



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

triglav

www.triglav.eu
www.triglav.si

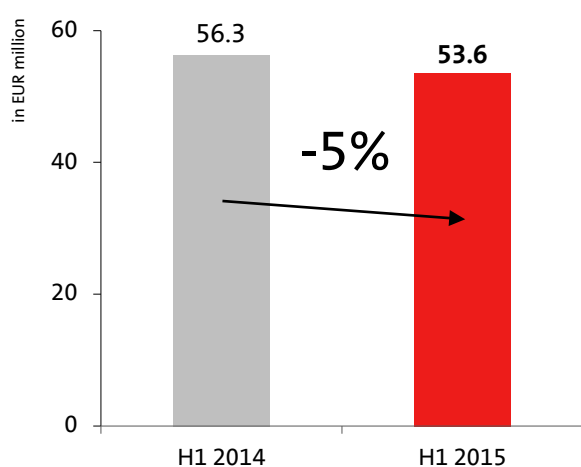
Unaudited Interim Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2015 to 30 June 2015



Ljubljana, August 2015

PERFORMANCE OF THE TRIGLAV GROUP IN THE FIRST HALF OF 2015

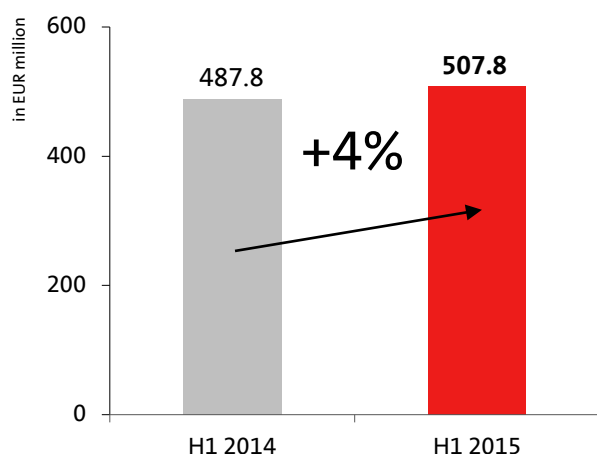
Net profit



A lower net profit resulted largely from lower investment returns.

For additional information see page 48.

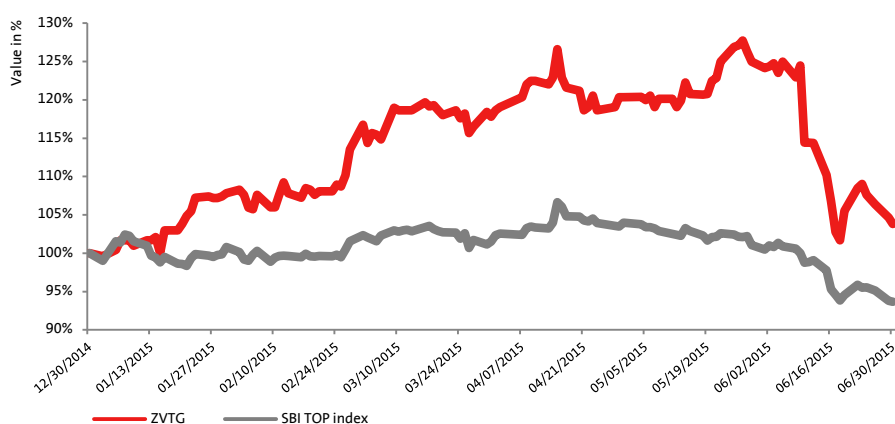
Gross written premium from insurance and co-insurance contracts



Growth of written premium resulted from the acquisition of Skupna pokojninska družba and increase in premiums of insurance subsidiaries.

For additional information see page 21.

The relative stock price change of the ZVTG share and the value of the SBI TOP Index in H1 2015 compared to 31 December 2014



The ZVTG share price increased by 4%.

For additional information see page 16.



