takeover Act, or until the companies stated hereunder and holding voting rights in the offeree company divest ZVTG shares so that they neither jointly nor severally no longer reach the takeover threshold.
- As the issuer of shares with the ticker symbol ZVTG, Zavarovalnica Triglav d.d. on 22 March 2013 received from its shareholder Nova Ljubljanska banka d.d., Ljubljana, Trg republike 2, 1000 Ljubljana a P-DEL form (Notice on Changes in Major Holdings). Zavarovalnica Triglav d.d. was thereby informed of the fact that NLB d.d. on 15 March 2013 disposed of 696,213 shares issued by Zavarovalnica Triglav d.d., which accounted for 8.55% of the share capital of Zavarovalnica Triglav d.d. and the same percentage of total voting rights. After the disposal of the above stated shares, NLB d.d. no longer holds any shares issued by Zavarovalnica Triglav d.d.
- On 5 April 2013, the Supervisory Board of Zavarovalnica Triglav approved the Audited Annual Reports of Zavarovalnica Triglav and the Triglav Group for 2012.
- On 16 April 2013 the Supervisory Board of Zavarovalnica Triglav held its constitutive session, where it appointed Mihael Perman, D.Sc. a new Chairman of the Supervisory Board, while Jovan Lukovac, MBA was appointed Vice-Chairman. Furthermore, the Supervisory Board appointed the Audit Committee, Appointments and Compensation Committee and Strategy Committee members.
- Taking into account the provisions of the agreements from the end of March 2012 entered into by and between Zavarovalnica Triglav and Triglav INT on the one hand and IFC, a member of the World Bank Group (hereinafter: IFC), on the other, and, in particular, the fact, that IFC has not subscribed and paid-in the Triglav INT shares within the deadline set out in the agreements, i.e. 31 December 2012, Zavarovalnica Triglav and Triglav INT have called upon the IFC to urgently fulfil all of the subscription conditions and undertake all other necessary activities to ensure a prompt subscription of the Triglav INT shares.
- On 22 May 2013, the Supervisory Board recalled Matjaž Rakovec from the office of the President of the Management Board of Zavarovalnica Triglav for business and economic reasons. The Supervisory Board appointed a then member of the Management Board, Mr Andrej Slapar, President of the Management Board with a term of office expiring with the

appointment of a new President of the Management Board or until the expiry of his term of office as a member of the Management Board.

- On 6 June 2013 Zavarovalnica Triglav d.d. was served a Decision of the District Court in Ljubljana which denies issuing a temporary injunction requested by Mr Matjaž Rakovec to suspend the implementation of the resolution passed on 22 May 2013 by the Supervisory Board of Zavarovalnica Triglav on his dismissal from the office of the President of the Management Board and the appointment of Mr Andrej Slapar as the President of the Management Board of Zavarovalnica Triglav.
- The 38<sup>th</sup> General Meeting of Shareholders of Zavarovalnica Triglav was held on 11 June 2013. At the meeting, the shareholders:
  - adopted a resolution on the distribution of accumulated profits;
  - granted a discharge for the financial year 2012 to both the Management and the Supervisory Boards of Zavarovalnica Triglav;
  - appointed the auditing company ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as auditors;
  - recalled the following members of the Supervisory Boards – shareholder representatives: Jovan Lukovac, Aleš Živkovič, Rok Strašek, Mihael Perman, Žiga Andoljšek and Blaž Šlemic. In their stead the following members of the Supervisory Board – shareholder representatives with a four-year term of office starting on 12 June 2013 were appointed: Dubravko Štimac, Mario Gobbo, Rajko Stankovič, Matej Runjak, Gregor Kastelic and Matija Blažič.
- Triglav Skladi d.o.o., a subsidiary of Zavarovalnica Triglav d.d., and Abanka Skladi d.o.o., a subsidiary of Abanka Vipava d.d., concluded the Agreement on the Transfer of Fund Management. Pursuant to the Investment Funds and Management Companies Act and the above mentioned agreement, the management of the sub-funds of the umbrella fund ABANKA SKLADI will be transferred to Triglav Skladi d.o.o. as soon as the latter is issued a relevant approval from the Securities Market Agency. Triglav Skladi d.o.o. currently manages 17 mutual funds, totalling EUR 473.2 million of assets as at 10 June 2013. According to the transfer agreement, the company will take over from Abanka Skladi d.o.o. the management of additional 12 mutual funds and thereby assets amounting to EUR 51.2 million as at 10 June 2013. Simultaneously with the agreement on the transfer of fund management, Triglav Skladi d.o.o. and Abanka Vipava d.d. entered into the Agreement on the Brokerage of Services Related to Mutual Fund Coupons, with which the two partners agreed on long-term co-operation in the marketing of mutual funds.
- On 1 July 2013 the Supervisory Board of Zavarovalnica Triglav d.d. held its constitutive session, where it appointed Matej Runjak a new Chairman, whilst Gregor Kastelic was appointed its Vice-Chairman. The Supervisory Board also appointed the Audit Committee, Appointments and Compensation Committee and Strategy Committee members.

## **2. GOVERNANCE OF THE TRIGLAV GROUP**

### **2.1 Governance of Zavarovalnica Triglav d.d.**

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

## 2.2 General Meetings of Shareholders

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

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

### 2.2.1 General Meetings of Shareholders in 2013

In the first half of 2013, the General Meeting of Shareholders of Zavarovalnica Triglav was convened twice. At the 37<sup>th</sup> General Meeting of Shareholders of Zavarovalnica Triglav, which took place on 14 February 2013, the shareholder representatives:

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

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

- passed a resolution on the distribution of the accumulated profit of EUR 98,205,999.33 as at 31 December 2012 as follows:
  - the part of the accumulated profit in the amount of EUR 45,470,296.00 shall be used to pay dividends to the shareholders, i.e. EUR 2.0 gross per share,
  - the decision on the distribution of the remaining accumulated profit of EUR 52,735,703.33 shall be made in the following years;
- granted a discharge for the financial year 2012 to both the Management and the Supervisory Boards of Zavarovalnica Triglav;
- appointed the auditing company ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as auditors;
- recalled the members of the Supervisory Boards – shareholder representatives and appointed new members of the Supervisory Board – shareholder representatives with a four-year term of office, starting on 12 June 2013.

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

## 2.3 Management Board

Any person fulfilling the requirements stipulated by the Insurance Act and the Companies Act may be appointed to the Management Board as its President or member. The Management Board of Zavarovalnica Triglav manages the Company independently and at its own responsibility, and presents and represents the Company without limitations. In legal

transactions, the Company is always jointly presented and represented by two members of the Management Board, one of whom must be its President.

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

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

### **2.3.1 Management Board as at 30 June 2013**

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

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

On 22 May 2013, the Supervisory Board recalled Matjaž Rakovec from the office of the President of the Management Board for business and economic reasons. The Supervisory Board of Zavarovalnica Triglav d.d. appointed a then member of the Management Board, Mr Andrej Slapar, President of the Management Board with a term of office expiring with the appointment of a new President of the Management Board or until the expiry of his term of office as a member of the Management Board.

## **2.4 Supervisory Board**

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

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

The General Meeting of Shareholders may recall a Supervisory Board member before the end of their term of office. To substitute for members 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**

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

- Shareholder representatives:
  - Matej Runjak – Member (Chairman as of 1 July 2013);
  - Gregor Kastelic – Member (Vice Chairman as of 1 July 2013);
  - Rajko Stanković, Member;
  - Mario Gobbo, Member;
  - Dubravko Štimac, Member;
  - Matija Blažič, Member;
- Employee representatives:
  - Branko Gorjan, Member;
  - Peter Celar, Member;
  - Miran Krštinc, Member.

At the 38<sup>th</sup> General Meeting of Shareholders the Supervisory Board Members were appointed as shareholder representatives starting their four-year term of office on 12 June 2013.

## **3. SHARE CAPITAL AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV D.D.**

### **3.1 Capital**

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

### **3.2 The Shares of Zavarovalnica Triglav**

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

Table: Key figures for the shares of Zavarovalnica Triglav d.d.

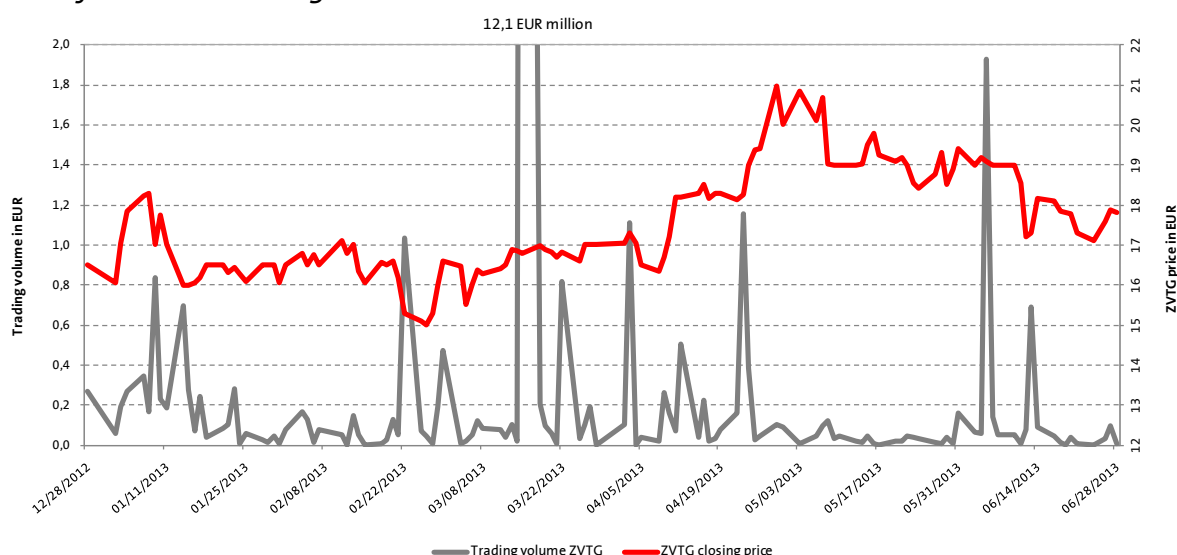
Items	30 June 2013	31 December 2012
Number of shares	22,735,148	22,735,148
Book value per share (in EUR)	21.37	22.33
Share market value - closing price (in EUR)	17.80	16.50
Market capitalisation - closing price (in EUR)	404,685,634	375,129,942
Net earnings/loss per share (in EUR)	1.65	2.22
Ticker symbol	ZVTG	
ISIN	SI0021111651	
Traded on	Ljubljanska borza - LJSE	
Credit rating	<ul style="list-style-type: none"> <li>▪ Standard &amp; Poor's; »A-«, stable medium term outlook</li> <li>▪ AM Best; »A-«, stable medium term outlook</li> </ul>	
Bloomberg	ZVTG SV	
Reuters	ZVTG.LJ	

### Trading on the Ljubljana Stock Exchange - LJSE

The first half of 2013 saw a growing price and average turnover of ZVTG shares. From 31 December 2012 to the end of the first half, the closing price of Zavarovalnica Triglav's shares increased by 8% and as at 30 June 2013 equalled EUR 17.80. The highest closing price, EUR 20.99, was recorded on 29 April 2013.

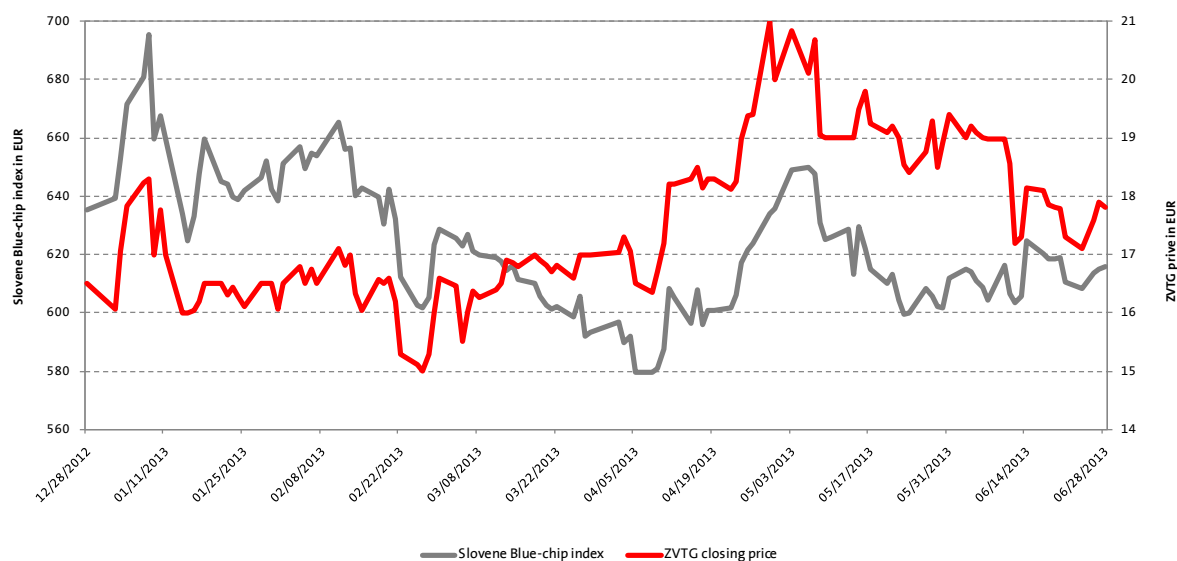
The average turnover per trading day was EUR 245,460.31, which was considerably higher than the 2012 average of EUR 84,363.90. This was mostly due to the sale of 696,213 shares (3.06%) that were held by NLB d.d. In the reporting period the Slovene Blue-Chip Index decreased by 3%, whilst the value of the ZVTG share as at 30 June 2013 was 8% higher.

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





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



Graph: Movements in the average daily price of the ZVTG share of Zavarovalnica Triglav and movements in the value of the Slovene Blue-Chip Index in EUR in the first half of 2013 compared to 31 December 2012

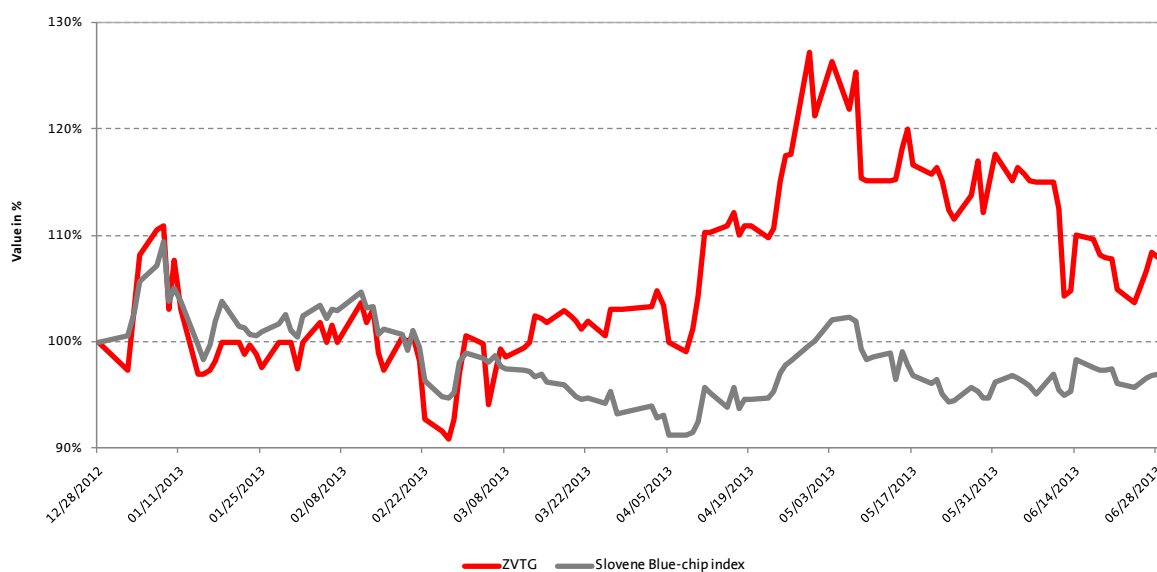
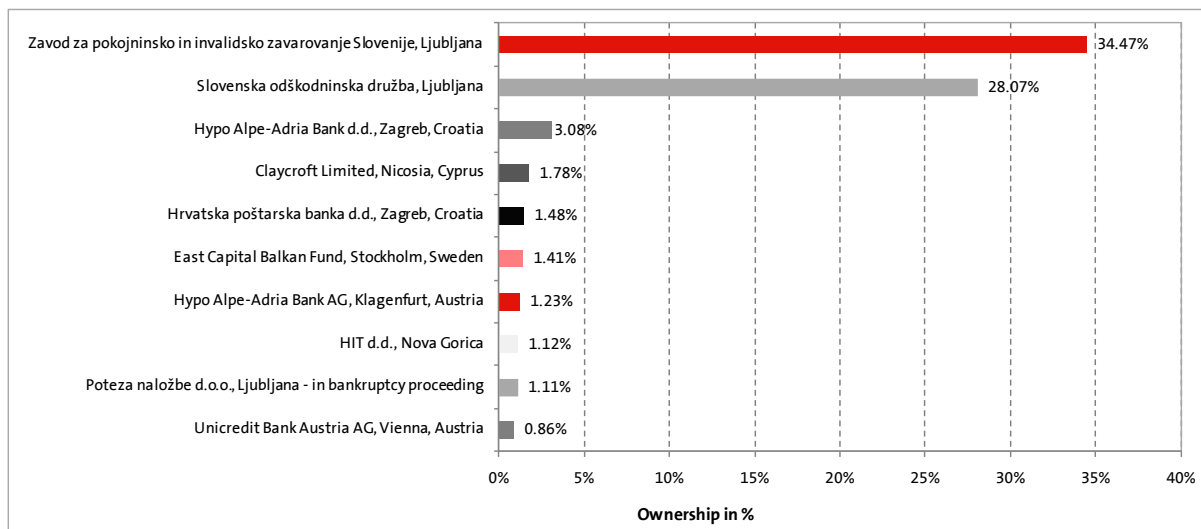


Table: Shareholder structure of Zavarovalnica Triglav as at 30 June 2013

	Total	Domestic	Foreign	Legal entities	Natural persons
Number of shares	22,735,148	19,395,830	3,339,318	20,809,001	1,926,147
Number of shareholders	28,656	28,175	481	663	27,993
Number of shares - percentage	100.00%	85.31%	14.69%	91.53%	8.47%
Number of shareholders - percentage	100.00%	98.32%	1.68%	2.31%	97.69%

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



### 3.3 Credit rating

Due to the revised criteria for assessing credit ratings of insurance companies, the Standard & Poor's credit rating agency (hereinafter S&P) re-evaluated Triglav Group's credit rating. Following this review, on 5 July 2013 S&P has raised the Triglav Group's credit rating by one notch from »BBB+« to »A-« and issued a stable medium-term outlook. The credit rating increase is the result of S&P's view that Triglav Group has consolidated its capital adequacy and earnings at very strong levels. The S&P's credit rating also reflects Triglav Group's prudent margins on property/casualty technical reserves of non-life insurance and improved net retained earnings. The »A-« rating reflects the Group's satisfactory business risk profile, enhanced by its leading position on the Slovene insurance market, and strong financial risk profile. The stable medium-term outlook reflects S&P's view that the Triglav Group will maintain its strong competitive position and very strong capital adequacy and earnings.

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

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

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

### 4.1 Impact of the environment on the performance

In the first half of 2013, the operations of Zavarovalnica Triglav and the Triglav Group were marked by the continuation of the economic and financial crisis. Its consequences can be seen foremost in lower demand for some insurance products due to lower economic activity, higher unemployment, reduced purchasing power of households and greater prudence of the insured,

lower insurance density of legal entities and natural persons, reduced scope of bank lending, lower sales of motor vehicles, etc. The reaction of competitors to the exacerbated conditions of economic operation is strong. They particularly affect out operations by reducing their premiums. Zavarovalnica Triglav and the Triglav Group are responding to the competition by introducing new sales approaches, bonus programmes, promotional offers and products as well as by changing and adjusting the insurance terms and conditions which consequently reduces 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.

Through large-scale impairment of financial assets carried out in 2012 as a consequence of unfavourable trends in the capital markets and the developments in the banking sector, which negatively affected the value of some of its assets, Triglav managed to effectively adjust the value of its portfolio, which had a favourable influence on its performance in H1 2013.

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 2013 with a net profit of EUR 45.6 million (index 110), while Zavarovalnica Triglav generated a profit of EUR 37.5 million EUR (index 150).

#### **4.2 The insurance market and market position of group members in the first half of 2013**

In the first half of 2013, there were 15 insurance companies and 4 foreign branch offices active in the Slovene insurance market. Together they recorded a gross written premium of EUR 1,083.6 million, which was 0.9% less than in the same period of 2012.

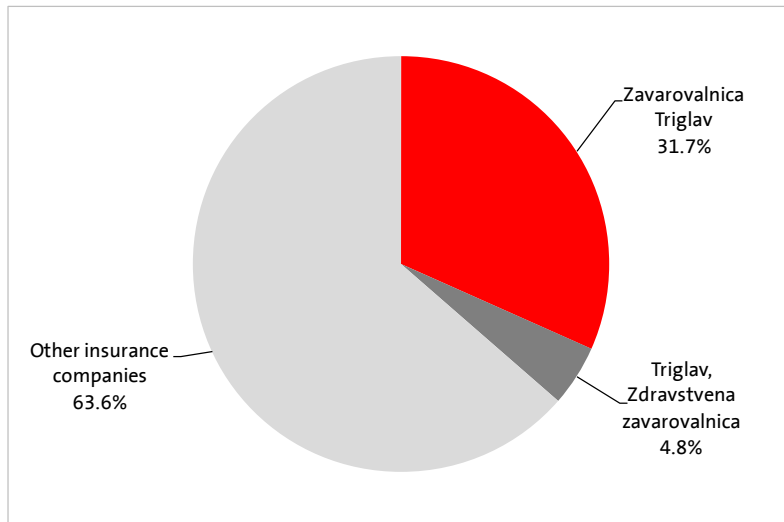
Traditional insurance companies (18) booked a total of EUR 1,082.3 million in premium, of which 74% stemmed from non-life insurance and the remainder from life insurance. Non-life insurance premium dropped slightly (by 0.1%), whereas health insurance premium recorded a high growth rate (according to the Slovenian Insurance Association they grew by 14% in the first quarter of 2013). A 3.2% decrease was recorded in life insurance.

The market is characterised by a high degree of concentration. The four largest insurers controlled over 71.0% of the traditional insurance market (vs. 72.5% in 2012). With a 31.7% share, Zavarovalnica Triglav remains the market leader. The second largest market share is held by Zavarovalnica Maribor, a company 2.3 times smaller. At the end of the first half of 2013, Zavarovalnica Triglav and Triglav Zdravstvena zavarovalnica had a combined market share of 36.4%, which was 1.6 percentage points less than in 2012.

**In Slovenia, the Triglav Group has a market share of 36.4%.**

The Company held 31.4% of the non-life insurance market and 32.4% of the life insurance market. Since the Slovene insurance market is one of the more developed markets with a relatively high market concentration, the competition is targeting Triglav's clients. Maintaining the leading position and increasing comparative advantages are therefore both demanding as well stimulating for the development.

Graph: The market share of Zavarovalnica Triglav and other traditional insurance companies domiciled in the Republic of Slovenia as at the end of the first half of 2013



Source: Slovenian Insurance Association

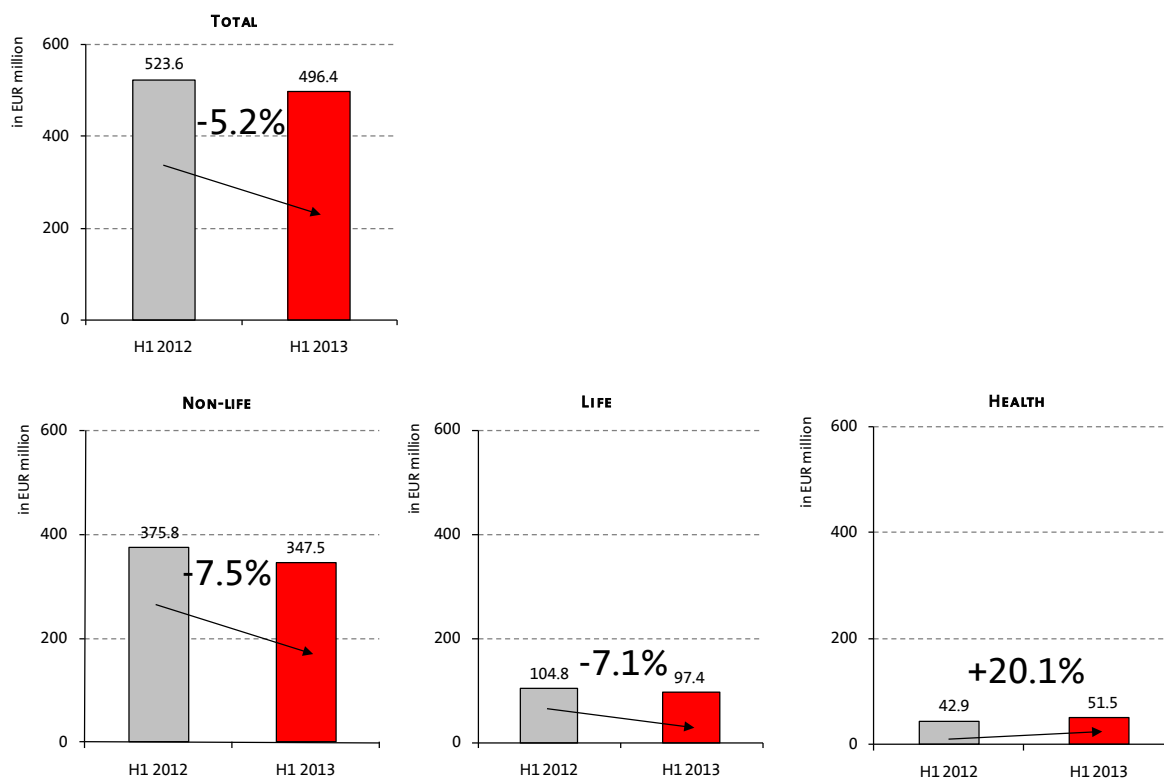
### 4.3 Performance of the Triglav Group

#### 4.3.1 Gross written premium from insurance and co-insurance contracts

In the first half of 2013, the Triglav Group posted a total of EUR 496.4 million in consolidated gross insurance and co-insurance premium or 5% less than in the respective period of 2012. Gross **non-life insurance** premium was EUR 347.5 million (index 92), **life insurance** premium totalled EUR 97.4 million (index 93) and **health insurance** premium reached EUR 51.5 million (index 120).