Dear shareholders, business partner and colleagues,

In line with the Strategy of the Triglav Group up to 2017, our focus is on the core insurance business. There is growth potential for health and pension insurance in Slovenia as well as in other markets outside Slovenia where the Group operates. We are pleased that the data on written premium in the first half of 2015 confirm that we are on the right track with our strategic objectives and their consistent implementation. The Triglav Group recorded a 4% growth in **gross written premium**, mainly as a result of the newly acquired Skupna pokojninska družba and premium growth in all of the Group's insurance subsidiaries, except in the Czech subsidiary which was sold in June 2014. In Slovenia, written premium of Zavarovalnica Triglav was lower by 1%, whilst that of Triglav, Zdravstvena zavarovalnica climbed by 1% compared to the same period of 2014. The highest premium growth of 39% was recorded in the Serbian market, the premium in the Macedonian market grew by 13%, while the premiums in Croatia and Montenegro went up by 7% and 5% respectively. In Bosnia and Herzegovina, a 9% growth was recorded by the insurer in Sarajevo, whereas the Banja Luka insurance company recorded a 2% increase in premium.

The Group's performance is significantly affected by the return on financial investments. In the first half of 2015, the situation on capital markets no longer resulted in exceptional investment returns as in 2014. With consistent implementation of its business policy measures and an adequate portfolio management investment policy, the Triglav Group ended the first half of 2015 with a **net profit** of EUR 53.6 million, which is 5% less compared to the corresponding period of 2014. **Profit before tax** amounted to EUR 65.6 million and remained approximately at the level of the previous year.

The combined ratio of the Triglav Group – a measure of profitability in core insurance operations – reached 93.6% as at 30 June 2015. Compared to the corresponding period of 2014, the ratio has improved, i.e. decreased by 2.1 percentage points. In contrast to the same period of 2014, major loss events had no impact on the Group's performance in the first half of 2015.

Financial stability remained high, as confirmed by the **»A-« credit ratings** assigned by the credit rating agencies Standard & Poor's and A.M. Best. Following its latest regular revision in 2015, Standard & Poor's revised our medium-term outlook to positive, which matches the one assigned by A.M. Best. As at the reporting date, the high level of financial stability of the Triglav Group is reflected in **insurance technical provisions** of EUR 2,659.2 million and the **total equity capital** amounting to EUR 665.7 million. Both indicators represent a guarantee and basis for balanced operations and long-term safety of our policyholders.

Zavarovalnica Triglav's shares (ZVTG) listed on the Ljubljana Stock Exchange Primary Market continued to increase in value throughout the first half of 2015. As at the reporting date, the

closing price of Zavarovalnica Triglav's shares increased by 4% and equalled EUR 24.50. The average daily trading volume of ZVTG shares was EUR 190,596, which represented an increase of 13% over the 2014 average.

This year, Zavarovalnica Triglav allocated as much as 67% of the net profit of the Triglav Group (owners of the controlling company) for the 2014 dividend payments. Thus, the dividend amount deviates from the existing dividend policy of Zavarovalnica Triglav, which otherwise remains unchanged. The dividend in the amount of EUR 2.5 gross per share comprised a dividend which is in line with the dividend policy (EUR 1.25 gross per share) and an additional extraordinary dividend arising from the available capital of the Group (EUR 1.25 gross per share). The high dividend payout for 2014 was in line with the target solvency of the Triglav Group, as after the dividend payments for 2014 the Group had sufficient capital surplus required to achieve the target »A« rating and to continue to realise its other strategic objectives.

We expect that in the second half of 2015, conditions in the insurance markets where the Triglav Group operates will remain challenging, whilst exceptional investment returns in capital markets will no longer be possible at least in the short run. In our insurance business, the business pillar of the Triglav Group, we will continue to pursue our aggressive marketing approach with increasingly client-oriented sales activities and an emphasis on the development and greater efficiency of the sales network.

In line with its strategic guidelines, Zavarovalnica Triglav as the parent company of the Triglav Group will continue with prudent ownership consolidation of subsidiaries within the Group. Furthermore, we plan to further streamline the Group's asset management and continue to disinvest its equity stakes in companies whose business is incompatible with the Group's Strategy. By the end of 2015, the Group's risk management will be fully aligned with the regulatory requirements of Solvency II.

Our efforts are focused on attaining the strategic objectives of the Group, striving to maintain its leading role in the Slovene market and to consolidate its position in the target markets of South-East Europe.