In the first half of 2013, the Triglav Group charged EUR 496.4 million in gross insurance and co-insurance

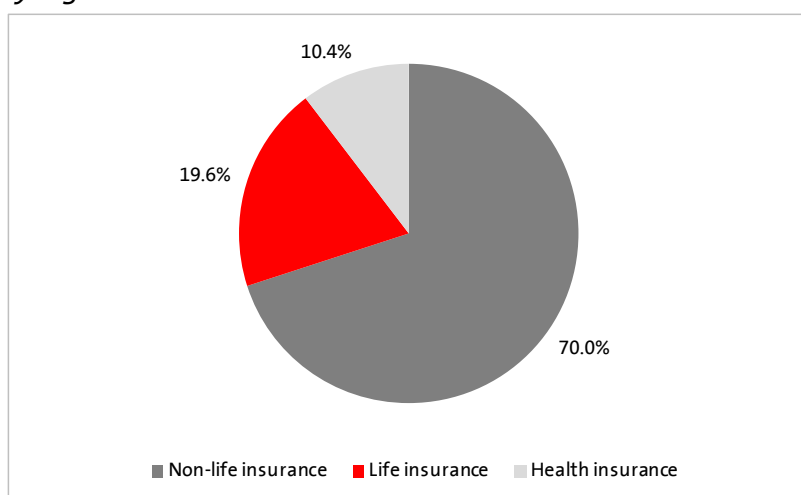
Graph: Gross written premium on insurance and co-insurance contracts in the first half of 2013 compared to the same period of 2012



Consolidated written premium had the following structure:

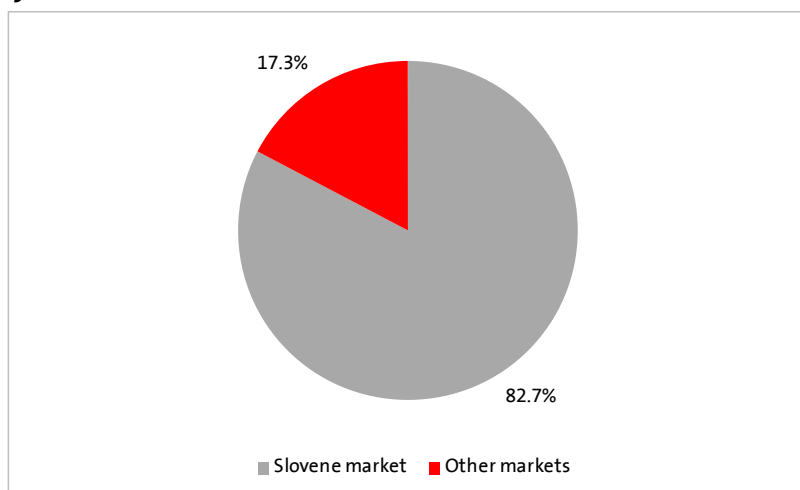
- non-life insurance accounted for 70.0%;
- life insurance for 19.6% and
- health insurance for 10.4%.

Graph: Structure of the consolidated insurance and co-insurance premium of the Triglav Group by segments



In the reporting period, 82.7% of the consolidated gross insurance premium was written in the Slovene insurance market, having decreased by 0.5 percentage point compared to the respective period last year.

Graph: Structure of the consolidated insurance and co-insurance premium of the Triglav Group by markets



The Triglav Group members (excluding Pozavarovalnica Triglav Re) booked EUR 480.8 million in non-consolidated gross insurance and co-insurance premium, which was 4% less than in the same period last year. Trends varied depending on company and market. The insurance premium of Zavarovalnica Triglav was lower by 8% compared to 2012, whilst that of Triglav Zdravstvena zavarovalnica increased by 20%. Insurance premium also recorded growth in Triglav Osiguranje, Banja Luka (18%), in Triglav Pojišt'ovna (5%) and in Lovćen Osiguranje (2%). Other members of the Group earned less premium: Triglav Osiguranje, Belgrade by 1%, Triglav Osiguranje, Zagreb by 2%, Triglav Osiguranje, Sarajevo by 3%, Lovćen životna osiguranja by 15% and Triglav Osiguruvanje, Skopje by 17%.

Pozavarovalnica Triglav Re booked a total of EUR 60.9 million in gross reinsurance premium or 11% less than in the first half of 2012. The decrease in premium was to a great extent caused by a drop in premium from fire and natural forces insurance, aircraft insurance and other damage to property insurance. Pozavarovalnica Triglav Re saw a high growth in premium from miscellaneous financial loss insurance and general liability insurance. Lower gross reinsurance premium is the result of lower premium from optional business with the Triglav Group (index 92) as well as lower reinsurance premium earned outside the Triglav Group (index 82). The reduced premium was influenced by the lower rating of Pozavarovalnica Triglav Re resulting in the failure to renew some insurance transactions and in exacerbated economic conditions.

Table: Gross written premium for insurance and co-insurance contracts in the H1 2013 by insurance company of the Triglav Group

Insurance company	Gross written premium			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	H1 2013
1 Zavarovalnica Triglav	252,356,141	91,197,788	343,553,929	92	93	92	71.5%
2 Triglav, Zdravstvena zavarovalnica	51,475,667	0	51,475,667	120		120	10.7%
3 Triglav Osiguranje, Zagreb	22,993,105	4,317,758	27,310,863	99	94	98	5.7%
4 Triglav Osiguranje, Sarajevo	7,769,586	1,193,560	8,963,146	96	100	97	1.9%
5 Triglav Pojišt'ovna, Brno	15,186,123	0	15,186,123	105		105	3.2%
6 Lovćen Osiguranje, Podgorica	14,251,364	0	14,251,364	102		102	3.0%
7 Triglav Osiguranje, Belgrade	8,384,608	305,881	8,690,489	99	101	99	1.8%
8 Triglav Osiguranje, Banja Luka	2,175,972	0	2,175,972	118		118	0.5%
9 Triglav Osiguruvanje, Skopje	8,581,848	0	8,581,848	83		83	1.8%
10 Lovćen životna osiguranja, Podgorica	0	631,946	631,946		85	85	0.1%
<b>Total</b>	<b>383,174,414</b>	<b>97,646,933</b>	<b>480,821,347</b>	<b>96</b>	<b>93</b>	<b>96</b>	<b>100.0%</b>
11 Pozavarovalnica Triglav Re	60,948,225	0	60,948,225	89		89	
Consolidation eliminations	-45,142,595	-215,593	-45,358,188	93	131	94	
<b>Total - consolidated</b>	<b>398,980,044</b>	<b>97,431,340</b>	<b>496,411,384</b>	<b>95</b>	<b>93</b>	<b>95</b>	

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

#### 4.3.1.1 Non-life insurance

In non-life insurance, the Triglav Group insurance companies charged EUR 383.2 million in unconsolidated insurance and co-insurance premium, which represents a 4% decrease in nominal terms compared to the respective period of 2012.

**Motor vehicle insurance** is the largest insurance class, accounting for 33.9% of the total written premium. In **comprehensive car insurance**, insurance companies of the Triglav Group collected EUR 69.3 million in written premium, or 8% less compared to the same period in 2012.

**Motor vehicle insurance remained the most important segment, accounting for 33.9% of total premium earned.**

The increase in premium written was observed in Triglav Osiguranje, Banja Luka (index 124), Triglav Pojišt'ovna (index 119), Triglav Osiguruvanje, Skopje (index 106) and Triglav Osiguranje, Sarajevo (index 102). Other insurance companies recorded a decrease in premium written: the largest in Triglav Osiguranje, Zagreb (by 10%) and in the parent company. The Group collected EUR 93.5 million in **motor liability insurance** premium, which was 8% less than in H1 2012. Higher premium was posted by Triglav Osiguranje, Banja Luka (index 113), Triglav Pojišt'ovna (index 104), Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Zagreb (index 103). The premium posted by Lovćen Osiguranje remained at the level from 2012 (index 100), while that of the parent company and Triglav Osiguranje, Belgrade recorded a decrease.

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

and Macedonia are competitive insurers that pay high commissions to agents, brokers, agencies and roadworthiness test providers, as well as unfair competition, where competitive insurers offer clients large discounts and different material incentives, such as roadworthiness test or registration vouchers, gas coupons and partial premium reimbursement.

A high growth of 20% was recorded in **health insurance**, mostly owing to the results of Triglav Zdravstvena zavarovalnica. The growth in written premium stems from the successful marketing of supplemental health insurance products and a consequent increase of the number of insured persons, as well as from the increased price of the supplemental health insurance premium in June 2012. Triglav Zdravstvena zavarovalnica booked a total of EUR 51.5 million in gross reinsurance premium or 20% more than in the first half of 2012.

A high growth of 20% was achieved in health insurance.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance) a premium of EUR 94.5 million was booked, representing a decrease of 5% compared to H1 2012. In fire and natural disaster insurance a drop of 6% was recorded, while other damage to property insurance experienced a 4% premium decrease. The largest drop in premium was posted by Triglav Osiguruvanje, Skopje, Triglav Osiguranje, Zagreb and Zavarovalnica Triglav, whose combined share in total premium from real property insurance represents almost 91%. A significant premium decrease (index 74) in Triglav Osiguruvanje, Skopje is due to the discontinuation of business with a key client, planned late invoicing of premium to a major policyholder and unfair competition in public tenders (where competing insurers offer significantly lower premium rates). Triglav Osiguranje, Zagreb generated less premium (index 91) due to the portfolio selection activities, the discontinuation of business with defaulting clients and the economic crisis. The premium decrease of 4% in Zavarovalnica Triglav is a result of a premium drop in machinery breakdown insurance, earthquake insurance, home insurance packages for individuals (DOM), car warranty and animal insurance (see *Section 4.4.1.* for details). On the other hand, a significant growth in premium was recorded by Triglav Pojišt'ovna, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Banja Luka.

In **general liability insurance** the Triglav Group collected EUR 24.2 million in premium or 1% more than in H1 2012, which represented 5.0% of total premium. In the current harsh economic conditions this growth is considered a success. Most insurance companies within the Triglav Group posted a high growth in premium as a result of effective sales campaigns and the extension of the portfolio. The strongest increase in premium written was seen in Triglav Osiguranje, Banja Luka, Triglav Osiguranje, Belgrade, Lovćen Osiguranje and Triglav Osiguranje, Zagreb. Zavarovalnica Triglav, accounting almost for 82% of total premium, saw a 4% decline in written premium, mostly due to a premium drop in liability insurance of attorneys-at-law, as business with a major client was discontinued and lower premium from general liability insurance which is the biggest insurance subclass.

**Accident insurance** represented 4.8% of total written premium or EUR 23.0 million in nominal terms. Compared to the previous year, the premium booked fell by 13%. The drop in premium was posted by Zavarovalnica Triglav, Triglav Osiguranje, Zagreb and Triglav Osiguruvanje, Skopje, whose combined share in total premium from accident insurance represents almost 82%. Other insurance companies recorded premium increases. Almost half of accident insurance premium comes from two insurance subclasses taken out simultaneously with car insurance (driver and passenger accident insurance and AO-plus insurance), where the decrease in written premium results from the developments in the motor vehicle insurance market and in AO plus insurance as well as from the decrease in the price of premium in 2012. Nevertheless, growing unemployment and the poor state of the economy are the main reasons for the lower group accident insurance premium.



**Credit insurance** accounted for 2.1% of total premium and was 1% higher than the year before. Zavarovalnica Triglav (accounting for 99% of total premium) recorded a 5% increase in written premium on account of solid performance in most of the credit insurance subclasses (see *Section 4.4.1* for details). Apart from the parent company, credit insurance is also sold by Triglav Osiguranje, Sarajevo where the premium markedly decreased due to the drop in volume of bank loans. Triglav Osiguranje, Zagreb ceased to offer this class of insurance.

Premium from **other non-life insurance** (accounting for 3.5% of total premium) decreased by 7%, owing mostly to the loss of a large client in aircraft insurance in Triglav Osiguranje, Skopje, loss of premium from goods in transit insurance in Triglav Osiguranje, Sarajevo (discontinuation of business with a major client) and a drop in premium from railway insurance, assistance insurance and goods in transit insurance in Zavarovalnica Triglav. Good sales results were achieved in marine insurance and goods in transit insurance.

#### **4.3.1.2 Life insurance**

In total, the Triglav Group insurance companies charged EUR 97.6 million in unconsolidated gross written premium from **life insurance** contracts or 7% less than in the first half of 2012. This accounted for 20.3% of total gross written premium, which was 0.6 percentage points less than in the corresponding period of 2012.

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

Premium from **life insurance** (traditional life insurance, annuity insurance, voluntary pension insurance and tontine) amounted to EUR 45.9 million or 47.0% of the life-insurance class total. Life insurance generated 5% less premium than in the same period of 2012.

The premium generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) totalled EUR 40.8 million or 41.7% of gross written premium in the life insurance class. It was 11% lower than in the previous year. The main reason for this decrease can be found in the sustained uncertainty of financial markets and the economic crisis, as clients are more prudent when purchasing long-term life insurance policies, in dropping out from the existing life insurance portfolio and in the ageing of the life insurance portfolio (maturities and surrenders). Unit-linked life insurance policies are available from Zavarovalnica Triglav (index 89) and Triglav Osiguranje, Zagreb which booked EUR 1.8 million in written premium or 11% less than a year earlier.

**Supplemental voluntary pension insurance** (capital redemption insurance) generated EUR 11.0 million or 11.2% of total life insurance premium. Compared to H1 2012, premium in this insurance subclass grew by 2%, owing to the growth in the annuity pension insurance premium.

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

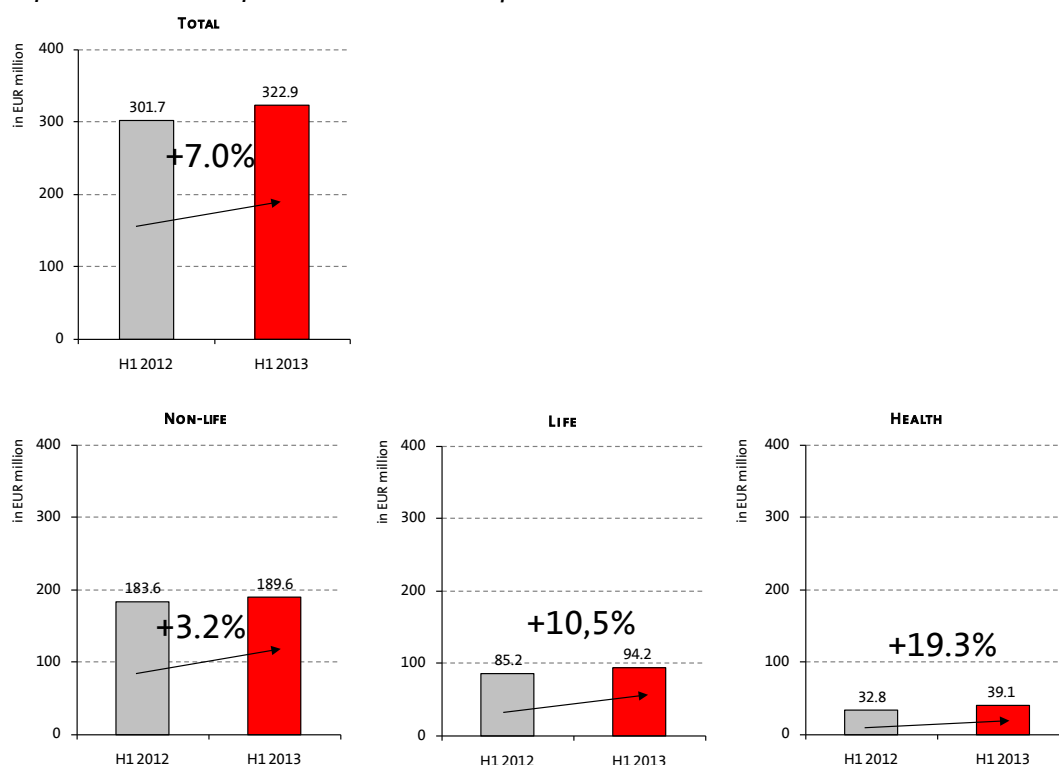
No.	Insurance class	Gross written premium		Index 2013/2012	Structure H1 2013
		H1 2013	H1 2012		
1	Accident insurance	22,999,942	26,461,763	87	4.8%
2	Health insurance	51,792,481	43,137,461	120	10.8%
3	Comprehensive car insurance	69,287,243	75,531,732	92	14.4%
4	Real property insurance	94,521,423	99,341,872	95	19.7%
5	Motor liability insurance	93,535,438	101,917,393	92	19.5%
6	General liability insurance	24,217,624	23,954,778	101	5.0%
7	Credit insurance	10,183,338	10,085,058	101	2.1%
8	Other non-life insurance	16,636,925	17,864,950	93	3.5%
	<b>Non-life insurance</b>	<b>383,174,414</b>	<b>398,295,007</b>	<b>96</b>	<b>79.7%</b>
9	Life insurance	45,926,022	48,271,604	95	9.6%
10	Unit-linked life insurance	40,765,288	45,956,828	89	8.5%
11	Capital redemption insurance	10,955,623	10,781,120	102	2.3%
	<b>Life insurance</b>	<b>97,646,933</b>	<b>105,009,552</b>	<b>93</b>	<b>20.3%</b>
	<b>Total</b>	<b>480,821,347</b>	<b>503,304,559</b>	<b>96</b>	<b>100.0%</b>

### 4.3.2 Gross claims paid

In the first half of 2013, the Triglav Group posted a total of EUR 322.9 million in consolidated gross claims paid (including claim handling costs and subrogation receivables) or 7% more than in the same period of 2012. Gross claims paid in **non-life insurance** came to EUR 189.6 million (index 103), in the **life-insurance** segment they amounted to EUR 94.2 million (index 110) and in **health insurance** they totalled EUR 39.1 million (index 119).

In the first half of 2013, gross claims paid increased by 7%.

Graph: Gross claims paid in H1 2013 compared to H1 2012



Excluding Pozavarovalnica Triglav Re, the Triglav Group insurance companies posted EUR 310.5 million in non-consolidated gross claims, which is an increase of 7% over the preceding year. High growth rates in gross claims paid were observed in Triglav Osiguranje, Zagreb (index 147), Triglav Pojišt'ovna (index 130), Triglav, Zdravstvena zavarovalnica (index 119) in Triglav Osiguranje, Belgrade (index 111). In Triglav Osiguranje, Sarajevo gross claims paid increased by 7% and in Zavarovalnica Triglav by 3%. In Lovćen životna osiguranja gross claims paid remained at the same level as the year before (index 100). A decrease in gross claims paid was experienced by Triglav Osiguranje, Banja Luka (index 77), Lovćen Osiguranje (index 87) and Triglav Osiguruvanje, Skopje (index 91).

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 31.7 million or 18% more than the preceding year. This growth was to a major degree caused by an increase in gross claims paid in general liability insurance (index 1,073) and fire and natural disaster insurance (index 117). Gross claims grew in operations in the Triglav Group, while gross claims in operations outside the Triglav Group decreased.

*Table: Gross claims paid in H1 2013 by the Triglav Group insurance companies*

No.	Insurance company	Gross claims paid			Index			Structure
		Non-life	Life	Total	Non-life	Life	Total	H1 2013
1	Zavarovalnica Triglav	126,082,779	91,374,405	217,457,184	98	111	103	70.0%
2	Triglav, Zdravstvena zavarovalnica	39,130,673	0	39,130,673	119		119	12.6%
3	Triglav Osiguranje, Zagreb	18,175,248	1,879,589	20,054,837	155	97	147	6.5%
4	Triglav Osiguranje, Sarajevo	3,489,448	448,173	3,937,621	103	156	107	1.3%
5	Triglav Pojišt'ovna, Brno	12,391,586	0	12,391,586	130		130	4.0%
6	Lovćen Osiguranje, Podgorica	7,237,106	0	7,237,106	87		87	2.3%
7	Triglav Osiguranje, Belgrade	4,174,978	125,086	4,300,064	110	154	111	1.4%
8	Triglav Osiguranje, Banja Luka	740,200	0	740,200	77		77	0.2%
9	Triglav Osiguruvanje, Skopje	4,886,232	0	4,886,232	91		91	1.6%
9	Lovćen životna osiguranja, Podgorica	0	343,007	343,007		100	100	0.1%
	<b>Total</b>	<b>216,308,250</b>	<b>94,170,260</b>	<b>310,478,510</b>	<b>106</b>	<b>110</b>	<b>107</b>	<b>100.0%</b>
10	Pozavarovalnica Triglav Re	31,729,369	0	31,729,369	118		118	
	Consolidation eliminations	-19,348,661	-421	-19,349,082	135		135	
	<b>Total - consolidated</b>	<b>228,688,958</b>	<b>94,169,839</b>	<b>322,858,797</b>	<b>106</b>	<b>110</b>	<b>107</b>	

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

#### **4.3.2.1 Non-life insurance**

Non-consolidated gross claims for **non-life insurance** amounted to EUR 216.3 million or 6% more than in the respective period of 2012.

Claims related to **motor liability insurance** represented 16.7% of total gross claims paid by the Triglav Group insurance companies. Total claims paid amounted to EUR 51.8 million, which was 3% less than in the respective period last year. Most Group members recorded a slower growth of gross claims settled in this insurance class, particularly Triglav Osiguranje, Banja Luka, Lovćen Osiguranje and Triglav Osiguranje, Zagreb. In Zavarovalnica Triglav, holding a 62% structural share, claims settled in motor vehicle liability insurance fell by 5%.

A 2% increase in gross claims paid was recorded in the **comprehensive car insurance** class. Gross claims paid amounted to EUR 48.4 million, which was 15.6% of all claims settled. A growth in gross claim settlements in this insurance class was registered in Triglav Osiguranje, Banja Luka, Triglav Osiguranje, Belgrade, Triglav Osiguranje, Sarajevo, Triglav Pojišt'ovna and Zavarovalnica Triglav. The parent company, holding as much as an 83% structural share in comprehensive car insurance, experienced a 3% growth in gross claims – mostly as a result of a

greater number of loss events related to winter weather conditions. A substantial decrease in gross claims was recorded by Lovćen Osiguranje, Triglav Osiguruvanje, Skopje and Triglav Osiguranje, Zagreb.

In **health insurance** gross claims increased by 19%. This is partly due to the adoption of the Fiscal Balance Act (ZUJF) in Slovenia, which transferred a part of health care costs from compulsory to supplemental health insurance. Equalisation scheme expenses totalled EUR 4.0 million, which was 10% more than in the same period last year (an increase of EUR 376 thousand).

In **property insurance**, a 12% increase in gross claims paid was recorded. Gross claims paid amounted to EUR 43.2 million, which was 13.9% of all claims settled. A growth in claims is a result of substantial individual claims posted by Triglav Osiguranje, Zagreb and Triglav Pojišt'ovna. In most insurance companies a substantial decrease in gross claims paid was recorded, predominantly by Lovćen Osiguranje, Triglav Osiguruvanje, Skopje and Triglav Osiguranje, Sarajevo. Zavarovalnica Triglav holding a 62% share of this insurance class, recorded a 10% decrease in claims.

Gross claims paid in **accident insurance** decreased by 9%. This was mostly due to the decline in claims paid in the two largest insurance subclasses, i.e. AO-plus insurance (driver insurance against bodily harm) and group accident insurance in Zavarovalnica Triglav (index 83), which account for a 61% share of the Group's total claims paid. A decline in claims settled was also posted by Triglav Osiguruvanje, Zagreb and Triglav Pojišt'ovna.

Gross claims paid in **general liability insurance** were higher by 27%. The high growth was primarily a consequence of a 30% increase in gross written claims paid by Zavarovalnica Triglav (accounting for 95% of total claims in this insurance class) due to payments to the insured arising from large loss events. A high growth was also posted by Triglav Osiguranje, Belgrade and Triglav Osiguruvanje, Skopje, however, their share in this insurance class accounts for less than 1%. However, a substantial decrease in gross written claims was recorded by Triglav Pojišt'ovna, Lovćen Osiguranje, Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Zagreb.

In **credit insurance**, gross claims decreased by 8%. Gross claims paid by Zavarovalnica Triglav accounting for the majority of total claims (89%), increased by 6% and predominantly resulted from a high growth of domestic trade insurance and overdraft insurance claims. Other insurance companies recorded a decrease in gross claims paid.

In **other non-life insurance**, an 18% increase in gross claims paid was recorded. This is mostly due to higher claims paid by Zavarovalnica Triglav in assistance insurance (car assistance) and goods in transit insurance as well as a substantial claim for goods in transit insurance paid by Lovćen Osiguranje that has been contested since 2010. Claims decreased in suretyship insurance, aircraft liability insurance, railway insurance, marine insurance and miscellaneous financial loss insurance.

#### **4.3.2.2 Life insurance**

Gross claims paid in **life insurance** totalled EUR 94.2 million and were 10% higher compared to the respective period last year. Claims in the life insurance class accounted for 30.3% of total claims paid which is 0.9 percentage point more than the year before. The increase in claims paid from life insurance was caused by maturities, due to the aging of the portfolio, and due to surrenders, mostly as a result of the

The increase in claims paid from life insurance was caused by maturities, due to the aging of the portfolio, and surrenders, mostly as a result of the economic crisis.

economic crisis.

The bulk of all claims settled is accounted for by the **life insurance class** (traditional life insurance, annuity insurance and voluntary pension insurance), which totalled EUR 50.3 million, i.e. 5% more than in the respective period last year. A high increase in gross claims was seen in **unit-linked life insurance (life insurance linked to the units of investment funds)**, where the growth index was 148 and claims paid amounted to EUR 28.9 million. Gross claims paid in **additional pension insurance** decreased by 15% and amounted to EUR 15.0 million.

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

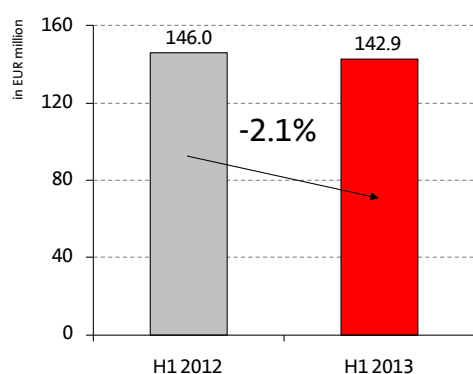
No.	Insurance class	Gross claims paid		Index 2013/2012	Structure H1 2013
		H1 2013	H1 2012		
1	Accident insurance	11,863,036	13,005,955	91	3.8%
2	Health insurance	39,534,132	33,091,472	119	12.7%
3	Comprehensive car insurance	48,361,955	47,383,393	102	15.6%
4	Real property insurance	43,219,809	38,748,190	112	13.9%
5	Motor liability insurance	51,837,288	53,605,824	97	16.7%
6	General liability insurance	11,320,651	8,929,226	127	3.6%
7	Credit insurance	2,382,078	2,582,943	92	0.8%
8	Other non-life insurance	7,789,301	6,607,439	118	2.5%
	<b>Non-life insurance</b>	<b>216,308,250</b>	<b>203,954,442</b>	<b>106</b>	<b>69.7%</b>
9	Life insurance	50,267,818	48,040,724	105	16.2%
10	Unit-linked life insurance	28,925,344	19,592,628	148	9.3%
11	Capital redemption insurance	14,977,098	17,600,836	85	4.8%
	<b>Life insurance</b>	<b>94,170,260</b>	<b>85,234,188</b>	<b>110</b>	<b>30.3%</b>
	<b>Total</b>	<b>310,478,510</b>	<b>289,188,630</b>	<b>107</b>	<b>100.0%</b>

### 4.3.3 Gross operating costs

Gross consolidated operating expenses of the Triglav Group totalled EUR 142.9 million, decreasing 2% over the preceding year **Insurance business costs** dropped by 2% to EUR 110.9 million. Gross operating expenses in **non-life insurance** came to EUR 90.1 million (index 99), in the **life-insurance** segment they amounted to EUR 17.4 million (index 98), in **health insurance** they totalled EUR 3.4 million (index 97) and in **non-insurance activities** they were EUR 32.0 million (index 96).

Insurance business operating expenses accounted for 22.3% of gross written premium, which was 0.8 percentage point more than in the previous year.

*Graph: Gross operating costs in H1 2013 compared to the same period of 2012*



Acquisition costs (fees and charges) totalled EUR 16.3 million and increased by 2% over the preceding year. The costs of goods sold amounted to EUR 9.1 million and were 17% lower than the year before. Due to investments, predominantly in IT, depreciation charges increased by 10% and amounted to EUR 9.2 million. With 45.6%, labour costs accounted for the largest portion of total expenses. They amounted to EUR 68.3 million, decreasing by 2% compared to the respective period of the previous year. Costs of services provided by natural persons other than sole proprietors equalled EUR 1.4 thousand, representing an increase of 8% compared to the respective period of the previous year. Other operating costs remained approximately at the same level as the year before, reaching EUR 45.5 million.

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

Table: Gross operating expenses in H1 2013 by nature

Operating costs by nature	Gross operating costs		Index 2013/2012	Structure H1 2013
	H1 2013	H1 2012		
Acquisition costs (fees and charges)	16,265,455	15,950,761	102	10.9%
Cost of goods sold	9,122,108	10,993,669	83	6.1%
Depreciation of operating assets	9,185,156	8,312,861	110	6.1%
<b>Labour costs</b>	<b>68,312,842</b>	<b>69,839,727</b>	<b>98</b>	<b>45.6%</b>
- wages and salaries	48,958,680	48,701,457	101	32.7%
- social security and pension insurance costs	10,521,338	10,849,242	97	7.0%
- other labour costs	8,832,824	10,289,028	86	5.9%
<b>Costs of services provided by natural persons other than SPs together with pertaining taxes</b>	<b>1,447,223</b>	<b>1,333,863</b>	<b>108</b>	<b>1.0%</b>
<b>Other operating expenses</b>	<b>45,498,251</b>	<b>45,420,845</b>	<b>100</b>	<b>30.4%</b>
- costs of entertainment, advertising, trade shows	6,702,360	6,476,863	103	4.5%
- costs of material and energy	7,427,520	7,389,791	101	5.0%
- maintenance costs	4,849,894	4,594,817	106	3.2%
- reimbursement of labour-related costs	2,338,216	2,533,802	92	1.6%
- costs of intellectual and personal services	1,961,837	1,976,911	99	1.3%
non-income-related costs, excluding insurance	1,264,143	1,322,593	96	0.8%
- costs of transport and communications services	2,396,705	2,250,190	107	1.6%
- costs for insurance premiums	626,785	642,520	98	0.4%
- payment transaction costs and banking services	1,443,509	2,017,555	72	1.0%
- rents	3,068,902	3,356,364	91	2.0%
- costs of services of professional training	572,045	606,468	94	0.4%
- other costs of services	12,763,833	11,984,535	107	8.5%
- long-term employee benefits	82,502	268,436	31	0.1%
<b>Total</b>	<b>149,831,035</b>	<b>151,851,726</b>	<b>99</b>	<b>100.0%</b>
Consolidation eliminations	-6,952,502	-5,850,545	119	
<b>Total -consolidated</b>	<b>142,878,533</b>	<b>146,001,181</b>	<b>98</b>	

#### 4.3.4 Reinsurance

In the first half of 2013, the Triglav Group allocated EUR 44.0 million of reinsurance and coinsurance premium to external equalisation, which was 10% less than in the respective period of 2012. Reinsurance premium accounted for 8.9% of total gross written insurance and coinsurance premium. An amount of EUR 18.5 million was received from reinsurance (index 214).

#### 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 2013, the Triglav Group allocated EUR 2,322.1 million to gross insurance technical provisions, which represented an increase of 1% compared to the 2012 year end. In non-life insurance, the amount of gross insurance technical provisions increased by 3%, whilst in health insurance it increased by 15% and in life insurance it decreased by 1%.

The total amount of gross insurance technical provisions was 1% higher compared to the 2012 year-end.

The comparison of individual insurance technical provisions by type as at 30 June 2013 with the structure as at 31 December 2012 shows the following:

- **Gross provisions for unearned premiums** increased by 20% and reached EUR 320.9 million.
- **Gross claims provisions** decreased by 3% and amounted to EUR 703.2 million. Claims provisions for non-life insurance totalled EUR 674.2 million (index 97), those for health insurance EUR 8.5 million (index 124) and those for life insurance EUR 20.5 million (index 100).
- In comparison with 31 December 2012 **mathematical provisions** decreased by 1% down to EUR 1,272.5 million as at 30 June 2013. Of the total amount of mathematical provisions, EUR 858.0 million originated in the long-term business fund backing life insurance and long-term business fund backing SVPI and EUR 414.5 million in long-term business fund backing unit-linked life insurance.
- **Provisions for bonuses and rebates** rose by 1% to EUR 17.2 million.
- **Other insurance technical provisions** totalled EUR 8.3 million or 10% less than on the last day of 2012.

Table: Gross insurance technical provisions as at 30 June 2013

	Gross insurance technical provisions		
	30 June 2013	31 December 2012	Index
Unearned premium	320,895,501	268,424,573	120
Mathematical provisions	1,272,468,606	1,287,288,920	99
Claims provisions	703,235,989	723,176,114	97
Provisions for bonuses and rebates	17,249,736	17,153,835	101
Other insurance technical provisions	8,269,250	9,216,323	90
<b>Total insurance technical provisions</b>	<b>2,322,119,082</b>	<b>2,305,259,765</b>	<b>101</b>

#### 4.3.6 Structure of financial investments as at 30 June 2013

Financial investments and investment property as at 30 June 2013 stood at EUR 2,542.9 million, which was a 1% drop compared to 31 December 2012. They accounted for 80.3% of total assets.

With 63.7%, debt and other fixed-return securities accounted for the bulk of total financial assets. Compared to 31 December 2012, they decreased by 1% and as at 30 June 2013 reached EUR 1,621.1 million. In terms of volume, debt and other fixed-return securities are followed by unit-linked insurance contract investments, which recorded a 1% decrease over the end of 2012 and as at 30 June 2013 totalled EUR 415.1 million. Deposits with banks, accounting for 6.8% of total investment, increased by 12% to EUR 171.9 million as at 30 June 2013. Shares and other

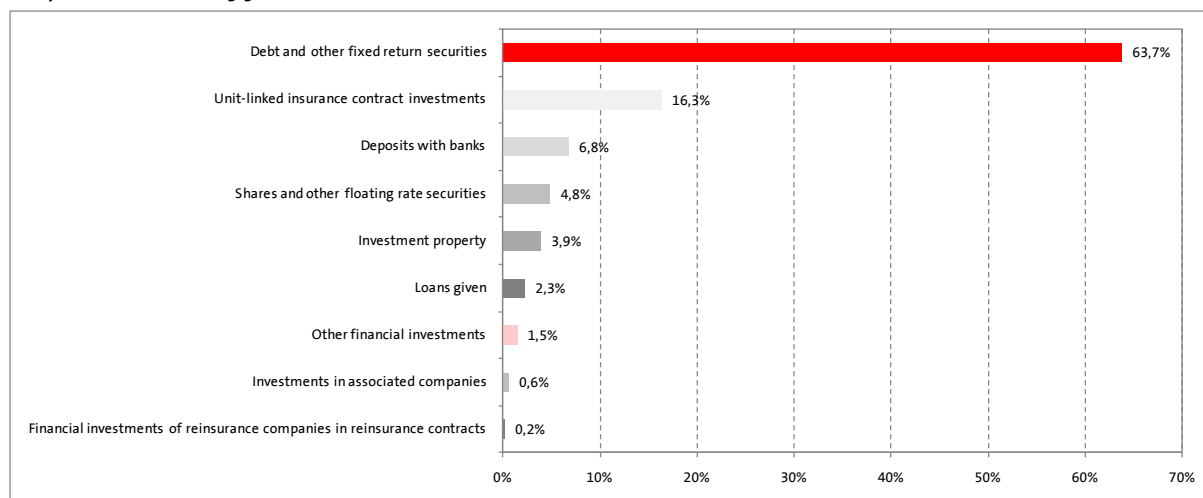
Debt and other fixed-return securities accounted for 63.7% of total financial investments.

floating rate securities totalled EUR 123.2 million, decreasing by 10%. They accounted for 4.8% of total investments. Investment property decreased by 1% and totalled EUR 98.7 million (accounting for 3.9% of total investment). Loans stood at EUR 57.5 million, accounting for 2.3% of total investments, whilst other financial investments reached EUR 37.3 million, representing 1.5% of the total. Loans increased by 6% and other financial investments decreased by 12% over the end of 2012. The smallest share in total investments (0.6%) was represented by investments in associated companies, which decreased by 2% down to EUR 14.0 million.

*Table: Financial investments as at 30 June 2013*

	Financial investments			Index	Structure 30 June 2013
	30 June 2013	31 December 2012			
Investment property	98,686,811	100,186,863	99	3.9%	
Investments in associated companies	14,038,890	14,384,184	98	0.6%	
Shares and other floating rate securities	123,168,255	136,804,915	90	4.8%	
Debt and other fixed return securities	1,621,052,952	1,629,251,530	99	63.7%	
Loans given	57,503,069	61,200,586	94	2.3%	
Deposits with banks	171,882,549	152,970,974	112	6.8%	
Other financial investments	37,336,006	42,582,859	88	1.5%	
Financial investments of reinsurance companies in reinsurance contracts	4,167,642	4,185,878	100	0.2%	
Unit-linked insurance contract investments	415,112,304	418,881,917	99	16.3%	
<b>TOTAL</b>	<b>2,542,948,478</b>	<b>2,560,449,706</b>	<b>99</b>	<b>100.0%</b>	

*Graph: Structure of financial investments as at 30 June 2013*



#### 4.4 Operating performance of Zavarovalnica Triglav d.d.

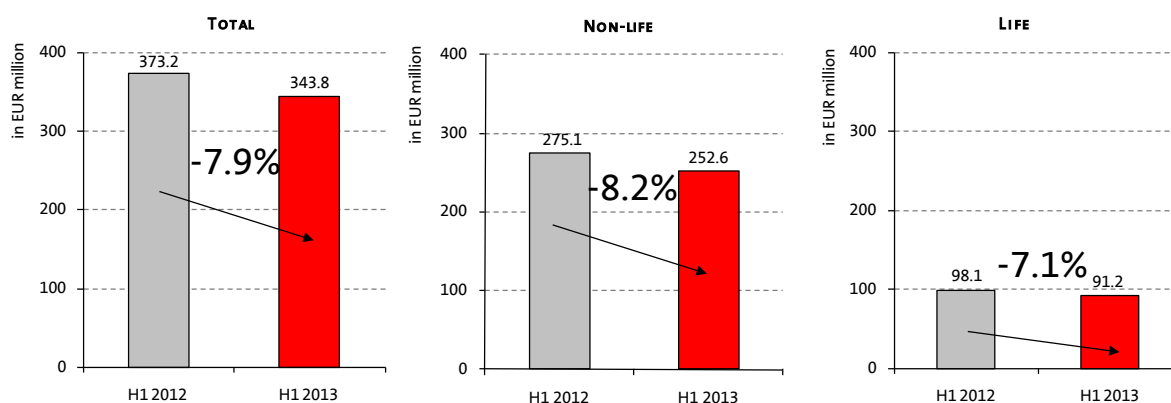
##### 4.4.1 Gross written premium from insurance and co-insurance contracts

In the first half of 2013, Zavarovalnica Triglav booked a total of EUR 343.8 million of gross written premium from insurance and co-insurance contracts or 8% less than in the same period of the previous year.

**In the first half of 2011, Zavarovalnica Triglav charged EUR 343.8 million in gross insurance and co-insurance premium.**



Graph: Gross written premium from insurance and co-insurance contracts in H1 2013 compared to the same period in 2012



Non-life insurance premium totalled EUR 252.6 million (index 92), while life insurance premium amounted to EUR 91.2 million (index 93).

In total gross written premium, non-life insurance accounted for 73.5% and life insurance for 26.5%. The share of life insurance premium in total gross written premium increased by 0.2 percentage point compared to the same period of the previous year.

Table: Gross written premium from insurance and co-insurance contracts for Zavarovalnica Triglav in H1 2013 by insurance classes

No.	Insurance class	Gross written premium		Index	Structure
		H1 2013	H1 2012	2013/2012	H1 2013
1	Accident insurance	8,469,476	11,044,236	77	4.6%
2	Health insurance	0	0	0	0.0%
3	Comprehensive car insurance	30,800,494	34,557,283	89	16.9%
4	Real property insurance	44,260,817	44,715,837	99	24.2%
5	Motor liability insurance	29,216,266	33,541,406	87	16.0%
6	General liability insurance	12,268,954	12,620,123	97	6.7%
7	Credit insurance	4,563,648	4,415,065	103	2.5%
8	Other non-life insurance	6,454,334	6,888,567	94	3.5%
	<b>Non-life insurance</b>	<b>136,033,990</b>	<b>147,782,518</b>	<b>92</b>	<b>74.5%</b>
9	Life insurance	20,783,665	21,839,882	95	11.4%
10	Unit-linked life insurance	19,633,621	22,387,765	88	10.8%
11	Capital redemption insurance	6,156,418	5,882,958	105	3.4%
	<b>Life insurance</b>	<b>46,573,704</b>	<b>50,110,604</b>	<b>93</b>	<b>25.5%</b>
	<b>Total</b>	<b>182,607,694</b>	<b>197,893,123</b>	<b>92</b>	<b>100.0%</b>

In **non-life insurance**, a 5% increase in written premium was achieved in credit insurance. The results of most sub-classes of credit insurance were solid, especially in payment card claims, small business credits, other credit insurance and financial gap insurance. In the largest insurance sub-class, consumer loan insurance (representing an almost 63% share), the written premium increased by 5%.

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

- aggressive price competition among insurance companies, particularly in the motor vehicle insurance sector;

- continued economic crisis decreasing the purchasing power of population and causing greater prudence of policyholders (policy degradation, lower insurance density and consequently less premium);
- lower premium due to the introduction of the »Triglav komplet« discount scheme (on average, premium decreased by 10% compared to 2012), additional discounts and various special offers;
- continued efforts to mitigate the poor insurance technical results recorded in insurance of property and interests in property as well as in agricultural insurance. The resulting changes caused a decrease in written premium and a simultaneous improvement of insurance technical results.

The largest (34.1%) share in total written premium was accounted for by motor vehicle insurance. Motor liability insurance premium and comprehensive car insurance premium decreased by 13% and 10% respectively. As already mentioned, the decrease in written premium results mostly from harsh price competition among insurers in the motor vehicle insurance market, lower prices of insurance products and additional discounts introduced (Triglav komplet), greater prudence of policyholders and also the economic crisis (companies' bankruptcies, lower sales of motor vehicles, fewer company vehicles, older and fewer vehicles owned by families, non-renewal and cancellation of comprehensive car insurance).

A 4% premium decrease was recorded in non-life insurance. This was mainly due to a decrease in premiums for machinery breakdown insurance, earthquake insurance, property and interest in property insurance (home insurance package for individuals - DOM), car warranty and animal insurance. The lower written premium in machinery breakdown insurance was due to different premium charging dynamics and further portfolio clean up, whilst the decrease in earthquake insurance premium predominantly resulted from the harsh competition of foreign insurers and different premium factoring dynamics. The lower written premium in home insurance package for individuals (DOM) was due to additional discount as a result of the introduction of the »Triglav komplet« discount scheme and decreased purchasing power of population, which is reflected in lower insurance density (policy degradation, non-renewal of insurance). The lower written premium in animal insurance was due to the cancellation of certain types of animal production (pig farming) and production with a small number of animals, changes to insurance bases in animal producers of breeding cows and a strict compliance with the bonus-malus system. However, solid sales results were achieved in combined non-life insurance, erection insurance, food freezer insurance, computer insurance and machinery breakdown insurance in the power industry.

The decrease in accident insurance premium (index 84) was a result of the developments in the motor vehicle insurance market, as more than a half of premium in this insurance group arises from two insurance sub-classes taken out simultaneously with car insurance (AO-plus insurance and driver and passenger accident insurance). The main reason for the decreased total AO-plus insurance premium lies in a more than 20% premium decrease in mid-2012. Nevertheless, growing unemployment and the poor state of the economy are the main reasons for lower group accident insurance premium, the largest sub-class of accident insurance (39%).

In general liability insurance premium fell by 4%, predominantly as a result of lower written premium from liability of attorneys-at-law insurance due to discontinued cooperation with a large policyholder and lower general liability insurance premium representing 77% of total written premium of this insurance class. A high premium increase was recorded in liability of management and supervisory boards insurance, product liability insurance and the liability of medical doctors.

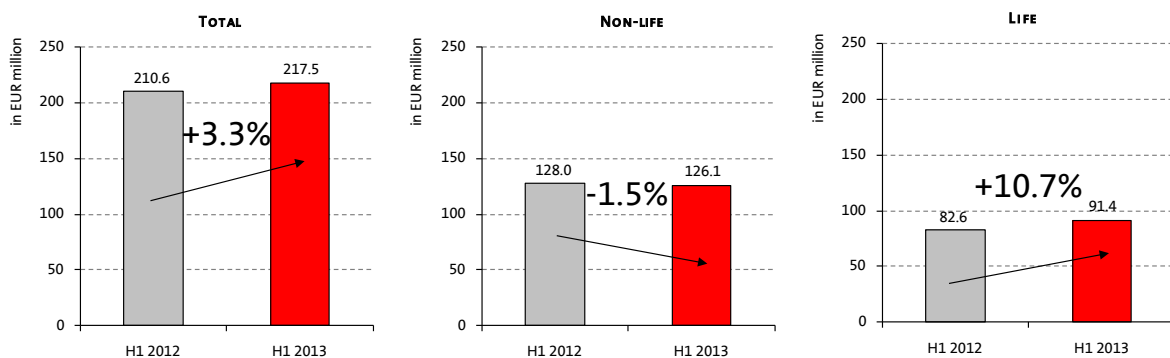
In other classes of non-life insurance a 4% decrease in premium was recorded compared to the respective period of 2012. This predominantly resulted from lower premium written in railway insurance, assistance insurance and goods in transit insurance. Decreased premium written in assistance insurance results from the lower premium of roadside assistance insurance, whereas in goods in transit insurance the lower premium reflects harsh economic conditions and aggressive competition. Good sales results were achieved in suretyship insurance, aircraft insurance and marine insurance.

The 7% decrease in premium from **life insurance** mostly resulted from the aging of the life insurance portfolio (maturities and surrenders) as well as the financial and economic crisis which was reflected in more prudent consumer behaviour when concluding long-term life insurance contracts and dropping out from the existing portfolio. Premium generated from life insurance (traditional life insurance, annuity insurance and voluntary pension insurance) was 5% lower than in the respective period last year and accounted for almost 45% of the total life-insurance premium. The premium generated by unit-linked life insurance represented 43% of total written premium in the life insurance class, which was 11% less compared to one year earlier. Premium from supplemental voluntary pension insurance (capital redemption insurance) generated a 2% growth, mostly due to a solid sale of pension annuity insurance.

#### 4.4.2 Gross claims paid

In the first half of 2013, Zavarovalnica Triglav posted a total of EUR 217.5 million in gross claims paid (including claim handling costs and reduced by subrogation receivables) which is 3% more than in the respective period of 2012.

*Graph: Gross claims paid in H1 2013 compared to the same period of 2012*



In non-life insurance, Zavarovalnica Triglav recorded EUR 126.1 million in gross claims or 2% less than last year. The increase in claims in non-life insurance was 7 index points higher than the growth of written premium. In the largest non-life insurance class, i.e. comprehensive car insurance (currently representing almost one third of all non-life insurance claims), gross claims increased by 3%, mostly due to a higher number of loss events resulting from extraordinary weather conditions. The highest growth of gross claims (30%) was recorded in general liability insurance, also due to the payment of a large claim to a policyholder in product liability insurance sub-class. An increase in claims was recorded in credit insurance (index 106) and other non-life insurance (index 115). Increased gross claims in credit insurance predominantly resulted from a high growth of trade credit insurance claims (index 205) and overdraft insurance (index 139). Augmented gross claims in other non-life insurance were mostly due to higher claims paid in assistance insurance (car assistance) and goods in transit insurance.

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

In other non-life insurance classes gross claims paid were lower than in the corresponding period of 2012; the largest reduction was recorded in accident insurance (index 83), real property insurance (index 90) and motor liability insurance (index 95).

Gross claims paid in life insurance totalled EUR 91.4 million and were 11% higher than in the first half of 2012. Claims in the life insurance class accounted for 42.0% of total claims paid or 2.8 percentage points more than the year before. The high increase in life insurance claims was caused by maturities due to the aging of the portfolio and due to surrenders, mostly as a result of the economic crisis. The bulk of all claims settled is accounted for by the life insurance class (traditional life insurance, annuity insurance and voluntary pension insurance), which totalled EUR 48.1 million or 5% more compared to the previous year. Unit-linked life insurance recorded a high growth (49%), whilst the gross claims paid in supplemental voluntary pension insurance were lower by 15%.

*Table: Gross claims paid by Zavarovalnica Triglav in H1 2013 by insurance class*

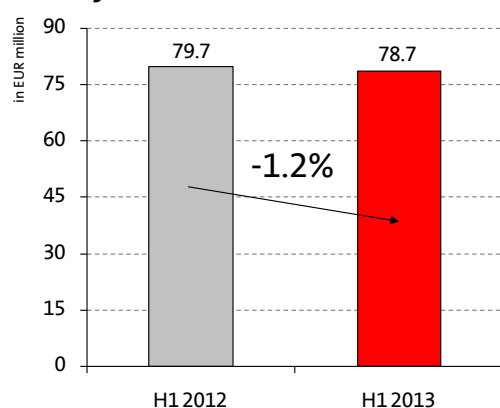
No.	Insurance class	Gross claims paid		Index 2013/2012	Structure H1 2013
		H1 2013	H1 2012		
1	Accident insurance	7,233,265	8,710,299	83	3.3%
2	Health insurance	0	0	0	0.0%
3	Comprehensive car insurance	40,173,387	39,160,569	103	18.5%
4	Real property insurance	26,803,180	29,931,714	90	12.3%
5	Motor liability insurance	32,262,177	34,120,582	95	14.8%
6	General liability insurance	10,703,421	8,219,245	130	4.9%
7	Credit insurance	2,129,416	2,002,639	106	1.0%
8	Other non-life insurance	6,775,122	5,883,886	115	3.1%
	<b>Non-life insurance</b>	<b>126,079,968</b>	<b>128,028,934</b>	<b>98</b>	<b>58.0%</b>
9	Life insurance	48,147,808	46,014,228	105	22.1%
10	Unit-linked life insurance	28,249,499	18,964,416	149	13.0%
11	Capital redemption insurance	14,977,098	17,600,836	85	6.9%
	<b>Life insurance</b>	<b>91,374,405</b>	<b>82,579,481</b>	<b>111</b>	<b>42.0%</b>
	<b>Total</b>	<b>217,454,374</b>	<b>210,608,415</b>	<b>103</b>	<b>100.0%</b>

#### 4.4.3 Gross operating costs

Gross operating costs totalled EUR 78.7 million and were 1% lower compared to the previous year.

Gross operating costs were 1% lower than in the respective period of 2012.

*Graph: Gross operating costs in H1 2013 compared to the same period of 2012*



Operating costs accounted for 22.9% of gross written premium and were 1.5 percentage points higher than in the same period of 2012.

Acquisition costs (fees and charges) decreased by 5% and equalled EUR 8.6 million. Due to large-scale investments in IT, depreciation charges amounted to EUR 5.2 million, increasing 14% compared to 2012. Labour costs amounted to EUR 44.2 million (accounting for the biggest share (56.2%) of total operating costs) and were 2% lower than in the previous year. Costs of services provided by natural persons other than sole proprietors equalled EUR 1.0 million, representing an increase of 6% from the year before. In the reporting period, other operating costs reached EUR 19.7 million and remained at a level approximately equal to the previous year (index 100).

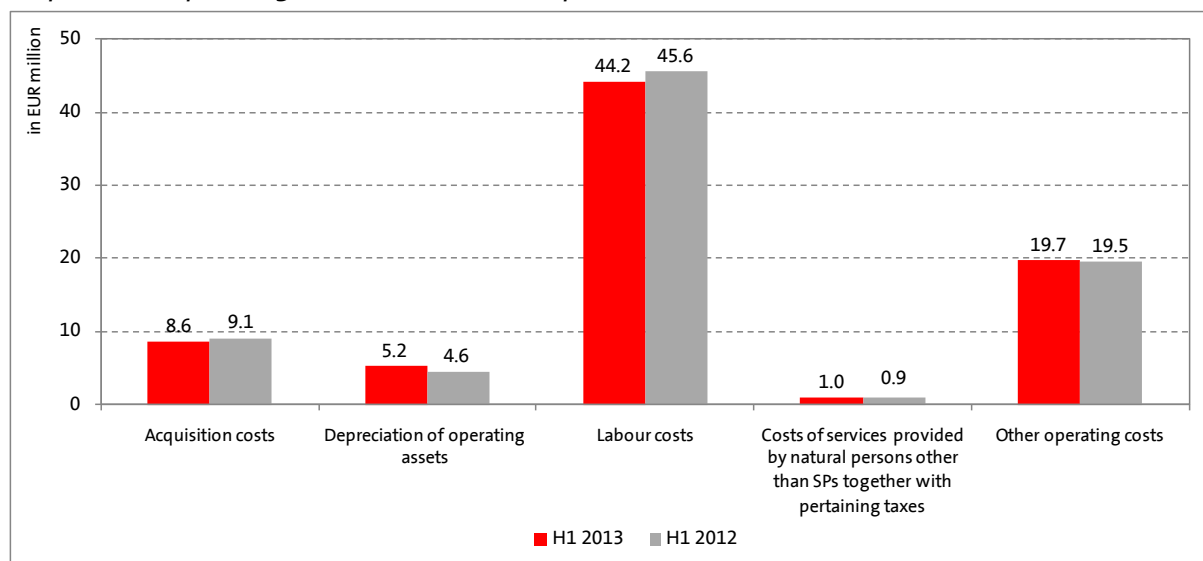
Operating costs for life insurance came to EUR 16.6 million and accounted for 18.2% of gross written premium or 0.8 percentage point more than in the respective period of 2012. Gross operating costs in non-life insurance totalled EUR 62.1 million, their share in gross written premium being 24.6% or 1.8 percentage points more than in the same period of 2012.

In total gross operating costs, broken down by functional groups, costs of insurance contract acquisition accounted for 59.2%, claim handling costs for 12.8% and expenses arising from asset management for 1.8%, while other operating expenses represented 26.2%.

*Table: Gross operating expenses in H1 2013 by nature*

Operating costs by nature	Gross operating costs		Index 2013/2012	Structure H1 2013
	H1 2013	H1 2012		
<b>Acquisition costs (fees and charges)</b>	<b>8,616,338</b>	<b>9,117,767</b>	<b>95</b>	<b>10.9%</b>
<b>Depreciation of operating assets</b>	<b>5,212,468</b>	<b>4,555,083</b>	<b>114</b>	<b>6.6%</b>
<b>Labour costs</b>	<b>44,190,176</b>	<b>45,315,383</b>	<b>98</b>	<b>56.2%</b>
- wages and salaries	32,250,211	32,161,150	100	41.0%
- social security and pension insurance costs	5,317,764	5,494,060	97	6.8%
- other labour costs	6,622,201	7,660,174	86	8.4%
<b>Costs of services provided by natural persons other than SPs together with pertaining taxes</b>	<b>956,510</b>	<b>901,536</b>	<b>106</b>	<b>1.2%</b>
<b>Other operating expenses</b>	<b>19,722,527</b>	<b>19,763,387</b>	<b>100</b>	<b>25.1%</b>
- costs of entertainment, advertising, trade shows	4,678,939	4,381,529	107	5.9%
- costs of material and energy	2,405,603	2,373,086	101	3.1%
- maintenance costs	3,478,936	3,127,485	111	4.4%
- reimbursement of labour-related costs	1,912,777	2,067,774	93	2.4%
- costs of intellectual and personal services	954,649	932,167	102	1.2%
non-income-related costs, excluding insurance	930,827	880,073	106	1.2%
- costs of transport and communications services	1,403,962	1,299,594	108	1.8%
- costs for insurance premiums	374,406	387,648	97	0.5%
- payment transaction costs and banking services	1,053,994	1,593,536	66	1.3%
- rents	1,387,060	1,309,312	106	1.8%
- costs of services of professional training	450,350	483,185	93	0.6%
- other costs of services	691,024	659,562	105	0.9%
- long-term employee benefits	0	268,436	0	0.0%
<b>Total</b>	<b>78,698,019</b>	<b>79,653,158</b>	<b>99</b>	<b>100.0%</b>

Graph: Gross operating costs in H1 2013 compared to H1 2012



#### 4.4.4 Reinsurance

In the period from 1 January to 30 June 2013, Zavarovalnica Triglav allocated EUR 40.7 million to external equalisation, which was 6% less than in the respective period of 2012. Reinsurance premium accounts for 11.8% of total gross written premium. The change in gross premium reserves related to the reinsurance portion amounted to EUR 10.1 million, which was 8% less than in the first half of 2012. A reinsurers' and co-insurers' share of gross claims settled of EUR 12.4 million was received from reinsurance and coinsurance (index 120). The change in gross claims provisions for the reinsurance portion equalled EUR 4.8 million (index 156). The Company also received EUR 6.2 million in ceding commissions (index 92).

#### 4.4.5 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured parties. At the end of the first half of 2013, Zavarovalnica Triglav allocated EUR 2,003.6 million to gross insurance technical provisions, which represented an increase of 1% compared to the end of 2012. In non-life insurance, the amount of gross insurance technical provisions increased by 4%, whereas in life insurance it was 1% lower.

The total amount of gross insurance technical provisions increased by 1% compared to 31 December 2012.

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

- **Gross provisions for unearned premiums** increased by 22% and reached EUR 243.7 million as at 30 June 2013. Unearned premium from non-life insurance totalled EUR 243.2 million (index 122) and from life insurance EUR 479 thousand (index 119).
- **Gross claims provisions** decreased by 2% and amounted to EUR 526.0 million. Claims provisions from non-life insurance totalled EUR 506.5 million (index 97) and those from life insurance EUR 19.4 million (index 101).
- **Mathematical provisions** were 1% lower as at the end of 2012 (index 99), amounting to EUR 1,214.1 million. Of the total amount of mathematical provisions, EUR 650.4 million originated from the long-term business fund backing life insurance, EUR 147.7 million from the long-term business fund backing SVPI, EUR 14.8 million from the long term business

fund backing SVPI, i.e. annuities, and EUR 401.2 million from the long-term business fund backing unit-linked life insurance.

- Compared to the end of 2012, **provisions for bonuses and rebates** remained at the same level and as at 30 June 2013 equalled EUR 17.0 million.
- **Other insurance technical provisions** totalled EUR 2.9 million or 29% more than as at the last day of 2012, mostly due to increased provisions for unexpired risks (index 155). This item includes provisions for unexpired risk, which as at 30 June 2013 amounted to EUR 2.1 million, and provisions for cancellations, which totalled EUR 0.9 million (index 92).

*Table: Gross insurance technical provisions as at 30 June 2013*

	Gross insurance technical provisions		Index
	30 June 2013	31 December 2012	2013/2012
Unearned premium	243,684,100	200,453,389	122
Mathematical provisions	1,214,063,210	1,231,565,049	99
Claims provisions	525,952,074	538,904,153	98
Provisions for bonuses and rebates	16,958,869	16,958,869	100
Other insurance technical provisions	2,924,965	2,269,292	129
<b>Total</b>	<b>2,003,583,219</b>	<b>1,990,150,752</b>	<b>101</b>

#### 4.4.6 Structure of financial assets as at 30 June 2013

Financial assets, financial investments in subsidiaries and associated companies as well as investment property as at 30 June 2013 stood at EUR 2,282.5 million, which was approximately at the same level as at the 2012 year-end (index 100). The percentage of financial assets in total assets decreased by 1.5 percentage points, reaching 86.5%.

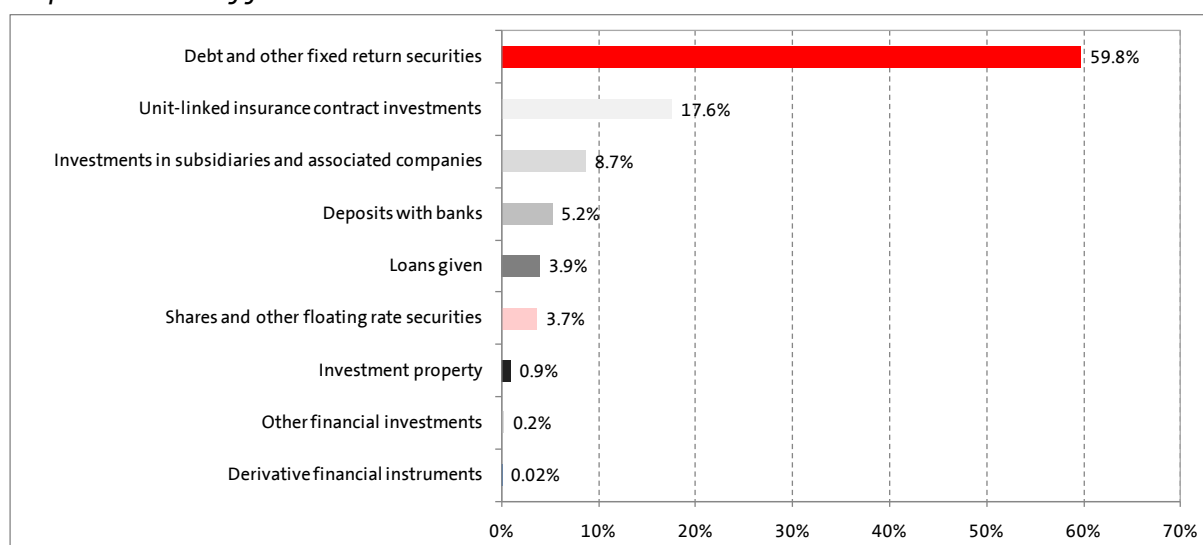
With 59.8%, debt and other fixed-return securities accounted for the bulk of total financial assets. Compared to 31 December 2012, they decreased by 1%. At the end of the first half of 2013 they reached EUR 1,364.3 million. In terms of volume they are followed by unit-linked insurance contract investments, which as at 30 June 2013 totalled EUR 401.8 million or 1% less than at the 2012 year-end. They accounted for 17.6% of total investments. Investments in subsidiaries and associated companies remained at the same level as in 2012 (index 100) and amounted to EUR 197.8 million (8.7%). Deposits with banks (which account for 5.2% of the total) increased by 17% to EUR 119.1 million at the end of the first half of 2013. Loans given increased by 3% over the end of 2012 (EUR 89.5 million), accounting for 3.9% of total investments. As at the reporting date, shares and other floating rate securities totalled EUR 83.6 million, decreasing by 12%. They accounted for 3.7% of total investments.

As at 30 June 2013 the smallest share (0.9%) in total investments was represented by investment property equalling EUR 20.5 million, followed by other financial investments amounting to EUR 5.4 million (0.2%) and derivative financial instruments of EUR 387 thousand (0.02%). Compared to 31 December 2012, investment property increased by 6%, derivative financial instruments by 34%, whereas other financial investments grew by 30%.

Table: Financial assets as at 30 June 2013

	Financial investments		Index 2013/2012
	30 June 2013	31 December 2012	
Investment property	20.463.910	19.344.982	106
Financial investments in subsidiaries and associated companies	197.845.433	198.384.257	100
Shares and other floating rate securities	83.647.190	94.737.492	88
Debt and other fixed return securities	1.364.255.031	1.377.839.944	99
Loans given	89.536.914	87.305.203	103
Deposits with banks	119.060.016	102.081.820	117
Other financial investments	5.434.657	4.167.319	130
Derivative financial instruments	386.603	289.435	134
Unit-linked insurance contract investments	401.837.470	406.502.788	99
<b>TOTAL</b>	<b>2.282.467.225</b>	<b>2.290.653.239</b>	<b>100</b>

Graph: Structure of financial assets as at 30 June 2013



## 5. FINANCIAL RESULT AND FINANCIAL STANDING

### 5.1 Triglav Group

#### 5.1.1 Financial result

Despite tight conditions, the Triglav Group performed well and ended H1 with a profit. Net profit before tax reached EUR 55.9 million, increasing by 13% over 2012. Net profit amounted to EUR 45.6 million and was 10% higher compared to the respective period of 2012. Net profit attributable to the shareholders of controlling company amounted to EUR 45.3 million (index 111), whereas net profit attributable to minority shareholders totalled EUR 361 thousand (index 37). The Group achieved such interim results by consistently realising its strategic goals and values, focused on its core business, by implementing adequate risk management, underwriting and reinsurance policies as well as by

Despite tight operating conditions, the Triglav Group ended H1 with a profit of EUR 45.6 million or 10% more than in the same period last year.



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

In non-life insurance the combined ratio, which shows profitability of operations, was 90.8% (88.0% in 2012). Any value of this ratio below 100 means, that the non-life insurance portfolio as the core business (excluding return on investments) is earning a profit.

The financial crisis negatively affected the demand for insurance products. Net premium earned (calculated on the basis of gross written insurance and co-insurance premium, reduced by the reinsurers' share and adjusted by the change in gross unearned premium taking into account the reinsurers' share in unearned premium) amounted to EUR 419.0 million and was 6% lower than in the respective period of 2012. Net premium earned from health insurance grew by 21%, whilst net non-life and life premium earned decreased by 9% and 7% respectively. Gross written premium from reinsurance and co-insurance operations totalled EUR 44.0 million, representing a 10% decrease compared to 2012. Net unearned premiums reached EUR 33.5 million (index 108).

Net claims incurred (gross claims increased by assessment costs, reduced by the reinsurers' and co-insurers' shares and subrogated receivables, adjusted by the change in gross claims provisions taking into account the reinsurers' share in these provisions) increased by 2% and totalled EUR 297.7 million. Net claims incurred from non-life insurance decreased by 5%, from life insurance increased by 10% and from health insurance rose by 18%. The reinsurers' and co-insurers' shares in gross claims increased by 114% and totalled EUR 18.5 million. The change in net claims provisions was EUR –10.6 million, compared with EUR –5.1 million in the same period of 2012. Equalisation scheme expenses for supplemental health insurance increased by 10% and totalled EUR 4.0 million.

Investment income totalled EUR 75.9 million (index 77), while investment expenses amounted to EUR 44.6 million (index 52). Through large-scale impairment of financial assets, carried out in 2012, as a consequence of unfavourable trends in the capital markets and the developments in the banking sector which negatively affected the value of some of its assets, Zavarovalnica Triglav managed to effectively adjust the value of its portfolio, which had a favourable effect on its investment return. In the reporting period, investment return, i.e. the difference between investment income and expenses, totalled EUR 31.3 million and was 142% higher compared to the same period last year.

Primarily due to reduced mathematical provisions, changes in other insurance technical provisions summed up to EUR –2.1 million.

The change in insurance technical provisions for unit-linked insurance contracts reached EUR -3.1 million (EUR 17.7 million in 2012) due to the increase in the unit price, while expenses for bonuses and discounts amounted to EUR 3.5 million (index 114).

Operating costs (other operating costs and costs of insurance contract acquisition) amounted to EUR 95.6 million and were 1% lower than in 2012. Acquisition costs totalled EUR 60.8 million (index 98), whereas other operating expenses amounted to EUR 34.8 million (index 100).

Other insurance income totalled EUR 4.8 million, having decreased by 59%. Other income totalled EUR 38.1 million or 5% less than in 2012. Other insurance expenses totalled EUR 11.4 million (index 52), whereas other expenses reached EUR 34.4 million (index 96).

*Table: Individual items in the consolidated income statement of the Triglav Group for H1 2013*

	in EUR		
	H1 2013	H1 2012	Growth index
Net premium earned	418,950,905	443,539,108	94
Income from financial assets	75,926,235	99,067,544	77
Other income from insurance operations	4,839,127	11,880,804	41
Other income	38,117,995	39,918,927	95
Net claims incurred	297,690,598	291,549,630	102
Change in other insurance technical provisions	-2,102,209	-7,927,511	27
Change in insurance technical provisions for unit-linked insurance contracts	-3,069,202	17,732,175	
Expenses for bonuses and discounts	3,452,497	3,029,510	114
Operating expenses	95,592,259	96,943,967	99
Expenses from financial assets and liabilities	44,637,232	86,127,090	52
Other insurance expenses	11,363,913	21,766,945	52
Other expenses	34,367,792	35,701,707	96
<b>Profit/loss before tax</b>	<b>55,901,382</b>	<b>49,482,870</b>	<b>113</b>
Income tax expense	10,272,713	7,887,790	130
<b>Net profit for the accounting period</b>	<b>45,628,669</b>	<b>41,595,080</b>	<b>110</b>

### 5.1.2 Financial standing

As at 30 June 2013, the total balance sheet assets of the Triglav Group stood at EUR 3,166.7 million, which is 1% higher over the end of 2012.

The total value of equity as at 30 June 2013 was EUR 555.7 million or 3% less than at the 2012 year-end. In the balance sheet total, their share decreased by 0.8 percentage point compared to the 2012 year-end, equalling 17.5%. Equity attributable to the controlling company amounted to EUR 549.4 million, while non-controlling interest holders had EUR 6.3 million. The share capital of EUR 73.7 million was divided into 22,735,148 ordinary shares. Share premium amounted to EUR 56.8 million and reserves from profit to EUR 253.5 million which meant no change compared to the 2012 year-end (index 100). Fair value reserve, which represents a change in the fair value of available-for-sale financial assets, stood at EUR 33.3 million and decreased by 36%.

Total equity decreased by 3% over the 2012 year-end.

Accumulated profits stood at EUR 135.2 million. In addition to EUR 45.1 million in net profit for the year, they also include EUR 90.0 million of net profit brought forward.

As at 30 June 2013 subordinated liabilities amounted to EUR 37.1 million and were at a level approximately equal to the 2012 year-end (index 100). Subordinated liabilities accounted for 1.2% of the balance sheet total.

On the liabilities side, gross insurance technical provisions increased by 1% and stood at EUR 2,322.1 million. In the balance sheet total, their share decreased by 0.5 percentage point compared to the 2012 year-end, from 73.8 to 73.3%. As at 30 June 2013 mathematical provisions amounted to EUR 1,272.5 million having decreased by 1% over the 2012 year-end. Provisions for gross unearned premiums increased by 20%, whilst gross claims provisions fell by 3%. Other insurance-technical provisions decreased by 3% compared to the 2012 year-end.

Financial liabilities increased by 109% to EUR 82.2 million due to unpaid dividends. They accounted for 2.6% of the total balance sheet liabilities.

Operating liabilities as at the 30 June 2013 totalled EUR 65.7 million or 13% more than at the 2012 year-end. In total balance sheet liabilities they accounted for 2.1%, which is 0.2 percentage point higher. Liabilities from direct insurance operations remained at a level approximately equal to 2012 and amounted to EUR 20.8 million. Liabilities from co-insurance and reinsurance operations amounted to EUR 39.8 million or 8% more than at the 2012 year-end. Current tax liabilities equalled EUR 5.1 million (EUR 594 thousand at the end of 2012).

Other liabilities and other provisions decreased by 1%. As at 30 June 2013, they stood at EUR 76.5 million, representing a 2.4% share of total assets.

Deferred tax liabilities amounted to EUR 17.1 million (index 80) and accounted for 0.5% of total liabilities.

Financial assets, financial investments in associated companies and investment property as at 30 June 2013 stood at EUR 2,542.9 million, which was 1% less than at the end of 2012. They accounted for 80.3% of total assets.

As at 30 June 2013, financial assets stood at EUR 2,430.2 million, which represents a 1% decrease compared to the 2012 year-end. Their share in total assets dropped by 1.6 percentage points down to 76.7%. Unit-linked insurance assets amounted to EUR 415.1 million (index 99) and financial investments to EUR 2,015.1 million (index 99). In total financial investments, EUR 270.6 million was accounted for by deposits and loans (index 99) and EUR 224.3 million by investments held to maturity (index 98). Moreover, investments available for sale totalled EUR 1,380.6 million (index 97) and investments recognised at fair value through profit and loss equalled EUR 139.6 million (index 130).

The Triglav Group's financial investments in associates fell by 2%, totalling EUR 14.0 million and representing a 0.4% share of total assets.

Investment property as at 30 June 2013 reached EUR 98.7 million. Its value decreased by 1% and accounted for 3.1% of total assets.

The Group's receivables as at 30 June 2013 were 22% higher compared to the 2012 year-end and stood at EUR 236.9 million. They accounted for 7.5% of total assets. Receivables from direct insurance operations increased by 34% to EUR 139.0 million. Receivables from co-insurance and reinsurance operations reached EUR 45.8 million (index 107), other receivables stood at EUR 50.3 million (index 130) and current tax receivables at EUR 1.9 million (index 20).

Total insurance technical provisions transferred to reinsurance contracts were EUR 86.0 million having increased by 3% compared to the 2012 year-end. Assets from reinsurance contracts from claim provisions totalled EUR 58.4 million, while unearned premium equalled EUR 27.6 million.

Property, plant and equipment amounted to EUR 129.5 million (index 99) and accounted for 4.1% of total assets. Intangible assets stood at EUR 73.8 million, having increased by 10% primarily due to higher long-term deferred acquisition costs, accounting for 2.3% of total financial assets.

Cash and cash equivalents equalled EUR 23.3 million (index 135), other assets amounted to EUR 35.4 million (index 105) and non-current assets held for sale stood at EUR 2.5 million (index 106).

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

in EUR			
Assets	30 June 2013	31 Dec. 2012	Index
Intangible assets	73,828,144	66,878,286	110
Property, plant and equipment	129,507,166	130,350,482	99
Investment property	98,686,811	100,186,863	99
Investments in associates	14,038,890	14,384,184	98
Financial assets	2,430,222,778	2,445,878,652	99
Reinsurers' share of insurance technical provisions	85,957,191	83,575,712	103
Deferred tax receivables	273,369,743	229,284,769	119
Other assets	35,400,673	33,680,408	105
Cash and cash equivalents	25,720,710	19,589,037	131
<b>Total assets</b>	<b>3,166,732,106</b>	<b>3,123,808,393</b>	<b>101</b>
Equity and liabilities	30 June 2013	31 Dec. 2012	Index
Equity	555,692,269	574,563,757	97
Subordinated liabilities	37,051,092	37,025,550	100
Insurance technical provisions	1,907,649,059	1,887,920,781	101
Insurance technical provisions for unit-linked insurance contracts	414,470,023	417,338,984	99
Employee benefits	10,432,422	10,573,673	99
Deferred tax liabilities	17,052,285	21,351,998	80
Other financial liabilities	82,174,826	39,380,566	209
Operating liabilities	65,704,412	58,150,107	113
Other liabilities and provisions	76,505,718	77,502,977	99
<b>Total equity and liabilities</b>	<b>3,166,732,106</b>	<b>3,123,808,393</b>	<b>101</b>

## 5.2 Zavarovalnica Triglav d.d.

### 5.2.1 Financial result

In the first half of 2013, Zavarovalnica Triglav posted a net profit of EUR 37.5 million representing a 50% growth compared to the respective period of 2012. Profit before tax also increased by 46% compared to the same period of 2012, totalling EUR 46.6 million.

Despite the financial crisis, the Triglav Group ended the first half of 2013 with a net profit of EUR 37.5 million or 50% more than in the same period last year.

Net premium earned amounted to EUR 277.2 million or 9% less in nominal terms compared to the same period of 2012. Net premium income dropped by 9% from non-life insurance contracts and 7% from life insurance contracts. Gross written premium from reinsurance and co-insurance operations fell by EUR 40.7 million, representing a 6% decrease compared to the same period in 2012. Net unearned premium grew by EUR 25.8 million which was 3% less compared to the previous year.

For the respective period, the Company reported net claims incurred of EUR 196.8 million representing a 2% increase from one year earlier. Compared to the same period of 2012, net claims incurred from non-life insurance were down 4%, but up 10% from life insurance. The reinsurers' and co-insurers' shares in gross claims increased by 20% and totalled EUR 12.4 million. In the first half of 2013 net claims provisions increased by EUR 8.2 million and were 16% higher compared to the respective period of 2012.

Operating costs (total functional costs of insurance contract acquisition and other operating costs) equalled EUR 67.2 million and were approximately the same as last year (index 100).

Acquisition costs totalled EUR 46.6 million (index 99), whereas other operating costs amounted to EUR 20.6 million (index 100).

Income from financial assets totalled EUR 64.3 million (index 82), of which EUR 18.5 million (index 78) came from non-life insurance and EUR 45.8 million (index 84) from life insurance. In the same period investment expenses reached EUR 39.5 million (index 50). In the reporting period, investment return, i.e. the difference between investment income and expenses, totalled EUR 24.8 million, whilst in the same period last year it was negative and totalled EUR -1.2 million. Through large-scale impairment of financial assets, carried out in 2012, as a consequence of unfavourable trends in the capital markets and the developments in the banking sector which negatively affected the value of some of its assets, Zavarovalnica Triglav managed to effectively adjust the value of its portfolio, which had a favourable influence on its performance in the first half of 2013.

Zavarovalnica Triglav effectively adjusted the value of its portfolio.

Other income from insurance operations decreased by 47% and totalled EUR 8.4 million, in which fees and commission income amounted to EUR 6.3 million (index 47). Other insurance expenses totalled EUR 5.5 million (index 32).

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

	in EUR		
	H1 2013	H1 2012	Index
Net premium earned	277,237,720	303,325,935	91
Income from financial assets	64,303,204	78,151,863	82
Other income from insurance operations	8,419,826	15,973,833	53
Other income	3,867,467	3,012,476	128
Net claims incurred	196,843,762	193,208,268	102
Change in other insurance technical provisions	-1,958,765	-8,484,774	23
Change in insurance technical provisions for unit-linked insurance contracts	-3,672,234	16,459,944	
Expenses for bonuses and discounts	2,887,221	2,554,955	113
Operating expenses	67,246,518	67,556,195	100
Expenses from financial assets and liabilities	39,500,000	79,319,158	50
Other insurance expenses	5,450,997	16,929,457	32
Other expenses	913,022	955,726	96
<b>Profit/loss before tax</b>	<b>46,617,697</b>	<b>31,965,179</b>	<b>146</b>
Income tax expense	9,079,289	6,995,436	130
<b>Net profit for the accounting period</b>	<b>37,538,408</b>	<b>24,969,743</b>	<b>150</b>

## 5.2.2 Financial standing

Total assets of Zavarovalnica Triglav as at 30 June 2013 stood at EUR 2,639.3 million and were 1% higher compared to the 2012 year-end.

The total value of equity as at 30 June 2013 was EUR 485.9 million or 4% less than at the 2012 year-end. The portion of capital in the balance sheet total was 18.4% and was 1.1 percentage point lower than as at the end of 2012. Share capital of EUR 73.7 million was divided into 22,735,148 ordinary registered no-par value shares. Share premium amounted to EUR 53.4 million and reserves from profit to EUR 236.3 million which meant no change compared to the 2012 year-end. Fair value reserve, which represents a change in the fair value of available-for-sale financial assets, stood at EUR 32.2 million and decreased by 30%. Net profit brought forward amounted to EUR 52.7 million (index 72) and

The total value of equity decreased by 4% compared to the 2012 year-end.

was lower by EUR 45.5 million due to the payment of dividends. Net profit for the year stood at EUR 37.5 million, which is 48% more than as at the end of 2012.

On the liabilities side, gross insurance technical provisions rose by 1% to EUR 2,003.6 million as at 30 June 2013. In the balance sheet total, their share decreased by 0.5 percentage point compared to the 2012 year-end, from 76.5 to 75.9%.

Operating liabilities stood at EUR 29.8 million, which was 14% more in comparison with the 2012 year-end. Liabilities from direct insurance operations amounted to EUR 13.4 million (index 107), liabilities from co-insurance and reinsurance operations reached EUR 11.7 million (index 86) and current tax liabilities totalled EUR 4.7 million.

As at 30 June 2013, financial liabilities totalled EUR 49.3 million due to unpaid dividends compared to EUR 1.0 million at the end of 2012. They accounted for 1.9% of the balance sheet total.

Other liabilities dropped by 23% to EUR 23.4 million. They accounted for 0.9% of total liabilities.

Financial assets, financial investments in subsidiaries and associated companies as well as investment property as at 30 June 2013 stood at EUR 2,282.5 million, which was approximately the same as in 2012 (index 100). They accounted for 86.5% of total assets.

Financial assets remained at the same level as at the end of 2012 (index 100), amounting to EUR 2,064.2 million as at 30 June 2013. With 53.5%, available-for-sale financial assets account for the bulk of total financial assets: they amounted to EUR 1,103.6 million (index 96). Unit-linked insurance assets totalled EUR 401.8 million, accounting for 19.5% of total financial assets. Compared to the 2012 year-end these assets were down 1%. Held-to-maturity investments reached EUR 195.1 million and were 2% lower compared to the 2012 year-end. Deposits and loans amounted to EUR 228.7 million, increasing by 3%. Financial investments measured at fair value through profit or loss reached EUR 134.8 million, representing an increase of 35% over the end of 2012.

As at 30 June 2013 investment property stood at EUR 20.5 million (index 106) and financial investments in subsidiaries and associated companies amounted to EUR 197.8 million (index 100).

Assets and deferred tax assets totalled EUR 145.5 million or 29% more than at the end of 2012, with the largest portion of these assets represented by receivables from direct insurance operations, which amounted to EUR 98.8 million (index 140).

Total insurance technical provisions transferred to reinsurance contracts were EUR 80.7 million having increased by 7% compared to 31 December 2012. Assets from reinsurance contracts from claim provisions totalled EUR 54.1 million, while unearned premium equalled EUR 26.6 million.

Property, plant and equipment amounted to EUR 63.7 million (index 96) and accounted for 2.4% of total assets. Intangible assets of EUR 60.0 million represented 2.3% of total assets (index 113).

*Table: Individual items in the non-consolidated balance sheet of Zavarovalnica Triglav as at 30 June 2013*

	in EUR		
	30 June 2013	31 Dec 2012	Index
Intangible assets	60,039,831	53,298,272	113
Property, plant and equipment	63,729,559	66,300,323	96
Investment property	20,463,910	19,344,982	106
Financial assets and financial investments in subsidiaries and associated companies	197,845,433	198,384,257	100
Financial assets	2,064,157,881	2,072,924,001	100
Reinsurers' share of insurance technical provisions	80,671,945	75,391,557	107
Deferred tax receivables	145,491,553	112,912,842	129
Other assets	2,587,992	2,225,894	116
Cash and cash equivalents	4,267,141	2,278,084	187
<b>Total assets</b>	<b>2,639,255,245</b>	<b>2,603,060,213</b>	<b>101</b>
<b>Equity and liabilities</b>			
Equity	485,911,938	507,657,101	96
Subordinated liabilities	38,722,031	38,721,260	100
Insurance technical provisions	1,602,355,569	1,585,250,868	101
Insurance technical provisions for unit-linked insurance contracts	401,227,650	404,899,884	99
Other provisions	8,461,243	8,929,226	95
Other financial liabilities	49,311,588	962,561	5.123
Operating liabilities	29,834,841	26,135,315	114
Other liabilities	23,430,387	30,503,998	77
<b>Total equity and liabilities</b>	<b>2,639,255,245</b>	<b>2,603,060,213</b>	<b>101</b>

## 6. RISK MANAGEMENT

### 6.1 Risk management in the first half of 2013

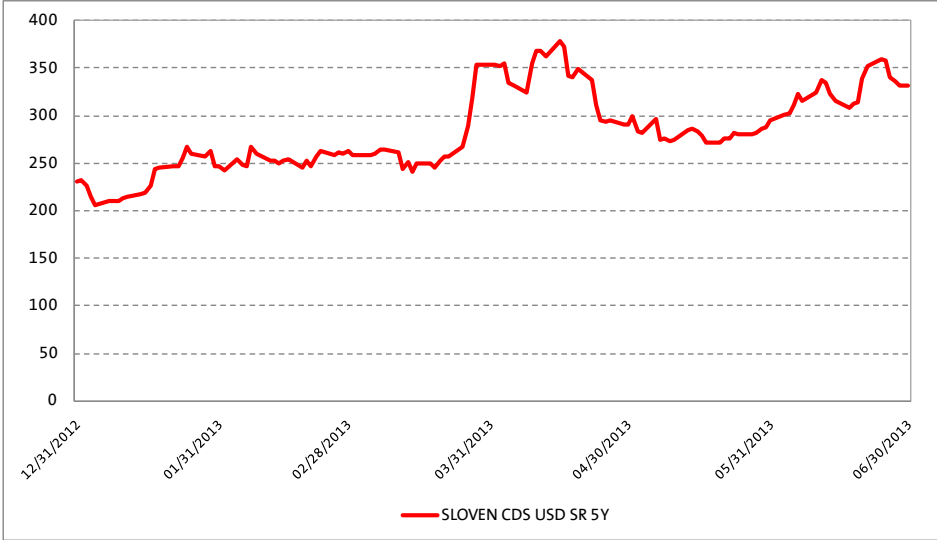
The debt crisis in the EU member states further remains the main source of the investment risk to which the Triglav Group is exposed. The measures of the European Central Bank (hereinafter: the ECB) in 2012 stabilised financial markets. In the first half of 2013, the ECB further decreased the key interest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

The debt crisis and mistrust of international financial markets regarding Slovenia's capacity to carry out the necessary reforms remain the main sources of the investment risk.

Standard & Poor's credit rating agency downgraded the rating on Slovenia from »A« to »A-«, but upgraded the outlook from negative to stable. This rating cut was caused by the possibility of an increased debt burden due to the support to state-owned banks and uncertain prospects regarding the economic growth. Thus, the situation for investors in Slovenia became much more risky than at the beginning of 2013 when there were even signs of improvement due to the adopted pension reform and the decisions made on the method of recovering the banking system. At the beginning of March the labour market reform was adopted, whilst in the second half of March a bad bank was established and Slovenia got a new government to which

financial markets reacted negatively. Sovereign bond credit spreads immediately began to widen, causing an even more costly borrowing of the state. All this had a significant impact on the sovereign debt prices of Slovenia, as shown in the chart below. In H1 2013 the credit spreads of Slovene government bonds widened.

Graph: Movements of the credit spreads of Slovene bonds in H1 2013



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

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

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

**6.2 Significant types of risks in H1 2013**

Even though the situation has been stabilised, some uncertainties persist. Economic conditions are expected to remain uncertain for the rest of 2013 due to the negative economic growth in the European Union since Q3 2011. Currently we are faced with a trend in some countries which are in favour of loosening minimum deficit rules and austerity measures with an aim to stimulate growth. Moreover, market uncertainty may be influenced by the USA and the current expectations that the Federal Reserve may reduce or entirely discontinue their bonds purchasing operations. There are still outstanding questions as to the tax policy of the USA. Market conditions could also be affected by federal elections in Germany. In view of that entire situation it is estimated that uncertain outcome of the debt crisis and its effect on the

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



Company's exposure to financial risks continue to present the greatest risk. The credit risk (counterparty's default risk) of government securities remains high as well as the credit spread risk. Zavarovalnica Triglav's assets and liabilities will also be significantly affected by the development of the economic environment in Slovenia, which remains weak. In this segment, the Company is mostly exposed to risks arising from lower demand for insurance products, premium default and risks related to the selection of underwritten risks.

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

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

### **6.3 Internal audit**

In H1 2013, the Internal Audit Department complied with its annual and operational work programme. It carried out 9 regular internal audits and 1 extraordinary internal audit of various divisions in Zavarovalnica Triglav and 5 internal audits in subsidiaries. The findings were or will be reported to the management of the audited divisions and to the Management Board.

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

## **7. HUMAN RESOURCE MANAGEMENT IN THE TRIGLAV GROUP**

### **7.1 Number of employees**

As at 30 June 2013, there were 5,471 employees in the Triglav Group, which is 92 more than at the end of 2012.

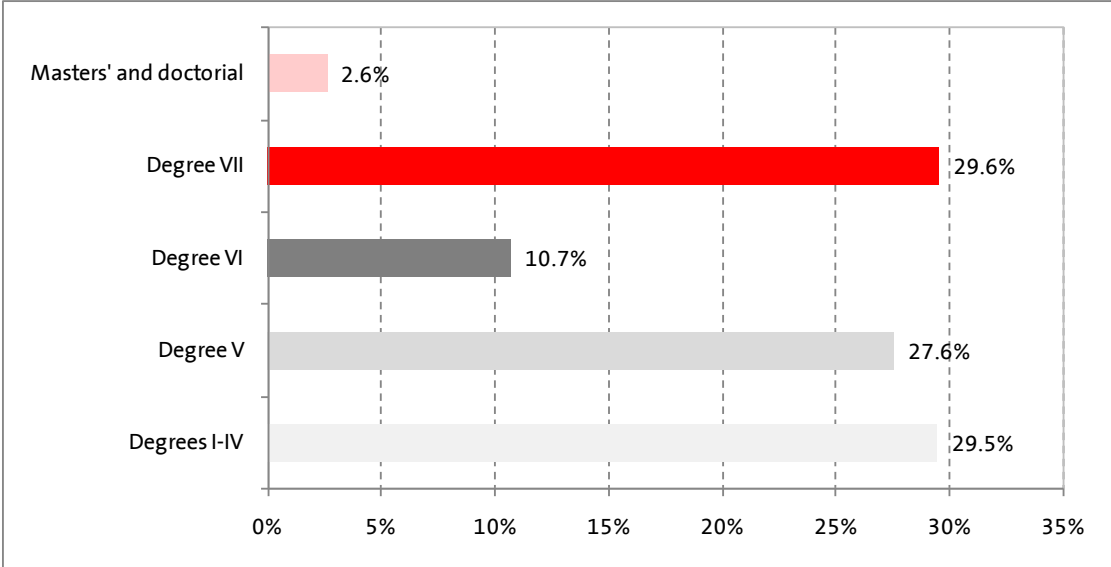
Table: Number of employees in the members of the Triglav Group as at 30 June 2013

Member of the Triglav Group	Number of employees		Difference 2013-2012
	30 June 2013	31 December 2012	
Zavarovalnica Triglav d.d., Ljubljana	2,391	2,405	-14
Pozavarovalnica Triglav RE d.d., Ljubljana	41	41	0
Triglav, Zdravstvena zavarovalnica d.d., Koper	78	77	1
Triglav Osiguranje d.d., Zagreb	543	532	11
Triglav Osiguranje d.d., Sarajevo	243	242	1
Triglav Pojišt'ovna a.s., Brno	122	123	-1
Lovćen Osiguranje a.d., Podgorica	280	283	-3
Triglav Osiguranje a.d.o., Belgrade	497	449	48
Triglav penzijski fondovi a.d., Belgrade	0	5	-5
Triglav Osiguranje a.d., Banja Luka	79	81	-2
Triglav Osiguruvanje a.d., Skopje	216	168	48
Triglav Skladi d.o.o., Ljubljana	38	37	1
AS Triglav d.o.o., Ljubljana	30	31	-1
TRI-PRO d.o.o., Domžale	82	73	9
Triglav nepremičnine d.o.o., Ljubljana	44	49	-5
Triglav Naložbe d.d., Ljubljana	6	6	0
Slovenijales d.d., Ljubljana	138	132	6
Golf Arboretum d.o.o., Volčji potok	11	11	0
Gradis IPGI d.d., Ljubljana	1	1	0
TRI-PRO BH d.o.o., Sarajevo	14	16	-2
Unis automobili i dijelovi d.o.o., Sarajevo	31	33	-2
Autocentar BH d.o.o., Sarajevo	45	45	0
Triglav INT d.d., Ljubljana	5	5	0
Lovćen životna osiguranja a.d., Podgorica	8	8	0
Sarajevostan d.d., Sarajevo	122	121	1
Triglav Auto d.o.o., Banja Luka	0	0	0
Lovćen auto a.d., Podgorica	114	114	0
Avrigo d.o.o., Nova Gorica	204	202	2
Integral Notranjska d.o.o., Cerknica	15	16	-1
Integral Zagorje d.o.o., Zagorje ob Savi	46	47	-1
Integral Stojna Kočevje d.o.o., Kočevje	27	26	1
Alptours d.o.o., Bovec	0	0	0
<b>TOTAL</b>	<b>5,471</b>	<b>5,379</b>	<b>92</b>

## 7.2 Educational structure of employees

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

Graf: Employees of the Triglav Group as at 30 June 2013 – structure by education level



## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

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

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

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

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

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

Andrej Slapar  
President of the Management Board

Stanislav Vrtunski  
Member of the Management Board

Benjamin Jošar  
Member of the Management Board

Marica Makoter  
Member of the Management Board, Employee Representative

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

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# 1. FINANCIAL STATEMENTS OF ZAVAROVALNICA TRIGLAV D.D.

## STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR		
	31 June 2013	31 December 2012	Index
<b>ASSETS</b>	<b>2,639,255,245</b>	<b>2,603,060,213</b>	<b>101</b>
Intangible assets	60,039,831	53,298,272	113
Property, plant and equipment	63,729,559	66,300,323	96
Deferred tax receivables	20,275,537	14,638,478	139
Investment property	20,463,910	19,344,982	106
Investments in subsidiaries	185,078,471	185,617,295	100
Investments in associates	12,766,962	12,766,962	100
Financial assets	2,064,157,881	2,072,924,001	100
Financial investments:	1,662,320,411	1,666,421,213	100
- loans and deposits	228,731,160	222,777,533	103
- held to maturity	195,141,346	199,277,500	98
- available for sale	1,103,605,174	1,144,343,784	96
- investments recognised at fair value	134,842,731	100,022,396	135
Unit-linked insurance assets	401,837,470	406,502,788	99
Reinsurers' share of technical provisions	80,671,945	75,391,557	107
Receivables	125,216,017	98,274,364	127
- receivables from direct insurance operations	98,752,822	70,291,060	140
- receivables from reinsurance and co-insurance operations	7,955,744	8,243,477	97
- current tax receivables	0	7,403,575	
- other receivables	18,507,451	12,336,252	150
Other assets	2,587,992	2,225,894	116
Cash and cash equivalents	4,267,141	2,278,084	187
<b>EQUITY AND LIABILITIES</b>	<b>2,639,255,245</b>	<b>2,603,060,213</b>	<b>101</b>
Equity	485,911,938	507,657,101	96
- share capital	73,701,392	73,701,392	100
- share premium	53,412,884	53,412,884	100
- reserves from profit	236,286,919	236,286,919	100
- fair value reserve	32,236,632	46,049,906	70
- net profit brought forward	52,735,703	72,813,826	72
- net profit/loss for the year	37,538,408	25,392,174	148
Subordinated liabilities	38,722,031	38,721,260	100
Insurance technical provisions	1,602,355,569	1,585,250,868	101
- unearned premiums	243,684,100	200,453,389	122
- mathematical provisions	812,835,560	826,665,165	98
- claims provisions	525,952,074	538,904,153	98
- other insurance technical provisions	19,883,835	19,228,161	103
Insurance technical provisions for unit-linked insurance contracts	401,227,650	404,899,884	99
Employee benefits	7,941,417	7,994,891	99
Other provisions	519,825	934,334	56
Other financial liabilities	49,311,588	962,561	
Operating liabilities	29,834,841	26,135,315	114
- liabilities from direct insurance operations	13,411,379	12,519,990	107
- liabilities from reinsurance and co-insurance operations	11,699,208	13,615,325	86
- current tax liabilities	4,724,254	0	
Other liabilities	23,430,387	30,503,998	77

**INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.**

	in EUR		
	H1 2013	H1 2012	Index
<b>NET PREMIUM INCOME</b>	<b>277,237,720</b>	<b>303,325,935</b>	<b>91</b>
- gross written premium	343,814,999	373,248,725	92
- ceded written premium	-40,734,628	-43,259,288	94
- change in unearned premiums	-25,842,651	-26,663,502	97
<b>TOTAL INCOME FROM FINANCIAL ASSETS</b>	<b>64,303,204</b>	<b>78,151,863</b>	<b>82</b>
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>1,021,098</i>	<i>824,703</i>	<i>124</i>
- interest income	1,020,293	800,823	127
- dividends	0	0	
- fair value gains	0	0	
- realised gains on disposals	0	0	
- other financial income	805	23,880	3
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>47,363,961</i>	<i>53,047,519</i>	<i>89</i>
- interest income	30,190,419	35,714,027	85
- dividends	779,296	195,423	399
- fair value gains	6,010,292	6,325,116	95
- realised gains on disposals	9,853,965	10,126,059	97
- other financial income	529,989	686,894	77
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>15,918,145</i>	<i>24,279,641</i>	<i>66</i>
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>8,419,826</b>	<b>15,973,833</b>	<b>53</b>
- fees and commission income	6,290,093	13,479,014	47
- other income from insurance operations	2,129,734	2,494,819	85
<b>OTHER INCOME</b>	<b>3,867,467</b>	<b>3,012,476</b>	<b>128</b>
<b>NET CLAIMS INCURRED</b>	<b>196,843,762</b>	<b>193,208,268</b>	<b>102</b>
- gross claims settled	217,454,374	210,608,415	103
- reinsurers' and co-insurers' share	-12,429,939	-10,369,671	120
- changes in claims provisions	-8,180,672	-7,030,476	116
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding unit-linked insurance contracts)</b>	<b>-1,958,765</b>	<b>-8,484,774</b>	<b>23</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-3,672,234</b>	<b>16,459,944</b>	
<b>Expenses for bonuses and discounts</b>	<b>2,887,221</b>	<b>2,554,955</b>	<b>113</b>
<b>OPERATING EXPENSES</b>	<b>67,246,518</b>	<b>67,556,195</b>	<b>100</b>
- acquisition costs	46,617,482	46,924,780	99
- other operating costs	20,629,036	20,631,414	100
<b>TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>39,500,000</b>	<b>79,319,158</b>	<b>50</b>
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>1,228,728</i>	<i>40,214</i>	
- interest expense	0	0	
- fair value losses	0	0	
- realised loss on disposals	0	0	
- impairment of financial assets	1,224,830	29,411	
- other expenses from financial assets and liabilities	3,898	10,803	36
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>21,667,702</i>	<i>59,677,386</i>	<i>36</i>
- interest expense	1,147,543	1,379,517	83
- fair value losses	8,249,020	11,986,882	69
- realised loss on disposals	2,800,176	11,601,907	24
- impairment of financial assets	7,225,804	32,453,840	22
- other expenses from financial assets and liabilities	2,245,158	2,255,240	100
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>16,603,570</i>	<i>19,601,558</i>	<i>85</i>
<b>OTHER INSURANCE EXPENSES</b>	<b>5,450,997</b>	<b>16,929,457</b>	<b>32</b>
<b>OTHER EXPENSES</b>	<b>913,022</b>	<b>955,726</b>	<b>96</b>
<b>PROFIT/ LOSS BEFORE TAX</b>	<b>46,617,697</b>	<b>31,965,179</b>	<b>146</b>
Income tax expense	9,079,289	6,995,436	130
<b>NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD</b>	<b>37,538,408</b>	<b>24,969,743</b>	<b>150</b>
Earnings per share (basic and diluted)	1.65	1.10	150



**STATEMENT OF COMPREHENSIVE INCOME OF ZAVAROVALNICA TRIGLAV D.D.**

		in EUR	
		H1 2013	H1 2012
I.	NET PROFIT/LOSS FOR THE YEAR AFTER TAX	37,538,408	24,969,743
II.	OTHER COMPREHENSIVE INCOME AFTER TAX	-13,813,275	22,576,054
1.	Net gains/losses from the remeasurement of available-for-sale financial assets	-29,145,891	36,760,793
1.1	Gains/losses recognised in fair value reserve	-27,737,870	41,224,782
1.2	Transfer from fair value reserve to profit/loss	-1,408,021	-4,463,989
2.	Liabilities arising from insurance contracts with a discretionary participating feature	11,210,415	-11,009,993
3.	Tax on other comprehensive income	4,122,201	-3,174,746
<b>III.</b>	<b>COMPREHENSIVE INCOME / LOSS FOR THE YEAR AFTER TAX</b>	<b>23,725,133</b>	<b>47,545,797</b>

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

**FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 JUNE 2013**

in EUR

	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
<b>1. OPENING BALANCE FOR THE PERIOD</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>30,624,276</b>	<b>201,000,000</b>	<b>46,049,906</b>	<b>72,813,826</b>	<b>25,392,174</b>	<b>507,657,101</b>
<b>2. Comprehensive income for the period from 1 January 2013 to 30 June 2013</b>	0	0	0	0	0	-13,813,274	0	37,538,407	23,725,133
3. Allocation to net profit/loss brought forward	0	0	0	0	0	0	25,392,174	-25,392,174	0
4. Dividend payment	0	0	0	0	0	0	-45,470,296	0	-45,470,296
<b>5. CLOSING BALANCE FOR THE PERIOD</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>30,624,276</b>	<b>201,000,000</b>	<b>32,236,632</b>	<b>52,735,703</b>	<b>37,538,408</b>	<b>485,911,938</b>

**FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012**

in EUR

	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
<b>1. OPENING BALANCE FOR THE PERIOD</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>30,624,276</b>	<b>176,000,000</b>	<b>5,969,185</b>	<b>49,539,512</b>	<b>43,782,559</b>	<b>437,692,451</b>
<b>2. Comprehensive income for the period from 1 January 2012 to 30 June 2012</b>	0	0	0	0	0	22,576,054	0	24,969,743	47,545,797
3. Allocation to net profit/loss brought forward	0	0	0	0	0	0	43,782,559	-43,782,559	0
4. Dividend payment	0	0	0	0	0	0	-15,914,604	0	-15,914,604
<b>5. CLOSING BALANCE FOR THE PERIOD</b>	<b>73,701,392</b>	<b>53,412,884</b>	<b>4,662,643</b>	<b>30,624,276</b>	<b>176,000,000</b>	<b>28,545,239</b>	<b>77,407,467</b>	<b>24,969,743</b>	<b>469,323,644</b>

**CASH FLOW STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.**

	in EUR	
	H1 2013	H1 2012
<b>A. OPERATING CASH FLOW</b>		
<b>Income statement items</b>	<b>29,490,498</b>	<b>34,612,582</b>
Operating income (except for revaluations) and financial income from operating receivables	309,933,616	383,631,340
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-269,848,970	-339,916,908
Corporate income tax and other taxes excluded from operating expenses	-10,594,147	-9,101,850
<b>Changes in net current assets (and in deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items</b>	<b>-35,307,962</b>	<b>-26,601,346</b>
Movements in receivables and prepayments and accrued income	-34,452,728	-35,155,306
Movements in deferred tax assets	0	-3,899,816
Movements in inventories	-20,788	8,585
Movements in operating debts	340,610	25,069,482
Movements in accruals and deferred income and provisions	-1,175,057	-12,624,290
<b>TOTAL OPERATING CASH FLOW</b>	<b>-5,817,464</b>	<b>8,011,236</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash inflows from investing activities</b>	<b>1,399,845,838</b>	<b>1,004,249,423</b>
Cash inflows from interest received and profit sharing arising from investing activities	44,423,815	36,509,683
Cash inflows from dividends and profit sharing	366,669	195,423
Cash inflows from the disposal of intangible assets	11,085	0
Cash inflows from the disposal of property, plant and equipment	71,873	243,450
Cash inflows from the disposal of financial investments	1,354,972,396	942,178,881
Cash inflows from disposal of financial investments in associates	0	25,121,985
<b>Cash outflows from investing activities</b>	<b>-1,390,252,536</b>	<b>-1,012,802,676</b>
Cash outflows for the purchase of intangible assets	-1,691,787	-5,275,211
Cash outflows for the purchase of property, plant and equipment	-2,335,473	-1,823,821
Cash outflows for the acquisition of financial investments	-1,385,539,270	-992,203,895
Cash outflows for the acquisition of financial investments in associates	-686,006	-13,499,749
<b>TOTAL CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>9,593,302</b>	<b>-8,553,253</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash outflows from financing activities</b>	<b>-1,786,782</b>	<b>-1,788,914</b>
Cash outflows for interest paid on financing activities	-1,785,000	-1,786,507
Cash outflows for payments of financial liabilities	0	0
Cash outflows from dividends paid and profit sharing	-1,782	-2,407
<b>TOTAL CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-1,786,782</b>	<b>-1,788,914</b>
<b>D. Opening balance of cash and cash equivalents</b>	<b>2,278,084</b>	<b>4,216,855</b>
<b>E. Net cash flow for the period</b>	<b>1,989,056</b>	<b>-2,330,930</b>
<b>F. Closing balance of cash and cash equivalents</b>	<b>4,267,141</b>	<b>1,885,925</b>

## 2. FINANCIAL STATEMENTS OF THE TRIGLAV GROUP

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 June 2013	31 December 2012	in EUR Index
<b>ASSETS</b>	<b>3,166,732,106</b>	<b>3,123,808,393</b>	<b>101</b>
Intangible assets	73,828,144	66,878,286	110
Property, plant and equipment	129,507,166	130,350,482	99
Deferred tax receivables	36,451,114	34,434,717	106
Investment property	98,686,811	100,186,863	99
Investments in associates	14,038,890	14,384,184	98
Financial assets	2,430,222,778	2,445,878,652	99
<i>Financial investments:</i>	<i>2,015,110,473</i>	<i>2,026,996,736</i>	<i>99</i>
- <i>loans and deposits</i>	<i>270,576,104</i>	<i>273,278,022</i>	<i>99</i>
- <i>held to maturity</i>	<i>224,289,490</i>	<i>228,416,165</i>	<i>98</i>
- <i>available for sale</i>	<i>1,380,627,132</i>	<i>1,417,564,782</i>	<i>97</i>
- <i>investments recognised at fair value</i>	<i>139,617,747</i>	<i>107,737,767</i>	<i>130</i>
<i>Unit-linked insurance assets</i>	<i>415,112,305</i>	<i>418,881,916</i>	<i>99</i>
Reinsurers' share of insurance technical provisions	85,957,191	83,575,712	103
Receivables	236,918,629	194,850,052	122
- receivables from direct insurance operations	138,957,174	103,865,001	134
- receivables from reinsurance and co-insurance operations	45,828,473	42,942,784	107
- current tax receivables	1,852,124	9,331,709	20
- other receivables	50,280,858	38,710,558	130
Other assets	35,400,673	33,680,408	105
Cash and cash equivalents	23,251,467	17,251,420	135
Non-current assets for sale	2,469,243	2,337,617	106
<b>EQUITY AND LIABILITIES</b>	<b>3,166,732,106</b>	<b>3,123,808,393</b>	<b>101</b>
Equity	555,692,269	574,563,757	97
Controlling interests	549,397,529	567,863,820	97
- share capital	73,701,392	73,701,392	100
- share premium	56,829,041	56,710,713	100
- reserves from profit	253,473,406	253,233,080	100
- fair value reserve	33,261,684	51,819,054	64
- net profit/loss brought forward	90,042,165	86,769,095	104
- net profit/loss for the year	45,142,756	48,809,667	92
- currency translation differences	-3,052,915	-3,179,181	96
Non-controlling interests	6,294,740	6,699,937	94
Subordinated liabilities	37,051,092	37,025,550	100
Insurance technical provisions	1,907,649,059	1,887,920,781	101
- unearned premiums	320,895,501	268,424,573	120
- mathematical provisions	857,998,583	869,949,936	99
- claims provisions	703,235,989	723,176,114	97
- other insurance technical provisions	25,518,986	26,370,158	97
Insurance technical provisions for unit-linked insurance contracts	414,470,023	417,338,984	99
Employee benefits	10,432,422	10,573,673	99
Other provisions	19,499,913	19,621,552	99
Deferred tax liabilities	17,052,285	21,351,998	80
Other financial liabilities	82,174,826	39,380,566	209
Operating liabilities	65,704,412	58,150,107	113
- liabilities from direct insurance operations	20,800,129	20,811,717	100
- liabilities from reinsurance and co-insurance operations	39,832,072	36,744,115	108
- current tax liabilities	5,072,211	594,275	854
Other liabilities	57,005,805	57,881,425	98

## CONSOLIDATED INCOME STATEMENT

	H1 2013	H1 2012	in EUR Index
<b>NET PREMIUM INCOME</b>	<b>418,950,905</b>	<b>443,539,108</b>	<b>94</b>
- gross written premium	496,411,384	523,568,923	95
- ceded written premium	-43,967,003	-49,027,658	90
- change in unearned premiums	-33,493,476	-31,002,157	108
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>75,926,235</b>	<b>99,067,544</b>	<b>77</b>
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>643,113</i>	<i>7,153,008</i>	<i>9</i>
- profit on equity investments accounted for using the equity method	643,113	902,461	71
- interest income	0	0	
- dividends	0	44,960	
- fair value gains	0	0	
- realised gains on disposals	0	0	
- other financial income	0	6,205,587	
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>58,683,352</i>	<i>66,951,686</i>	<i>88</i>
- interest income	37,522,782	43,816,704	86
- dividends	967,850	1,637,049	59
- fair value gains	6,293,372	6,579,544	96
- realised gains on disposals	11,114,912	11,042,549	101
- other financial income	2,784,436	3,875,840	72
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>16,599,770</i>	<i>24,962,850</i>	<i>66</i>
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>4,839,127</b>	<b>11,880,804</b>	<b>41</b>
- fees and commission income	2,041,132	8,306,582	25
- other income from insurance operations	2,797,995	3,574,222	78
<b>OTHER INCOME</b>	<b>38,117,995</b>	<b>39,918,927</b>	<b>95</b>
<b>NET CLAIMS INCURRED</b>	<b>297,690,598</b>	<b>291,549,630</b>	<b>102</b>
- gross claims settled	322,858,797	301,680,951	107
- reinsurers' and co-insurers' share	-18,505,227	-8,653,598	214
- changes in claims provisions	-10,634,886	-5,073,393	210
- equalisation scheme expenses for supplementary health insurance	3,971,914	3,595,670	110
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	<b>-2,102,209</b>	<b>-7,927,511</b>	<b>27</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-3,069,202</b>	<b>17,732,175</b>	
<b>Expenses for bonuses and discounts</b>	<b>3,452,497</b>	<b>3,029,510</b>	<b>114</b>
<b>OPERATING EXPENSES</b>	<b>95,592,259</b>	<b>96,943,967</b>	<b>99</b>
- acquisition costs	60,812,181	62,264,263	98
- other operating costs	34,780,078	34,679,704	100
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>44,637,232</b>	<b>86,127,090</b>	<b>52</b>
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>628,986</i>	<i>1,951,023</i>	<i>32</i>
- loss on investments accounted for using the equity method	628,986	1,951,023	32
- interest expense	0	0	
- fair value losses	0	0	
- realised loss on disposals	0	0	
- impairment of financial assets	0	0	
- other expenses from financial assets and liabilities	0	0	
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>26,886,507</i>	<i>64,368,585</i>	<i>42</i>
- interest expense	1,674,119	2,129,306	79
- fair value losses	9,322,855	12,548,521	74
- realised loss on disposals	3,141,593	12,760,590	25
- impairment of financial assets	7,766,263	32,806,199	24
- other expenses from financial assets and liabilities	4,981,677	4,123,969	121
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>17,121,739</i>	<i>19,807,482</i>	<i>86</i>
<b>OTHER INSURANCE EXPENSES</b>	<b>11,363,913</b>	<b>21,766,945</b>	<b>52</b>
<b>OTHER EXPENSES</b>	<b>34,367,792</b>	<b>35,701,707</b>	<b>96</b>
<b>PROFIT/ LOSS BEFORE TAX</b>	<b>55,901,382</b>	<b>49,482,870</b>	<b>113</b>
Income tax expense	10,272,713	7,887,790	130
<b>NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD</b>	<b>45,628,669</b>	<b>41,595,080</b>	<b>110</b>
Net profit / loss attributable to the controlling company	45,268,144	40,625,506	111
Net profit / loss attributable to non-controlling interest holders	360,526	969,566	37

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		in EUR	
		H1 2013	H1 2012
I.	NET PROFIT/LOSS FOR THE YEAR AFTER TAX	45,628,669	41,595,080
II.	OTHER COMPREHENSIVE INCOME AFTER TAX	-18,392,480	26,784,040
1.	Net gains/losses from the remeasurement of available-for-sale financial assets	-34,218,184	42,758,596
1.1	Gains/losses recognised in fair value reserve	-31,837,532	41,094,643
1.2	Transfer from fair value reserve to profit/loss	-2,380,652	1,663,953
2.	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	-280,442	-2,453
3.	Translation differences	124,881	-1,156,223
4.	Liabilities arising from insurance contracts with a discretionary participating feature	11,210,416	-11,009,993
5.	Tax on other comprehensive income	4,770,849	-3,805,887
<b>III.</b>	<b>COMPREHENSIVE INCOME / LOSS FOR THE YEAR AFTER TAX</b>	<b>27,236,189</b>	<b>68,379,120</b>
	Controlling interests	26,837,040	67,137,164
	Non-controlling interests	399,149	1,241,956

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE PERIOD FROM 1 JANUARY 2013 TO 31 JUNE 2013**

in EUR

	Share capital	Share premium	Reserves from profit					Fair value reserve	Net profit brought forward	Net profit/loss	Treasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Non-controlling interests	TOTAL
			Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves from profit								
<b>1. OPENING BALANCE FOR THE PERIOD</b>	<b>73,701,392</b>	<b>56,710,713</b>	<b>529,798</b>	<b>452,880</b>	<b>19,517,390</b>	<b>32,185,892</b>	<b>201,000,000</b>	<b>51,819,054</b>	<b>86,769,095</b>	<b>48,809,667</b>	<b>-452,880</b>	<b>-3,179,181</b>	<b>567,863,820</b>	<b>6,699,937</b>	<b>574,563,757</b>
2. Comprehensive income for the period from 1 January 2013 to 31 June 2013	0	0	0	0	0	0	0	-18,557,370	0	45,268,144	0	126,266	<b>26,837,040</b>	399,149	<b>27,236,189</b>
3. 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
4. Dividend payment	0	0	0	0	0	0	0	0	-45,421,670	0	0	0	<b>-45,421,670</b>	0	<b>-45,421,670</b>
5. Allocation and use of credit risk reserves	0	0	0	0	0	125,388	0	0	0	-125,388	0	0	0	0	0
6. Other reserves from profit	0	0	4,568	0	110,370	0	0	0	-114,927	0	0	0	11	-11	0
7. Recognition of reserves resulting from intragroup transactions	0	118,328	0	0	0	0	0	0	0	0	0	0	<b>118,328</b>	-804,335	<b>-686,007</b>
<b>8. CLOSING BALANCE for the period</b>	<b>73,701,392</b>	<b>56,829,041</b>	<b>534,366</b>	<b>452,880</b>	<b>19,627,760</b>	<b>32,311,280</b>	<b>201,000,000</b>	<b>33,261,684</b>	<b>90,042,165</b>	<b>45,142,756</b>	<b>-452,880</b>	<b>-3,052,915</b>	<b>549,397,529</b>	<b>6,294,740</b>	<b>555,692,269</b>

FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 JUNE 2012

in EUR

	Share capital	Share premium	Reserves from profit					Fair value reserve	Net profit brought forward	Net profit/loss	Treasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Non-controlling interests	TOTAL
			Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves from profit								
<b>1. OPENING BALANCE FOR THE PERIOD</b>	<b>73,701,387</b>	<b>53,204,076</b>	<b>529,798</b>	<b>364,680</b>	<b>19,430,985</b>	<b>34,866,038</b>	<b>176,000,000</b>	<b>2,786,975</b>	<b>61,135,233</b>	<b>46,175,732</b>	<b>-364,680</b>	<b>-2,565,292</b>	<b>465,264,931</b>	<b>24,204,905</b>	<b>489,469,836</b>
2. Comprehensive income for the period from 1 January 2012 to 31 June 2012	0	0	0	0	0	0	0	27,649,962	0	40,625,506	0	-1,120,399	67,155,069	1,241,956	68,397,025
3. Net profit allocation to reserves from profit	0	0	0	0	85,405	0	0	-85,405	0	0	0	0	0	0	0
4. Acquisition of treasury shares	0	0	0	88,200	0	0	0	-88,200	0	-88,200	0	0	-88,200	0	-88,200
5. Dividend payment	0	0	0	0	0	0	0	-15,904,095	0	0	0	0	-15,904,095	6,511	-15,897,584
6. Allocation and use of credit risk reserves	0	0	0	0	0	95,893	0	0	0	-95,893	0	0	0	0	0
7. Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	46,175,732	-46,175,732	0	0	0	0	0
8. Recognition of reserves resulting from intragroup transactions	0	1,836,754	0	0	0	0	0	0	0	0	0	0	1,836,754	-4,440,930	-2,604,176
9. Other	0	0	0	0	0	0	0	-41,257	39,644	0	0	0	-1,613	0	-1,613
<b>10. CLOSING BALANCE for the period</b>	<b>73,701,387</b>	<b>55,040,830</b>	<b>529,798</b>	<b>452,880</b>	<b>19,516,390</b>	<b>34,961,931</b>	<b>176,000,000</b>	<b>30,395,680</b>	<b>91,272,909</b>	<b>40,529,613</b>	<b>-452,880</b>	<b>-3,685,691</b>	<b>518,262,847</b>	<b>21,012,442</b>	<b>539,275,288</b>



## CONSOLIDATED CASH FLOW STATEMENT

	in EUR	
	H1 2012	H1 2011
<b>A. OPERATING CASH FLOW</b>		
<b>Income statement items</b>	<b>40,836,296</b>	<b>41,679,809</b>
Operating income(excluding revaluation ) and financial income from operating receivables	513,117,638	531,431,522
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-460,676,628	-477,627,331
Corporate income tax and other taxes excluded from operating expenses	-11,604,714	-12,124,382
<b>Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items</b>	<b>-39,714,803</b>	<b>-14,310,493</b>
Movements in receivables and prepayments and accrued income	-41,767,477	-39,456,795
Movements in deferred tax assets	-931,914	-3,158,765
Movements in assets held for sale (disposal group)	0	0
Movements in inventories	-78,514	265,669
Movements in operating debts	7,689,744	38,607,510
Movements in accruals and deferred income and provisions	396,601	-13,779,840
Movements in deferred tax liabilities	-5,023,243	3,211,728
<b>TOTAL OPERATING CASH FLOW</b>	<b>1,121,493</b>	<b>27,369,316</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash inflows from investing activities</b>	<b>1,646,477,948</b>	<b>1,215,421,529</b>
Cash inflows from interest received and profit sharing arising from investing activities	50,016,487	44,339,031
Income from dividends and profit sharing	2,042,424	6,291,088
Cash inflows from the disposal of intangible assets	11,628	0
Cash inflows from the disposal of property, plant and equipment	335,414	820,195
Cash inflows from the disposal of financial investments	1,594,071,995	1,138,849,230
Cash inflows from disposal of financial investments in associates	0	25,121,985
<b>Cash outflows from investing activities</b>	<b>-1,628,843,933</b>	<b>-1,257,142,626</b>
Cash outflows for the purchase of intangible assets	-1,958,841	-5,476,298
Cash outflows for the purchase of property, plant and equipment	-5,501,461	-3,509,730
Cash outflows for the purchase of financial investments	-1,621,383,631	-1,230,098,396
Cash outflows for the acquisition of financial investments in associates	0	-18,058,202
<b>TOTAL CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>17,634,015</b>	<b>-41,721,097</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash inflows from financing activities</b>	<b>20,139,734</b>	<b>14,941,718</b>
Cash inflows from loans received and bonds issued	20,139,734	14,941,718
<b>Cash outflows from financing activities</b>	<b>-32,886,643</b>	<b>-5,986,727</b>
Interest paid from financing activities	-3,100,460	-2,109,522
Cash outflows for payments of financial liabilities	-29,784,401	-3,281,482
Cash outflows from dividends paid and profit sharing	-1,782	-595,723
<b>TOTAL CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-12,746,909</b>	<b>8,954,991</b>
<b>D. Opening balance of cash and cash equivalents</b>	<b>17,251,420</b>	<b>22,771,667</b>
<b>E. Net cash flow for the period</b>	<b>6,008,599</b>	<b>-5,396,790</b>
Foreign exchange differentials	-8,552	-647,239
<b>F. Closing balance of cash and cash equivalents</b>	<b>23,251,467</b>	<b>16,727,638</b>

### **3. SELECTED NOTES TO THE FINANCIAL STATEMENTS**

#### **3.1. Statement of compliance**

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

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

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

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

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

#### **3.2. Significant accounting policies and estimates**

The preparation of the financial statements for the first half-year 2013 is subject to the same accounting policies as the preparation of the financial statements for 2012. The calculation of tax expenses took into account the average effective tax rate in 2012, which was adjusted due the amended statutory tax rates in 2012.

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 2013, gross written premium in non-life insurance was somewhat higher than in the remaining part of the year, as insurance to corporate clients is sold at the beginning of the year (as policies expire at the beginning of the financial year).

#### **3.4. Segmental analysis Zavarovalnica Triglav's operations**

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

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT

	30 June 2013			31 December 2012		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
	in EUR					
<b>ASSETS</b>	<b>1,306,058,554</b>	<b>1,352,731,849</b>	<b>2,658,790,402</b>	<b>1,254,190,963</b>	<b>1,368,740,758</b>	<b>2,622,931,721</b>
Intangible assets	57,792,352	2,247,479	60,039,831	50,792,438	2,505,835	53,298,272
Property, plant and equipment	53,680,017	10,049,542	63,729,559	55,655,501	10,644,822	66,300,323
Deferred tax receivables	28,644,266	2,618,341	31,262,607	27,404,012	2,343,737	29,747,749
Investment property	18,364,254	2,099,656	20,463,910	17,386,248	1,958,734	19,344,982
Investments in subsidiaries	183,563,800	1,514,671	185,078,471	184,102,623	1,514,671	185,617,295
Investments in associates	975	12,765,987	12,766,962	975	12,765,987	12,766,962
Financial assets	748,168,775	1,315,989,106	2,064,157,881	740,004,319	1,332,919,681	2,072,924,001
Financial investments	748,168,775	914,151,636	1,662,320,411	740,004,319	926,416,893	1,666,421,213
- loans and deposits	132,742,101	95,989,059	228,731,160	111,749,604	111,027,929	222,777,533
- held to maturity	0	195,141,346	195,141,346	0	199,277,500	199,277,500
- available for sale	600,359,795	503,245,379	1,103,605,174	610,846,122	533,497,663	1,144,343,784
- investments recognised at fair value	15,066,879	119,775,853	134,842,731	17,408,594	82,613,801	100,022,396
Unit-linked insurance assets		401,837,470	401,837,470	0	406,502,788	406,502,788
Reinsurers' share of technical provisions	80,662,537	9,408	80,671,945	75,385,422	6,135	75,391,557
Receivables	130,175,375	3,588,728	133,764,103	100,209,075	2,827,527	103,036,602
- receivables from direct insurance operations	98,286,631	466,191	98,752,822	69,871,232	419,827	70,291,060
- receivables from reinsurance and co-insurance operations	7,583,955	371,789	7,955,744	8,231,380	12,097	8,243,477
- current tax receivables	0	0	0	7,403,575	0	7,403,575
- other receivables	24,304,789	2,750,749	27,055,537	14,702,887	2,395,602	17,098,490
Other assets	2,555,246	32,746	2,587,992	2,167,435	58,459	2,225,894
Cash and cash equivalents	2,450,958	1,816,183	4,267,141	1,082,914	1,195,171	2,278,084
<b>EQUITY AND LIABILITIES</b>	<b>1,306,058,554</b>	<b>1,352,731,849</b>	<b>2,658,790,402</b>	<b>1,254,190,963</b>	<b>1,368,740,758</b>	<b>2,622,931,721</b>
Equity	402,793,214	83,118,724	485,911,938	422,753,538	84,903,563	507,657,101
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
- reserves from profit	204,723,028	31,563,891	236,286,919	204,723,028	31,563,891	236,286,919
- fair value reserve	22,915,294	9,321,338	32,236,632	32,551,932	13,497,974	46,049,906
- net profit/loss brought forward	52,735,703	0	52,735,703	72,813,826	0	72,813,826
- net profit/loss for the year	30,733,671	6,804,736	37,538,408	20,979,234	4,412,939	25,392,174
Subordinated liabilities	25,044,556	13,677,475	38,722,031	25,043,991	13,677,269	38,721,260
Insurance technical provisions	769,595,083	832,760,486	1,602,355,569	738,866,601	846,384,267	1,585,250,868
- unearned premiums	243,204,888	479,212	243,684,100	200,050,028	403,360	200,453,389
- mathematical provisions	0	812,835,560	812,835,560	0	826,665,165	826,665,165
- claims provisions	506,506,360	19,445,714	525,952,074	519,588,411	19,315,742	538,904,153
- other insurance technical provisions	19,883,835	0	19,883,835	19,228,161	0	19,228,161
Insurance technical provisions for unit-linked insurance contracts	0	401,227,650	401,227,650	0	404,899,884	404,899,884
Employee benefits	6,525,380	1,416,038	7,941,417	6,569,954	1,424,937	7,994,891
Other provisions	491,988	27,838	519,825	882,628	51,707	934,334
Deferred tax liabilities	8,637,091	2,349,979	10,987,070	10,339,414	4,769,857	15,109,271
Other financial liabilities	47,710,281	1,601,307	49,311,588	945,075	17,486	962,561
Operating liabilities	22,590,483	7,244,357	29,834,841	19,145,689	6,989,626	26,135,315
- liabilities from direct insurance operations	6,228,768	7,182,611	13,411,379	5,539,078	6,980,912	12,519,990
- liabilities from reinsurance and co-insurance operations	11,637,462	61,746	11,699,208	13,606,611	8,714	13,615,325
- current tax liabilities	4,724,254	0	4,724,254	0	0	0
Other liabilities	22,670,479	9,307,994	31,978,473	29,644,074	5,622,161	35,266,235

**INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT**

	H1 2013			H1 2012			in EUR
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	
<b>NET PREMIUM INCOME</b>	<b>186,277,913</b>	<b>90,959,807</b>	<b>277,237,720</b>	<b>205,467,301</b>	<b>97,858,634</b>	<b>303,325,935</b>	
- gross written premium	252,609,594	91,205,405	343,814,999	275,099,904	98,148,821	373,248,725	
- ceded written premium	-40,564,883	-169,746	-40,734,628	-43,012,696	-246,591	-43,259,288	
- change in unearned premiums	-25,766,799	-75,852	-25,842,651	-26,619,907	-43,595	-26,663,502	
<b>TOTAL INCOME FROM FINANCIAL ASSETS</b>	<b>18,504,300</b>	<b>45,798,904</b>	<b>64,303,204</b>	<b>23,716,662</b>	<b>54,435,201</b>	<b>78,151,863</b>	
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>1,021,098</i>	<i>0</i>	<i>1,021,098</i>	<i>824,681</i>	<i>22</i>	<i>824,703</i>	
- interest income	1,020,293	0	1,020,293	800,801	22	800,823	
- dividends	0	0	0	0	0	0	
- fair value gains	0	0	0	0	0	0	
- realised gains on disposals	0	0	0	0	0	0	
- other financial income	805	0	805	23,880	0	23,880	
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>17,483,202</i>	<i>29,880,759</i>	<i>47,363,961</i>	<i>22,891,980</i>	<i>30,155,539</i>	<i>53,047,519</i>	
- interest income	12,799,486	17,390,933	30,190,419	15,793,592	19,920,435	35,714,027	
- dividends	396,453	382,843	779,296	10,480	184,944	195,423	
- fair value gains	677,623	5,332,669	6,010,292	1,965,043	4,360,074	6,325,116	
- realised gains on disposals	3,330,244	6,523,721	9,853,965	4,436,102	5,689,956	10,126,059	
- other financial income	279,396	250,593	529,989	686,763	131	686,894	
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>15,918,145</i>	<i>15,918,145</i>	<i>0</i>	<i>24,279,641</i>	<i>24,279,641</i>	
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>8,062,535</b>	<b>357,291</b>	<b>8,419,826</b>	<b>8,680,347</b>	<b>7,293,486</b>	<b>15,973,833</b>	
- fees and commission income	5,933,131	356,961	6,290,093	6,764,267	6,714,747	13,479,014	
- other income from insurance operations	2,129,404	330	2,129,734	1,916,080	578,739	2,494,819	
<b>OTHER INCOME</b>	<b>2,240,735</b>	<b>1,626,732</b>	<b>3,867,467</b>	<b>1,633,972</b>	<b>1,378,504</b>	<b>3,012,476</b>	
<b>NET CLAIMS INCURRED</b>	<b>105,442,307</b>	<b>91,401,455</b>	<b>196,843,762</b>	<b>109,988,799</b>	<b>83,219,468</b>	<b>193,208,268</b>	
- gross claims settled	126,079,968	91,374,405	217,454,374	128,028,934	82,579,481	210,608,415	
- reinsurers' and co-insurers' share	-12,330,289	-99,650	-12,429,939	-10,320,507	-49,165	-10,369,671	
- changes in claims provisions	-8,307,372	126,700	-8,180,672	-7,719,628	689,152	-7,030,476	
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	<b>655,673</b>	<b>-2,614,438</b>	<b>-1,958,765</b>	<b>738,626</b>	<b>-9,223,399</b>	<b>-8,484,774</b>	
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>-3,672,234</b>	<b>-3,672,234</b>	<b>0</b>	<b>16,459,944</b>	<b>16,459,944</b>	
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>2,887,221</b>	<b>0</b>	<b>2,887,221</b>	<b>2,554,955</b>	<b>0</b>	<b>2,554,955</b>	
<b>OPERATING EXPENSES</b>	<b>52,217,329</b>	<b>15,029,189</b>	<b>67,246,518</b>	<b>52,074,845</b>	<b>15,481,349</b>	<b>67,556,195</b>	
- acquisition costs	37,176,222	9,441,260	46,617,482	37,788,673	9,136,107	46,924,780	
- other operating costs	15,041,107	5,587,929	20,629,036	14,286,172	6,345,242	20,631,414	
<b>TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>9,862,874</b>	<b>29,637,125</b>	<b>39,500,000</b>	<b>32,969,805</b>	<b>46,349,353</b>	<b>79,319,158</b>	
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>1,228,728</i>	<i>0</i>	<i>1,228,728</i>	<i>10,803</i>	<i>29,411</i>	<i>40,214</i>	
- interest expense	0	0	0	0	0	0	
- fair value losses	0	0	0	0	0	0	
- realised loss on disposals	0	0	0	0	0	0	
- permanent impairment of financial assets	1,224,830	0	1,224,830	0	29,411	29,411	
- other expenses from financial assets and liabilities	3,898	0	3,898	10,803	0	10,803	
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>8,634,146</i>	<i>13,033,556</i>	<i>21,667,702</i>	<i>32,959,002</i>	<i>26,718,384</i>	<i>59,677,386</i>	
- interest expense	750,752	396,791	1,147,543	968,270	411,246	1,379,517	
- fair value losses	547,845	7,701,176	8,249,020	2,922,717	9,064,166	11,986,882	
- realised loss on disposals	291,465	2,508,712	2,800,176	2,097,517	9,504,391	11,601,907	
- permanent impairment of financial assets	5,680,231	1,545,573	7,225,804	25,467,943	6,985,898	32,453,840	
- other expenses from financial assets and liabilities	1,363,854	881,304	2,245,158	1,502,555	752,684	2,255,240	
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>16,603,570</i>	<i>16,603,570</i>	<i>0</i>	<i>19,601,558</i>	<i>19,601,558</i>	
<b>OTHER INSURANCE EXPENSES</b>	<b>5,024,941</b>	<b>426,055</b>	<b>5,450,997</b>	<b>9,309,856</b>	<b>7,619,601</b>	<b>16,929,457</b>	
<b>OTHER EXPENSES</b>	<b>828,014</b>	<b>85,007</b>	<b>913,022</b>	<b>886,135</b>	<b>69,591</b>	<b>955,726</b>	
<b>PROFIT/ LOSS BEFORE TAX</b>	<b>38,167,122</b>	<b>8,450,575</b>	<b>46,617,697</b>	<b>30,975,259</b>	<b>989,920</b>	<b>31,965,179</b>	
Income tax expense	7,433,450	1,645,839	9,079,289	7,212,082	-216,646	6,995,436	
<b>NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD</b>	<b>30,733,671</b>	<b>6,804,736</b>	<b>37,538,408</b>	<b>23,763,177</b>	<b>1,206,566</b>	<b>24,969,743</b>	

### **3.5. Segmental analysis of operations of the Triglav Group**

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

					TOTAL NON-		in EUR	
AS AT 30 JUNE 2013	NON-LIFE	LIFE	HEALTH	OTHER	CONSOLIDATED	Eliminations	CONSOLIDATED	TOTAL -
	1,852,936,796	1,424,266,185	32,598,090	328,692,521	3,638,493,592	-471,761,486	3,166,732,106	
<b>ASSETS</b>	<b>1,852,936,796</b>	<b>1,424,266,185</b>	<b>32,598,090</b>	<b>328,692,521</b>	<b>3,638,493,592</b>	<b>-471,761,486</b>	<b>3,166,732,106</b>	
Intangible assets	68,259,502	2,260,568	347,427	1,142,785	72,010,282	1,817,862	73,828,144	
Property, plant and equipment	86,182,673	10,100,229	2,308,452	30,680,457	129,271,811	235,355	129,507,166	
Deferred tax receivables	30,470,272	2,858,099	492,157	2,630,586	36,451,114	0	36,451,114	
Investment property	34,473,236	3,315,743	0	49,300,706	87,089,685	11,597,126	98,686,811	
Investments in subsidiaries	188,659,122	1,600,756	0	111,552,107	301,811,985	-301,811,985	0	
Investments in associates	810	7,624,149	0	6,413,931	14,038,890	0	14,038,890	
Financial assets	999,204,068	1,386,177,693	24,975,706	71,374,593	2,481,732,060	-51,509,282	2,430,222,778	
Financial investments	999,204,068	971,065,388	24,975,706	71,374,593	2,066,619,755	-51,509,282	2,015,110,473	
- loans and deposits	195,987,014	106,252,668	2,969,824	13,829,819	319,039,325	-48,463,221	270,576,104	
- held to maturity	3,188,054	221,101,436	0	0	224,289,490	0	224,289,490	
- available for sale	783,309,525	522,388,601	22,005,882	55,969,185	1,383,673,193	-3,046,061	1,380,627,132	
- investments recognised at fair value	16,719,475	121,322,683	0	1,575,589	139,617,747	0	139,617,747	
Unit-linked insurance assets	0	415,112,305	0	0	415,112,305	0	415,112,305	
Reinsurers' share of technical provisions	177,405,204	12,893	0	0	177,418,097	-91,460,906	85,957,191	
Receivables	248,027,694	6,759,467	4,385,704	15,697,950	274,870,815	-37,952,186	236,918,629	
- receivables from direct insurance operations	136,244,258	622,396	4,079,514	0	140,946,168	-1,988,994	138,957,174	
- receivables from reinsurance and co-insurance operations	74,443,251	371,789	0	0	74,815,040	-28,986,567	45,828,473	
- current tax receivables	1,848,217	154	0	3,753	1,852,124	0	1,852,124	
- other receivables	35,491,968	5,765,128	306,190	15,694,197	57,257,483	-6,976,625	50,280,858	
Other assets	7,975,735	192,012	59,209	29,851,187	38,078,143	-2,677,470	35,400,673	
Cash and cash equivalents	12,278,480	3,364,576	29,435	7,578,976	23,251,467	0	23,251,467	
Noncurrent assets held for sale	0	0	0	2,469,243	2,469,243	0	2,469,243	
<b>EQUITY AND LIABILITIES</b>	<b>1,852,936,796</b>	<b>1,424,266,185</b>	<b>32,598,090</b>	<b>328,692,521</b>	<b>3,638,493,592</b>	<b>-471,761,486</b>	<b>3,166,732,106</b>	
Equity	503,492,408	96,649,053	12,408,118	233,974,599	846,524,178	-290,831,910	555,692,269	
Controlling interests	503,492,408	96,649,053	12,408,118	233,974,599	846,524,178	-297,126,650	549,397,529	
- share capital	115,485,244	31,812,169	25,822,144	186,135,304	359,254,861	-285,553,474	73,701,392	
- share premium	43,254,647	13,067,907	0	20,472,840	76,795,394	-19,966,354	56,829,041	
- reserves from profit	222,622,327	32,095,891	0	3,774,246	258,492,464	-5,019,058	253,473,406	
- fair value reserve	29,446,262	974,287	-781,465	20,453,859	50,092,943	-16,831,259	33,261,684	
- net profit/loss brought forward	62,823,392	11,909,771	-15,303,446	-139,190	59,290,527	30,751,638	90,042,165	
- net profit/loss for the year	31,569,884	7,556,012	2,670,885	4,149,163	45,945,944	-803,189	45,142,756	
- currency translation differences	-1,709,348	-766,984	0	-871,629	-3,347,961	295,046	-3,052,915	
Non-controlling interests	0	0	0	0	0	6,294,740	6,294,740	
Subordinated liabilities	26,411,069	13,677,475	1,500,000	0	41,588,544	-4,537,452	37,051,092	
Insurance technical provisions	1,108,730,952	878,972,227	11,506,422	0	1,999,209,601	-91,560,542	1,907,649,059	
- unearned premiums	345,487,642	489,951	2,501,798	0	348,479,391	-27,583,890	320,895,501	
- mathematical provisions	0	857,998,583	0	0	857,998,583	0	857,998,583	
- claims provisions	738,182,866	20,483,693	8,546,082	0	767,212,641	-63,976,652	703,235,989	
- other insurance technical provisions	25,060,444	0	458,542	0	25,518,986	0	25,518,986	
Insurance technical provisions for unit-linked insurance contracts	0	414,470,023	0	0	414,470,023	0	414,470,023	
Employee benefits	7,683,866	1,427,020	280,869	1,040,667	10,432,422	0	10,432,422	
Other provisions	7,694,819	106,083	163,133	11,535,878	19,499,913	0	19,499,913	
Deferred tax liabilities	9,037,760	358,021	0	7,305,211	16,700,992	351,293	17,052,285	
Other financial liabilities	65,949,123	1,601,322	-1	55,718,102	123,268,546	-41,093,720	82,174,826	
Operating liabilities	87,706,522	7,575,834	1,287,613	208,656	96,778,625	-31,074,213	65,704,412	
- liabilities from direct insurance operations	12,446,324	7,513,464	1,287,613	0	21,247,401	-447,272	20,800,129	
- liabilities from reinsurance and co-insurance operations	70,396,643	62,370	0	0	70,459,013	-30,626,941	39,832,072	
- current tax liabilities	4,863,555	0	0	208,656	5,072,211	0	5,072,211	
Other liabilities	36,230,277	9,429,127	5,451,936	18,909,408	70,020,748	-13,014,942	57,005,805	

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

in EUR					
AS AT 30 JUNE 2013	SLOVENIA	OTHER	NON-CONSOLIDATED	Eliminations	CONSOLIDATED
<b>ASSETS</b>	<b>3,243,864,630</b>	<b>394,628,962</b>	<b>3,638,493,592</b>	<b>-471,761,486</b>	<b>3,166,732,106</b>
Intangible assets	60,793,376	11,216,906	72,010,282	1,817,862	73,828,144
Property, plant and equipment	89,220,319	40,051,492	129,271,811	235,355	129,507,166
Deferred tax receivables	34,698,326	1,752,788	36,451,114	0	36,451,114
Investment property	67,490,255	19,599,430	87,089,685	11,597,126	98,686,811
Investments in subsidiaries	296,630,601	5,181,384	301,811,985	-301,811,985	0
Investments in associates	14,038,890	0	14,038,890	0	14,038,890
Financial assets	2,280,894,552	200,837,508	2,481,732,060	-51,509,282	2,430,222,778
Financial investments:	1,879,057,082	187,562,673	2,066,619,755	-51,509,282	2,015,110,473
- loans and deposits	257,634,850	61,404,475	319,039,325	-48,463,221	270,576,104
- held to maturity	195,141,346	29,148,144	224,289,490	0	224,289,490
- available for sale	1,289,681,902	93,991,291	1,383,673,193	-3,046,061	1,380,627,132
- investments recognised at fair value	136,598,984	3,018,763	139,617,747	0	139,617,747
Unit-linked insurance assets	401,837,470	13,274,835	415,112,305	0	415,112,305
Reinsurers' share of technical provisions	142,804,158	34,613,939	177,418,097	-91,460,906	85,957,191
Receivables	211,308,790	63,562,025	274,870,815	-37,952,186	236,918,629
- receivables from direct insurance operations	102,581,374	38,364,794	140,946,168	-1,988,994	138,957,174
- receivables from reinsurance and co-insurance operations	69,026,152	5,788,888	74,815,040	-28,986,567	45,828,473
- current tax receivables	0	1,852,124	1,852,124	0	1,852,124
- other receivables	39,701,264	17,556,219	57,257,483	-6,976,625	50,280,858
Other assets	31,954,895	6,123,248	38,078,143	-2,677,470	35,400,673
Cash and cash equivalents	11,561,225	11,690,242	23,251,467	0	23,251,467
Noncurrent assets for sale	2,469,243	0	2,469,243	0	2,469,243
<b>EQUITY AND LIABILITIES</b>	<b>3,243,864,630</b>	<b>394,628,962</b>	<b>3,638,493,592</b>	<b>-471,761,486</b>	<b>3,166,732,106</b>
Equity	764,931,326	81,592,852	846,524,178	-290,831,910	555,692,269
Controlling interests	764,931,326	81,592,852	846,524,178	-297,126,650	549,397,529
- share capital	275,789,952	83,464,909	359,254,861	-285,553,474	73,701,392
- share premium	75,032,429	1,762,965	76,795,394	-19,966,354	56,829,041
- reserves from profit	242,841,647	15,650,817	258,492,464	-5,019,058	253,473,406
- fair value reserve	48,661,403	1,431,540	50,092,943	-16,831,259	33,261,684
- net profit/loss brought forward	75,027,394	-15,736,867	59,290,527	30,751,638	90,042,165
- net profit/loss for the year	47,578,501	-1,632,557	45,945,944	-803,189	45,142,756
- currency translation differences	0	-3,347,961	-3,347,961	295,046	-3,052,915
Non-controlling interests	0	0	0	6,294,740	6,294,740
Subordinated liabilities	40,222,031	1,366,513	41,588,544	-4,537,452	37,051,092
Insurance technical provisions	1,763,444,521	235,765,080	1,999,209,601	-91,560,542	1,907,649,059
- unearned premiums	281,356,065	67,123,326	348,479,391	-27,583,890	320,895,501
- mathematical provisions	812,835,560	45,163,023	857,998,583	0	857,998,583
- claims provisions	648,239,664	118,972,977	767,212,641	-63,976,652	703,235,989
- other insurance technical provisions	21,013,232	4,505,754	25,518,986	0	25,518,986
Insurance technical provisions for unit-linked insurance contracts	401,227,650	13,242,373	414,470,023	0	414,470,023
Employee benefits	9,241,334	1,191,088	10,432,422	0	10,432,422
Other provisions	12,087,002	7,412,911	19,499,913	0	19,499,913
Deferred tax liabilities	16,288,581	412,411	16,700,992	351,293	17,052,285
Other financial liabilities	102,762,874	20,505,672	123,268,546	-41,093,720	82,174,826
Operating liabilities	79,445,900	17,332,725	96,778,625	-31,074,213	65,704,412
- liabilities from direct insurance operations	14,699,123	6,548,278	21,247,401	-447,272	20,800,129
- liabilities from reinsurance and co-insurance operations	59,688,866	10,770,147	70,459,013	-30,626,941	39,832,072
- current tax liabilities	5,057,911	14,300	5,072,211	0	5,072,211
Other liabilities	54,213,411	15,807,337	70,020,748	-13,014,942	57,005,805



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

CONSOLIDATED INCOME STATEMENT BY BUSINESS SEGMENT

in EUR

FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 JUNE 2013	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL - CONSOLIDATED
<b>NET PREMIUM INCOME</b>	<b>270,751,387</b>	<b>97,356,393</b>	<b>50,843,125</b>	<b>0</b>	<b>418,950,905</b>
- 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
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>25,601,345</b>	<b>49,040,017</b>	<b>510,311</b>	<b>774,562</b>	<b>75,926,235</b>
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>0</i>	<i>390,354</i>	<i>0</i>	<i>252,759</i>	<i>643,113</i>
- profit on equity investments accounted for using the equity method	0	390,354	0	252,759	643,113
- interest income	0	0	0	0	0
- 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
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>25,601,345</i>	<i>32,049,893</i>	<i>510,311</i>	<i>521,803</i>	<i>58,683,352</i>
- 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
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>16,599,770</i>	<i>0</i>	<i>0</i>	<i>16,599,770</i>
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>4,751,790</b>	<b>71,169</b>	<b>16,168</b>	<b>0</b>	<b>4,839,127</b>
- 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	2,797,995
<b>OTHER INCOME</b>	<b>2,270,580</b>	<b>137,696</b>	<b>5,113</b>	<b>35,704,606</b>	<b>38,117,995</b>
<b>NET CLAIMS INCURRED</b>	<b>158,690,755</b>	<b>94,213,486</b>	<b>44,786,357</b>	<b>0</b>	<b>297,690,598</b>
- gross claims settled	189,554,913	94,169,839	39,134,045	0	322,858,797
- reinsurers' and co-insurers' share	-18,505,227	0	0	0	-18,505,227
- 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
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	<b>-65,088</b>	<b>-1,249,433</b>	<b>-787,688</b>	<b>0</b>	<b>-2,102,209</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>-3,069,202</b>	<b>0</b>	<b>0</b>	<b>-3,069,202</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>3,451,613</b>	<b>884</b>	<b>0</b>	<b>0</b>	<b>3,452,497</b>
<b>OPERATING EXPENSES</b>	<b>76,711,639</b>	<b>15,636,113</b>	<b>3,244,507</b>	<b>0</b>	<b>95,592,259</b>
- 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	34,780,078
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>11,155,354</b>	<b>31,773,579</b>	<b>69,297</b>	<b>1,639,002</b>	<b>44,637,232</b>
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>-5,882</i>	<i>41,329</i>	<i>0</i>	<i>593,539</i>	<i>628,986</i>
- 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
- permanent impairment of financial assets	0	0	0	0	0
- other expenses from financial assets and liabilities	-5,882	0	0	5,882	0
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>11,161,236</i>	<i>14,610,511</i>	<i>69,297</i>	<i>1,045,463</i>	<i>26,886,507</i>
- 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	4,981,677
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>17,121,739</i>	<i>0</i>	<i>0</i>	<i>17,121,739</i>
<b>OTHER INSURANCE EXPENSES</b>	<b>10,417,992</b>	<b>610,215</b>	<b>335,706</b>	<b>0</b>	<b>11,363,913</b>
<b>OTHER EXPENSES</b>	<b>1,925,092</b>	<b>106,034</b>	<b>2,386</b>	<b>32,334,280</b>	<b>34,367,792</b>
<b>PROFIT/ LOSS BEFORE TAX</b>	<b>41,087,745</b>	<b>8,583,599</b>	<b>3,724,152</b>	<b>2,505,886</b>	<b>55,901,382</b>
Income tax expense	8,220,334	1,634,279	0	418,100	10,272,713
<b>NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD</b>	<b>32,867,411</b>	<b>6,949,320</b>	<b>3,724,152</b>	<b>2,087,786</b>	<b>45,628,669</b>
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

in EUR

FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL - CONSOLIDATED
<b>NET PREMIUM INCOME</b>	<b>296,584,733</b>	<b>104,801,558</b>	<b>42,152,817</b>	<b>0</b>	<b>443,539,108</b>
- gross written premium	375,848,739	104,844,631	42,875,553	0	523,568,923
- ceded written premium	-49,026,989	-669	0	0	-49,027,658
- change in unearned premiums	-30,237,017	-42,404	-722,736	0	-31,002,157
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>38,527,255</b>	<b>57,742,302</b>	<b>323,085</b>	<b>2,474,902</b>	<b>99,067,544</b>
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>5,828,826</i>	<i>646,613</i>	<i>0</i>	<i>677,569</i>	<i>7,153,008</i>
- profit on equity investments accounted for using the equity method	0	646,613	0	255,848	902,461
- interest income	0	0	0	0	0
- dividends	0	0	0	44,960	44,960
- fair value gains	0	0	0	0	0
- realised gains on disposals	0	0	0	0	0
- other financial income	5,828,826	0	0	376,761	6,205,587
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>32,698,429</i>	<i>32,132,839</i>	<i>323,085</i>	<i>1,797,333</i>	<i>66,951,686</i>
- interest income	21,941,215	21,327,218	323,084	225,187	43,816,704
- dividends	108,369	195,422	0	1,333,258	1,637,049
- fair value gains	2,084,234	4,495,310	0	0	6,579,544
- realised gains on disposals	5,348,991	5,693,558	0	0	11,042,549
- other financial income	3,215,620	421,331	1	238,888	3,875,840
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>24,962,850</i>	<i>0</i>	<i>0</i>	<i>24,962,850</i>
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>4,591,854</b>	<b>7,276,530</b>	<b>12,420</b>	<b>0</b>	<b>11,880,804</b>
- fees and commission income	1,618,642	6,687,940	0	0	8,306,582
- other income from insurance operations	2,973,212	588,590	12,420	0	3,574,222
<b>OTHER INCOME</b>	<b>2,413,286</b>	<b>108,827</b>	<b>50,995</b>	<b>37,345,819</b>	<b>39,918,927</b>
<b>NET CLAIMS INCURRED</b>	<b>167,506,223</b>	<b>85,957,201</b>	<b>38,086,206</b>	<b>0</b>	<b>291,549,630</b>
- gross claims settled	183,649,644	85,234,186	32,797,121	0	301,680,951
- reinsurers' and co-insurers' share	-8,653,598	0	0	0	-8,653,598
- changes in claims provisions	-7,489,823	723,015	1,693,415	0	-5,073,393
- equalisation scheme expenses for supplementary health insurance	0	0	3,595,670	0	3,595,670
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	<b>140,140</b>	<b>-7,015,593</b>	<b>-1,052,058</b>	<b>0</b>	<b>-7,927,511</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>17,732,175</b>	<b>0</b>	<b>0</b>	<b>17,732,175</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>3,028,617</b>	<b>893</b>	<b>0</b>	<b>0</b>	<b>3,029,510</b>
<b>OPERATING EXPENSES</b>	<b>77,494,982</b>	<b>16,101,471</b>	<b>3,347,514</b>	<b>0</b>	<b>96,943,967</b>
- acquisition costs	52,582,653	9,141,794	539,816	0	62,264,263
- other operating costs	24,912,329	6,959,677	2,807,698	0	34,679,704
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>36,397,200</b>	<b>47,077,770</b>	<b>13,628</b>	<b>2,638,492</b>	<b>86,127,090</b>
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>0</i>	<i>29,084</i>	<i>0</i>	<i>1,921,939</i>	<i>1,951,023</i>
- loss on investments accounted for using the equity method	0	29,084	0	1,921,939	1,951,023
- 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	0	0	0	0	0
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>36,397,200</i>	<i>27,241,204</i>	<i>13,628</i>	<i>716,553</i>	<i>64,368,585</i>
- interest expense	1,388,757	411,596	1,936	327,017	2,129,306
- fair value losses	3,156,006	9,144,757	0	247,758	12,548,521
- realised loss on disposals	3,238,569	9,522,021	0	0	12,760,590
- permanent impairment of financial assets	25,813,921	6,987,574	0	4,704	32,806,199
- other expenses from financial assets and liabilities	2,799,947	1,175,256	11,692	137,074	4,123,969
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>19,807,482</i>	<i>0</i>	<i>0</i>	<i>19,807,482</i>
<b>OTHER INSURANCE EXPENSES</b>	<b>13,775,866</b>	<b>7,670,368</b>	<b>320,711</b>	<b>0</b>	<b>21,766,945</b>
<b>OTHER EXPENSES</b>	<b>1,858,679</b>	<b>99,409</b>	<b>311</b>	<b>33,743,308</b>	<b>35,701,707</b>
<b>PROFIT/ LOSS BEFORE TAX</b>	<b>41,915,421</b>	<b>2,305,523</b>	<b>1,823,005</b>	<b>3,438,921</b>	<b>49,482,870</b>
Income tax expense	7,974,610	-216,646	0	129,826	7,887,790
<b>NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD</b>	<b>33,940,811</b>	<b>2,522,169</b>	<b>1,823,005</b>	<b>3,309,095</b>	<b>41,595,080</b>
Net profit / loss attributable to the controlling company	33,177,405	2,490,975	1,823,005	3,134,129	40,625,506
Net profit / loss attributable to non-controlling interest holders	763,406	31,194	0	174,966	969,566

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	in EUR		
FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 JUNE 2013	SLOVENIA	OTHER	TOTAL - CONSOLIDATED
<b>NET PREMIUM INCOME</b>	<b>347,276,673</b>	<b>71,674,232</b>	<b>418,950,905</b>
- 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
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>68,497,095</b>	<b>7,429,140</b>	<b>75,926,235</b>
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>643,113</i>	<i>0</i>	<i>643,113</i>
- profit on equity investments accounted for using the equity method	643,113	0	643,113
- interest income	0	0	0
- dividends	0	0	0
- fair value gains	0	0	0
- realised gains on disposals	0	0	0
- other financial income	0	0	0
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>51,935,837</i>	<i>6,747,515</i>	<i>58,683,352</i>
- 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
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>15,918,145</i>	<i>681,625</i>	<i>16,599,770</i>
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>2,555,034</b>	<b>2,284,093</b>	<b>4,839,127</b>
- fees and commission income	1,108,620	932,512	2,041,132
- other income from insurance operations	1,446,414	1,351,581	2,797,995
<b>OTHER INCOME</b>	<b>35,071,169</b>	<b>3,046,826</b>	<b>38,117,995</b>
<b>NET CLAIMS INCURRED</b>	<b>252,189,547</b>	<b>45,501,051</b>	<b>297,690,598</b>
- gross claims settled	269,076,289	53,782,508	322,858,797
- reinsurers' and co-insurers' share	-10,209,261	-8,295,966	-18,505,227
- changes in claims provisions	-10,649,395	14,509	-10,634,886
- equalisation scheme expenses for supplementary health insurance	3,971,914		3,971,914
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	<b>-2,746,453</b>	<b>644,244</b>	<b>-2,102,209</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>-3,672,234</b>	<b>603,032</b>	<b>-3,069,202</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>2,886,245</b>	<b>566,252</b>	<b>3,452,497</b>
<b>OPERATING EXPENSES</b>	<b>69,878,703</b>	<b>25,713,556</b>	<b>95,592,259</b>
- acquisition costs	46,181,128	14,631,053	60,812,181
- other operating costs	23,697,575	11,082,503	34,780,078
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>40,953,670</b>	<b>3,683,562</b>	<b>44,637,232</b>
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>628,986</i>	<i>0</i>	<i>628,986</i>
- 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
- permanent impairment of financial assets	0	0	0
- other expenses from financial assets and liabilities	0	0	0
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>23,721,114</i>	<i>3,165,393</i>	<i>26,886,507</i>
- 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	4,981,677
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>16,603,570</i>	<i>518,169</i>	<i>17,121,739</i>
<b>OTHER INSURANCE EXPENSES</b>	<b>5,862,122</b>	<b>5,501,791</b>	<b>11,363,913</b>
<b>OTHER EXPENSES</b>	<b>29,971,265</b>	<b>4,396,527</b>	<b>34,367,792</b>
<b>PROFIT/ LOSS BEFORE TAX</b>	<b>58,077,106</b>	<b>-2,175,724</b>	<b>55,901,382</b>
Income tax expense	10,115,797	156,916	10,272,713
<b>NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD</b>	<b>47,961,309</b>	<b>-2,332,640</b>	<b>45,628,669</b>
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

in EUR

<b>FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 JUNE 2012</b>	<b>SLOVENIA</b>	<b>OTHER</b>	<b>TOTAL - CONSOLIDATED</b>
<b>NET PREMIUM INCOME</b>	<b>369,043,272</b>	<b>74,495,836</b>	<b>443,539,108</b>
- gross written premium	436,406,067	87,162,856	523,568,923
- ceded written premium	-38,561,487	-10,466,171	-49,027,658
- change in unearned premiums	-28,801,308	-2,200,849	-31,002,157
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>91,130,990</b>	<b>7,936,554</b>	<b>99,067,544</b>
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>7,153,008</i>	<i>0</i>	<i>7,153,008</i>
- profit on equity investments accounted for using the equity method	902,461	0	902,461
- interest income	0	0	0
- dividends	44,960	0	44,960
- fair value gains	0	0	0
- realised gains on disposals	0	0	0
- other financial income	6,205,587	0	6,205,587
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>59,698,341</i>	<i>7,253,345</i>	<i>66,951,686</i>
- interest income	38,881,168	4,935,536	43,816,704
- dividends	1,536,215	100,834	1,637,049
- fair value gains	6,325,116	254,428	6,579,544
- realised gains on disposals	10,585,784	456,765	11,042,549
- other financial income	2,370,058	1,505,782	3,875,840
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>24,279,641</i>	<i>683,209</i>	<i>24,962,850</i>
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>9,549,610</b>	<b>2,331,194</b>	<b>11,880,804</b>
- fees and commission income	7,456,137	850,445	8,306,582
- other income from insurance operations	2,093,473	1,480,749	3,574,222
<b>OTHER INCOME</b>	<b>36,120,234</b>	<b>3,798,693</b>	<b>39,918,927</b>
<b>NET CLAIMS INCURRED</b>	<b>245,520,860</b>	<b>46,028,770</b>	<b>291,549,630</b>
- gross claims settled	255,958,454	45,722,497	301,680,951
- reinsurers' and co-insurers' share	-6,899,131	-1,754,467	-8,653,598
- changes in claims provisions	-7,134,133	2,060,740	-5,073,393
- equalisation scheme expenses for supplementary health insurance	3,595,670	0	3,595,670
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	<b>-9,536,831</b>	<b>1,609,320</b>	<b>-7,927,511</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>16,459,944</b>	<b>1,272,231</b>	<b>17,732,175</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>2,559,029</b>	<b>470,481</b>	<b>3,029,510</b>
<b>OPERATING EXPENSES</b>	<b>70,711,350</b>	<b>26,232,617</b>	<b>96,943,967</b>
- acquisition costs	46,999,681	15,264,582	62,264,263
- other operating costs	23,711,669	10,968,035	34,679,704
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>84,419,080</b>	<b>1,708,010</b>	<b>86,127,090</b>
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>1,951,023</i>	<i>0</i>	<i>1,951,023</i>
- loss on investments accounted for using the equity method	1,951,023	0	1,951,023
- interest expense	0	0	0
- fair value losses	0	0	0
- realised loss on disposals	0	0	0
- other expenses from financial assets and liabilities	0	0	0
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>62,866,499</i>	<i>1,502,086</i>	<i>64,368,585</i>
- interest expense	2,099,685	29,621	2,129,306
- fair value losses	12,222,428	326,093	12,548,521
- realised loss on disposals	12,707,810	52,780	12,760,590
- permanent impairment of financial assets	32,650,808	155,391	32,806,199
- other expenses from financial assets and liabilities	3,185,768	938,201	4,123,969
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>19,601,558</i>	<i>205,924</i>	<i>19,807,482</i>
<b>OTHER INSURANCE EXPENSES</b>	<b>17,323,532</b>	<b>4,443,413</b>	<b>21,766,945</b>
<b>OTHER EXPENSES</b>	<b>31,241,591</b>	<b>4,460,116</b>	<b>35,701,707</b>
<b>PROFIT/ LOSS BEFORE TAX</b>	<b>47,145,551</b>	<b>2,337,319</b>	<b>49,482,870</b>
Income tax expense	7,878,255	9,535	7,887,790
<b>NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD</b>	<b>39,267,296</b>	<b>2,327,784</b>	<b>41,595,080</b>
Net profit / loss attributable to the controlling company	39,148,533	1,476,976	40,625,506
Net profit / loss attributable to non-controlling interest holders	118,760	850,806	969,566

### 3.6. Significant items of statement of financial position

#### Intangible assets

In the first six-month period of 2013, intangible assets of Zavarovalnica Triglav increased by EUR 6.7 million. The increase is attributable mostly to higher long-term deferred acquisition costs in the amount of EUR 7.3 million.

In the reporting period, intangible assets of the Triglav Group increased by EUR 6.9 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 8.0 million.

#### Property, plant and equipment

In the first half-year 2013, Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 2.3 million. As at 30 June 2013, liabilities for the acquisition of property, plant and equipment amounted to EUR 167 thousand.

At the Group level acquisition costs of property, plant and equipment totalled EUR 5.3 million in the first six-month period of 2013.

#### Financial assets

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

	in EUR				
<b>Zavarovalnica Triglav</b>	<b>L&amp;R</b>	<b>HTM</b>	<b>AFS</b>	<b>FVTPL</b>	<b>TOTAL</b>
Equity securities	0	0	83,647,190	0	83,647,190
Debt securities	18,542,980	195,141,346	1,018,582,862	131,987,843	1,364,255,031
Derivative financial instruments	0	0	0	386,603	386,603
Unit-linked financial assets	5,534,312	0	0	396,303,159	401,837,471
Loans	210,188,180	0	1,375,122	2,468,285	214,031,587
<b>TOTAL</b>	<b>234,265,472</b>	<b>195,141,346</b>	<b>1,103,605,174</b>	<b>531,145,890</b>	<b>2,064,157,882</b>

	in EUR				
<b>Triglav Group</b>	<b>L&amp;R</b>	<b>HTM</b>	<b>AFS</b>	<b>FVTPL</b>	<b>TOTAL</b>
Equity securities	0	0	145,890,745	1,866,395	147,757,140
Debt securities	36,571,703	224,289,491	1,234,736,388	133,720,836	1,629,318,418
Derivative financial instruments	0	0	0	1,562,230	1,562,230
Unit-linked financial assets	5,686,444	0	423,435	409,002,427	415,112,306
Loans	234,004,400	0	0	2,468,285	236,472,685
<b>TOTAL</b>	<b>276,262,547</b>	<b>224,289,491</b>	<b>1,381,050,568</b>	<b>548,620,173</b>	<b>2,430,222,779</b>

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
<b>Zavarovalnica Triglav</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>TOTAL</b>
Equity securities	67,441,947	0	16,205,244	83,647,191
Debt securities	1,030,618,884	119,951,822	0	1,150,570,705
Derivative financial instruments	82,080	304,523	0	386,603
Unit-linked financial assets	303,807,373	92,495,786	0	396,303,159
<b>TOTAL</b>	<b>1,401,950,284</b>	<b>212,752,131</b>	<b>16,205,244</b>	<b>1,630,907,659</b>

				in EUR
<b>Triglav Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>TOTAL</b>
Equity securities	94,189,454	0	53,567,689	147,757,143
Debt securities	1,228,278,811	139,957,654	220,760	1,368,457,225
Derivative financial instruments	1,257,707	304,523	0	1,562,230
Unit-linked financial assets	316,930,075	92,495,786	0	409,425,861
<b>TOTAL</b>	<b>1,640,656,047</b>	<b>232,757,963</b>	<b>53,788,449</b>	<b>1,927,202,459</b>

### Changes of Level 3 financial assets

			in EUR
	<b>Zavarovalnica Triglav</b>	<b>Triglav Group</b>	
<b>Balance as at 1 January 2013</b>	<b>16,196,374</b>	<b>33,020,373</b>	
Acquisitions	0	17,530	
Disposals	0	-434,686	
Revaluation through profit and loss	0	138,576	
Revaluation through equity	8,870	-39,206	
Reclassifications from Level 1 and Level 2	0	21,068,700	
Foreign exchange differences	0	17,162	
<b>Balance as at 31 June 2013</b>	<b>16,205,244</b>	<b>53,788,449</b>	

### Impairment

In the income statements of Zavarovalnica Triglav and the Triglav Group from 1 January to 30 June 2013, an impairment loss on financial assets of EUR 8.5 million and EUR 7.6 million respectively was recognised. No impairment loss on other assets or reversal of such impairment loss was recognised in the reporting period.

### Subordinated debt instruments

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

### Contingent liabilities

In the first six-month period of 2013, no additional contingent liabilities have been recognised. The value of given guarantees has decreased by EUR 3.1 million.

### Distribution of accumulated profits for 2012

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

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

## **3.7. Changes in equity stakes in subsidiaries and business combinations**

### *Purchase of shares of Slovenijales d.d. Ljubljana*

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

### *Other changes in Triglav Group*

Triglav INT d.d. provided additional capital to Triglav Osiguranje a.d.o., Belgrade. The capital increase was carried out by issuing 746,055 shares at par value of RSD 700 each i.e. RSD 522,238,500 or EUR 4,557,936 in total. Newly raised capital was used to cover loss brought forward from previous years of RSD 499,200,800 or EUR 4,356,870 in total.

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



### 3.8. Related party transactions

#### Management Board of Zavarovalnica Triglav

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

in EUR							
Surname and name	Fixed salaries (gross)	Other additional payments*	Bonuses	Net pay received	Insurance premiums**	Other benefits***	Reimbursements
Slapar Andrej	72,040	784	14,404	31,167	19,124	3,936	1,487
Rakovec Matjaž	69,668	75,242	29,510	72,229	19,367	5,520	1,150
Vrtunski Stanislav	72,020	784	8,402	31,719	13,229	3,360	350
Jošar Benjamin	66,788	784	2,401	29,430	3,734	5,579	504
Makoter Marica	72,020	784	14,404	32,730	13,083	3,608	264
Stebernak Igor	0	0	14,404	8,416	0	0	0
<b>SKUPAJ</b>	<b>352,536</b>	<b>78,378</b>	<b>83,525</b>	<b>205,691</b>	<b>68,537</b>	<b>22,003</b>	<b>3,755</b>

\* 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

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

in EUR		
Surname and name	Receivables as at 30 June 2013	Liabilities as at 30 June 2013
Slapar Andrej	38	16,977
Rakovec Matjaž	678	13,097
Vrtunski Stanislav	17	7,977
Jošar Benjamin	0	6,038
Makoter Marica	16	10,106
<b>SKUPAJ</b>	<b>749</b>	<b>54,195</b>

*Supervisory Board, Audit Committee and Appointments and Compensation Committee*

In the first six-month period of 2013, 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	Flat-rate remuneration	Attendance fee	Reimbursements	Total gross pay	in EUR	
					Total net pay	
Perman Mihael	3,349	1,265	0	4,614		3,576
Lukovac Jovan	7,935	3,190	0	11,125		8,622
Živkovič Aleš	2,392	1,265	0	3,657		2,834
Strašek Rok	2,631	825	535	3,991		3,093
Andoljšek Žiga	2,393	1,265	77	3,735		2,894
Šlemic Blaž	2,632	1,265	0	3,897		3,020
Celar Peter	6,771	1,925	344	9,040		7,006
Gorjan Branko	6,771	3,410	1,383	11,564		8,962
Krštinc Miran	6,771	2,585	0	9,356		7,251
Kastelic Gregor	5,167	1,100	3,161	9,428		7,306
Mihajlovič Igor	7,006	1,540	0	8,546		6,623
Uršič Vladimir	4,379	2,200	840	7,419		5,750
Valentinčič Aljoša	4,378	2,200	0	6,578		5,098
Zupan Adolf	4,379	1,320	334	6,033		4,675
Jadek Srečko *	7,774	317	0	8,091		6,270
Jauk Matjaž *	0	220	0	220		171
Ješovnik Peter *	0	220	0	220		171
Nose Barbara *	1,778	1,320	0	3,098		2,401
<b>Total</b>	<b>76,506</b>	<b>27,432</b>	<b>6,674</b>	<b>110,612</b>		<b>85,723</b>

\* External members of committees

As at 30 June 2013, Zavarovalnica Triglav recorded the following liabilities to the members of the Supervisory Board, the Audit Committee and the Nominations Committee:

	in EUR
<b>Surname and name</b>	<b>Liabilities as at 30 June 2013</b>
Perman Mihael	752
Lukovac Jovan	876
Živkovič Aleš	768
Strašek Rok	740
Andoljšek Žiga	778
Šlemič Blaž	636
Celar Peter	628
Gorjan Branko	850
Krštinc Miran	598
Nose Barbara *	285
Marolt Anton *	227
<b>TOTAL</b>	<b>7,138</b>

\* 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.

ASSETS	in EUR	
	30 June 2013	31 Dec. 2012
Loans given to members of the Group	49,880,459	44,905,929
Receivables from insurance premium	2,194,112	2,252,712
Premium receivable from co-insurance	8,595	6,374
Receivables from reinsurers' share in claims	6,840,624	6,945,327
Other short-term receivables from insurance operations	7,320	10,002
Short-term receivables from financing	1,673,416	13,431
Other short-term receivables	1,513,999	1,103,579

LIABILITIES	in EUR	
	30 June 2013	31 Dec. 2012
Liabilities to policyholders	220,335	621,563
Liabilities to insurance brokers	172,137	178,619
Liabilities from reinsurance premiums	10,682,731	12,208,602
Liabilities for co-insurers' share of claims	0	288
Other short-term liabilities	112,706	222,219

INCOME AND EXPENSES	in EUR	
	H1 2013	H1 2012
Gross written premium	2,229,127	1,065,388
Assumed co-insurance written premium	8,254	1,684
Reinsurance written premium (-)	-36,972,377	-39,800,070
reinsurance commission income	5,708,653	6,325,576
Interest income	1,020,293	800,823
Income from land and buildings	93,479	89,224
Other net income from insurance operations	699,488	413,766
Other income	2,203,039	1,735,122
<b>TOTAL INCOME</b>	<b>-25,010,044</b>	<b>-29,368,487</b>
Gross claims settled	448,560	561,216
Co-insurers' share of claims	0	2,550
Reinsurers' share of claims	-13,016,081	-10,519,817
<b>TOTAL EXPENSES</b>	<b>-12,567,521</b>	<b>-9,956,051</b>

### 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.

ASSETS	in EUR			
	Zavarovalnica Triglav		The Triglav Group	
	30 June 2013	31 Dec. 2012	30 June 2013	31 Dec. 2012
Receivables from insurance premium	69,757	4,087	69,757	4,087
Short-term receivables from financing	750,904	750,904	750,904	750,904
Other short-term receivables	80,314	65,429	29,628	75,509

LIABILITIES	in EUR			
	Zavarovalnica Triglav		The Triglav Group	
	30 June 2013	31 Dec. 2012	30 June 2013	31 Dec. 2012
Liabilities to policyholders	0	25,312	0	25,312
Liabilities to insurance brokers	21,458	9,891	21,458	11,252
Other short-term liabilities	0	0	3,259	350
Accrued costs and expenses	0	0	1,134	14

INCOME AND EXPENSES	in EUR			
	Zavarovalnica Triglav		The Triglav Group	
	H1 2013	H1 2012	H1 2013	H1 2012
Gross written premium	90,257	144,193	90,257	144,193
Other income from insurance	0	382	0	382
<b>TOTAL INCOME</b>	<b>90,257</b>	<b>144,575</b>	<b>90,257</b>	<b>144,575</b>
Gross claims settled	30,473	6,333	30,473	6,333
<b>TOTAL EXPENSES</b>	<b>30,473</b>	<b>6,333</b>	<b>30,473</b>	<b>6,333</b>

### 3.9. Other significant events in the reporting period

- The 37th General Meeting of Shareholders of Zavarovalnica Triglav was held on 14 February 2013. At the meeting, the shareholders took note of:
  - the expiration of the terms of office as at 7 April 2013 of the following Supervisory Board members – shareholder representatives: Igor Mihajlovič, Aljoša Valentinčič, Vladimir Uršič, Adolf Zupan, Gregor Kastelic and Jovan Lukovac;
  - the appointment of the following new Supervisory Board members – shareholder representatives with a four-year term of office commencing on 8 April 2013: Jovan Lukovac, Aleš Živkovič, Rok Strašek, Mihael Perman, Žiga Andoljšek and Blaž Šlemic;
- On 5 April 2013, the Supervisory Board of Zavarovalnica Triglav approved the Audited Annual Reports of Zavarovalnica Triglav and the Triglav Group for 2012.
- On 16 April 2013 the Supervisory Board of Zavarovalnica Triglav held its constitutive session, where it appointed Mihael Perman, D.Sc. a new Chairman of the Supervisory Board, while Jovan Lukovac, MBA was appointed Vice-Chairman. Furthermore, the Supervisory Board appointed the Audit Committee, Appointments and Compensation Committee and Strategy Committee members.
- On 22 May 2013, the Supervisory Board recalled Matjaž Rakovec from the office of the President of the Management Board of Zavarovalnica Triglav for business and economic reasons. The Supervisory Board appointed a then member of the Management Board, Mr Andrej Slapar, temporary President of the Management Board with a term of office expiring with the appointment of a new President of the Management Board or until the expiry of his term of office as a member of the Management Board.
- The 38th General Meeting of Shareholders of Zavarovalnica Triglav was held on 11 June 2013. At the meeting, the shareholders:
  - adopted a resolution on the distribution of accumulated profits;
  - granted a discharge for the financial year 2012 to both the Management and the Supervisory Boards of Zavarovalnica Triglav;
  - appointed the auditing company ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as auditors;
  - recalled the following members of the Supervisory Boards – shareholder representatives: Jovan Lukovac, Aleš Živkovič, Rok Strašek, Mihael Perman, Žiga Andoljšek and Blaž Šlemic. In their stead the following members of the Supervisory Board – shareholder representatives with a four-year term of office starting on 12 June 2013 were appointed: Dubravko Štimac, Mario Gobbo, Rajko Stankovič, Matej Runjak, Gregor Kastelic and Matija Blažič.
- On 6 June 2013 Zavarovalnica Triglav d.d. was served a Decision of the District Court in Ljubljana which denies issuing a temporary injunction requested by Mr Matjaž Rakovec to suspend the implementation of the resolution passed on 22 May 2013 by the Supervisory Board of Zavarovalnica Triglav on his dismissal from the office of the President of the Management Board and the appointment of Mr Andrej Slapar as the President of the Management Board of Zavarovalnica Triglav.

- On 28 February 2013 Zavarovalnica Triglav was served an action for voidness by the shareholder Association of Small Shareholders of Slovenia, Dalmatinova Street 10, 1000 Ljubljana (hereinafter: MDS Association) with reference to certain resolutions passed at the 37th General Meeting of Shareholders of Zavarovalnica Triglav on 14 February 2013. In the action for voidness the MDS Association requires from the Court to declare the following resolutions null and void: Resolution No. 1, No. 3.1, No. 3.2, No. 3.3, No. 3.5 and No. 3.6. As two main reasons to declare certain resolutions by the General Meeting of Shareholders void and null, the MDS Association states the failure to prohibit the exercising of voting rights to persons who (in Zavarovalnica Triglav) allegedly acted in concert in accordance with the provisions of the Takeover Act, and the lack of power of Slovenska odškodninska družba d.d. to act as a proxy for the shareholder Zavod za pokojninsko in invalidsko zavarovanje Slovenije at the General Meeting of Shareholders of Zavarovalnica Triglav.
- On 5 March 2013, Zavarovalnica Triglav d.d. received the Securities Market Agency Decision, issued on 4 March 2013, in which the said Agency orders Zavarovalnica Triglav d.d. to prohibit, as at the day the decision takes effect, the following persons from exercising their voting rights:
  - Slovenska odškodninska družba d.d., Mala ulica 5, Ljubljana, for the rights attached to the shares with the ticker symbol ZVTG held by Zavarovalnica Triglav d.d., and the rights attached to the shares, held by Zavod za pokojninsko in invalidsko zavarovanje, Kolodvorska 15, Ljubljana, which are exercised on behalf of and for the account of the latter by Slovenska odškodninska družba d.d., Mala ulica 5, Ljubljana;
  - HIT Hoteli, igralnice, turizem d.d., Delpinova ulica 7a, Nova Gorica;
  - Elektro-Slovenija, d.o.o., Hajdrihova ulica 2, Ljubljana;
  - D.S.U., družba za svetovanje in upravljanje d.o.o., Dunajska cesta 160, Ljubljana;
  - Nova KBM d.d., Ulica Vita Kraigherja 4, Maribor;
  - Telekom Slovenije d.d., Cigaletova ulica 15, Ljubljana;until Slovenska odškodninska družba d.d. on its own behalf and for its own account or on behalf of and for the account of Zavod za pokojninsko in invalidsko zavarovanje; Hit d.d.; Elektro-Slovenija d.o.o.; Luka Koper d.d.; D.S.U., družba za svetovanje in upravljanje d.o.o.; NOVA KBM d.d. and Telekom Slovenije d.d., Cigaletova ulica 15, Ljubljana; jointly or severally, on behalf of and for the account of all, launch a take-over bid for the offeree company Zavarovalnica Triglav d.d., Miklošičeva cesta 19, Ljubljana, in accordance with the Takeover Act, or until the companies stated hereunder and holding voting rights in the offeree company divest ZVTG shares so that they neither jointly nor severally no longer reach the takeover threshold.
- As the issuer of shares with the ticker symbol ZVTG, Zavarovalnica Triglav on 22 March 2013 received from its shareholder Nova Ljubljanska banka d.d. (hereinafter: NLB), Notice on Changes in Major Holdings. Zavarovalnica Triglav was thereby informed of the fact that NLB on 15 March 2013 disposed of 696,213 shares issued by Zavarovalnica Triglav, which accounted for 8.55% of the share capital of Zavarovalnica Triglav and the same percentage of total voting rights. After the disposal of the above stated shares, NLB no longer holds any shares issued by Zavarovalnica Triglav.

### 3.10. Significant events after the reporting date

No material events have occurred after the reporting date that may have impacted the respective financial statements for the first half-year 2013.

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

- Due to the revised criteria for assessing credit ratings of insurance companies, the Standard & Poor's credit rating agency re-evaluated the Triglav Group's credit rating. Following this review, on 5 July 2013 S&P has raised the Triglav Group's credit rating by one notch from »BBB+« to »A-« and issued a stable medium-term outlook. On 21 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-«. AM Best assigned the same joint credit rating to Pozavarovalnica Triglav Re. The medium-term outlook for the credit ratings is stable.
- In view of the agreements entered into by Zavarovalnica Triglav, Triglav INT and IFC, a member of the World Bank Group (hereinafter: IFC), on 30 March 2012 and primarily considering the fact that IFC failed to subscribe and pay in the shares of Triglav INT by the contractually agreed deadline, Zavarovalnica Triglav and Triglav INT called upon IFC to comply with all the provisions regarding subscription and implement other activities required to enable the subscription of shares in the immediate future. Since IFC failed to comply with the said provisions and implement the said activities, Zavarovalnica Triglav on 2 July 2013 sent it a draft termination agreement in order to cancel all the contracts entered into between itself and IFC.
- On 1 July 2013 the Supervisory Board of Zavarovalnica Triglav held its constitutive session, where it appointed Matej Runjak a new Chairman, whilst Gregor Kastelic was appointed its Vice-Chairman. The Supervisory Board also appointed the Audit Committee, Appointments and Compensation Committee and Strategy Committee members.
- On 19 August 2013 Zavarovalnica Triglav was served a suit by Matjaž Rakovec for nullity and voidness of the resolution passed by the Supervisory Board on 22 May 2013 on his recall as President of the Management Board and appointment of a new President in his stead. Mr Rakovec requests that the entry in the Companies Register which amends the name of the President of the Management Board be declared null and void and claims damages. In addition to the above stated declaratory claims, Mr Rakovec, in the alternative, requests to be called to reassume the office of the President of the Management Board and to be granted all the rights arising from his job contract.
- In connection with lawsuit against the company Istrabenz, Holdinška družba, d.d., which is described in Annual Report for the year 2012, on 19 August 2013 Zavarovalnica Triglav was served a decision of the Supreme Court of the Republic of Slovenia. The Supreme Court decided to reject the judicial review requested by Zavarovalnica Triglav.