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 2015

1.1 Performance of the Triglav Group

	in EUR million		
	H1 2015	H1 2014	Index 2015/2014
Gross written premium from insurance and co-insurance contracts	507.8	487.8	104
Net premium income	418.2	406.7	103
Gross claims paid	298.7	295.7	101
Net claims incurred	295.2	294.1	100
Gross operating costs*	114.4	114.0	100
Profit before tax	65.6	65.4	100
Net profit	53.6	56.3	95
Net profit attributable to the controlling company	53.2	56.1	95
	30 June 2015	31 December 2014	Index 2015/2014
Insurance technical provisions as at	2,659.2	2,333.7	114
Equity as at	665.7	688.1	97
Equity attributable to the controlling company as at	654.4	681.4	96
Number of employees as at	5,390	5,406	100

*Insurance business gross operating costs

Key performance indicators of the Triglav Group

	H1 2015	H1 2014
ROE annualised	16.6%	19.1%
Claims ratio	64.3%	66.7%
Expense ratio	29.3%	29.1%
Combined ratio	93.6%	95.7%
Ratio between gross operating costs and gross written premium	22.5%	23.4%

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

	in EUR million		
	H1 2015	H1 2014	Index 2015/2014
Gross written premium from insurance and co-insurance contracts	333.9	335.8	99
Net premium income	261.2	264.8	99
Gross claims paid	195.1	197.2	99
Net claims incurred	186.4	195.4	95
Gross operating costs	80.6	82.0	98
Profit before tax	50.2	50.4	100
Net profit	39.9	42.9	93
	30 June 2015	31 December 2014	Index 2015/2014
Insurance technical provisions as at	2,124.9	2,060.0	103
Equity as at	508.6	544.0	93
Number of employees as at	2,363	2,365	100

Key performance indicators of the Zavarovalnica Triglav

	H1 2015	H1 2014
ROE annualised	15.9%	17.4%
Claims ratio	59.6%	64.6%
Expense ratio	29.5%	29.8%
Combined ratio	89.0%	94.4%
Ratio between gross operating costs and gross written premium	24.1%	24.4%

1.3 Activities and position of the Triglav Group

The Triglav Group is the leading insurance/financial group in Slovenia and in the Adria region and one of the leading groups in South-East Europe. The Group operates on seven markets in six countries.

The Group's key business pillars:



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

The insurance-oriented part of the Group encompasses:

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

Asset management involves investments in securities, real property and other; and is performed by the following companies, members of the Triglav Group: Triglav Skladi d.o.o., Triglav Naložbe d.d., Triglav, Upravljanje nepremičnin d.d., Slovenijales d.d. and Pista d.o.o.

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

	Insurance	Asset management	Other
Slovenia	<ul style="list-style-type: none"> ▪ Zavarovalnica Triglav d.d. ▪ Pozavarovalnica Triglav Re d.d. ▪ Triglav, Zdravstvena zavarovalnica d.d. ▪ Skupna pokojninska družba d.d. 	<ul style="list-style-type: none"> ▪ Triglav Skladi d.o.o. ▪ Triglav Naložbe d.d. ▪ Triglav, Upravljanje nepremičnin d.d. ▪ Slovenijales d.d. 	<ul style="list-style-type: none"> ▪ Triglav INT d.d. ▪ Triglav Svetovanje d.o.o. ▪ Triglav Avtoservis d.o.o. ▪ TriglavKo d.o.o.
Croatia	<ul style="list-style-type: none"> ▪ Triglav Osiguranje d.d., Zagreb 		<ul style="list-style-type: none"> ▪ TRI-LIFE d.o.o.
Bosnia and Herzegovina	<ul style="list-style-type: none"> ▪ Triglav Osiguranje d.d., Sarajevo ▪ Triglav Osiguranje a.d., Banja Luka 	<ul style="list-style-type: none"> ▪ PROF-IN d.o.o. 	<ul style="list-style-type: none"> ▪ TRI-PRO BH d.o.o. ▪ Triglav Auto d.o.o. ▪ Autocentar BH d.o.o. ▪ Unis automobili i dijelovi d.o.o.
Serbia	<ul style="list-style-type: none"> ▪ Triglav Osiguranje a.d.o., Belgrade 	<ul style="list-style-type: none"> ▪ Pista d.o.o. 	
Montenegro	<ul style="list-style-type: none"> ▪ Lovćen Osiguranje a.d., Podgorica ▪ Lovćen životna osiguranja a.d., Podgorica 		<ul style="list-style-type: none"> ▪ Lovćen Auto a.d.
Macedonia	<ul style="list-style-type: none"> ▪ Triglav Osiguruvanje a.d., Skopje 		

1.4 Composition and markets of the Triglav Group



The Triglav Group as at 30 June 2015:

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.
 - 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
- Skupna pokojninska družba d.d.
- Triglav Skladi, družba za upravljanje d.o.o.
 - PROF-IN d.o.o.
- Triglav Naložbe, finančna družba d.d.
 - Golf Arboretum d.o.o.
 - Salnal d.o.o.
 - Avrigo, družba za avtobusni promet in turizem d.d.
 - Integral Notranjska d.o.o.
 - Alptours d.o.o.
 - Integral Zagorje d.o.o.
 - Integral Stojna Kočevje d.o.o.
- Triglav Svetovanje, zavarovalno zastopanje d.o.o.
 - TRI-PRO BH d.o.o.
 - TRI-LIFE d.o.o.
- Triglav Avtoservis, družba za storitve in trgovino d.o.o.
- Triglav, Upravljanje nepremičnin d.d.
- Pista d.o.o.
- Slovenijales d.d.
 - Slovenijales trgovina d.o.o.
 - Slovenijales trgovina nepremičnine d.o.o.
- Hotel Grad Podvin d.d.
- Everything Will Be Alright – Institute of Zavarovalnica Triglav for corporate social responsibility (Vse bo v redu, Zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti)

Associated companies of the Triglav Group:

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

Changes in the Triglav Group in the first six months of 2015:

- With the acquisition of a 36.51% equity stake in Skupna pokojninska družba d.d. Zavarovalnica Triglav holds a majority shareholding in the said company. The acquisition took place on 9 January 2015. After the acquisition date, Zavarovalnica Triglav acquired also a 5.2% equity stake from non-controlling interest holders. As at the reporting date, Zavarovalnica Triglav was a 71.87% owner of the company. Gradual acquisition is discussed in greater detail in *Section 2.7* of the Accounting Report.
- In the first half of 2015, Zavarovalnica Triglav provided two tranches of additional capital to Triglav INT d.d. The first capital increase was made by an in-cash contribution of EUR 1,000,000. The second capital increase was financed through a debt to equity swap transaction of EUR 19,733,017 by the parent company and an equity stake as an in-kind contribution in subsidiary Pista d.o.o., Belgrade, amounting to EUR 3,266,983. For this capital raise, Triglav INT issued 24,000,000 new shares with a nominal value of EUR 1 each – increasing its share capital by EUR 24 million. Zavarovalnica Triglav remains a 100% owner of Triglav INT.
- In the first quarter of 2015, Zavarovalnica Triglav raised additional capital in Triglav, Upravljanje nepremičnin d.d. by paying EUR 6,195,010 for 95,602 issued shares. As a result of this capital increase, the share capital of the company rose by EUR 398,938, whilst share premium grew by EUR 5,796,072. As at 30 June 2015, the equity stake of the parent company increased by 14.32 percentage points and reached 71.27%, whilst the Triglav Group's stake went up by 4.77 percentage points to 90.43%. In the second quarter of 2015, Zavarovalnica Triglav also acquired a 9.57% equity stake from non-controlling interest holders of Triglav, Upravljanje nepremičnine, thereby becoming an 80.84% owner of the company. Following this acquisition, the Triglav Group became a 100% owner of the said company. The acquisition price was EUR 1,835,507.
- By paying in CZK 22,000,000 or EUR 797,015, Triglav INT d.d. increased the share capital of Triglav Pojišť'ovna, Brno. The capital was increased through the issue of 220 shares with a nominal value of CZK 100,000, whereby Triglav INT d.d. remained the 100% shareholder.
- In February 2015, Avrigo purchased shares of Izletnik Celje d.d. and thus became a 49.49% owner of the company.
- Triglav Osiguranje d.d., Sarajevo acquired a 4.82% equity stake in Unis automobili i dijelovi d.o.o., Sarajevo from non-controlling interest holders at the acquisition price of BAM 117,980, thereby becoming a 100% owner of the company.
- Triglav INT d.d. completed the sale of the Czech subsidiary Triglav Pojišť'ovna a.s., Brno on 4 June 2015. After meeting the regulatory and other terms and conditions set in the agreement on the sale of shares concluded on 19 December 2014 with the buyer VIGO Finance a.s., Prague, part of the VIGO Investments Group, the sale of the Czech insurance company was completed. Sale of the company is discussed in greater detail in *Section 2.7 of the Accounting Report*.

1.5 Significant events in the reporting period

Significant events in the reporting period were the following:

- On 4 March 2015, the Management Board of Zavarovalnica Triglav as the sole owner of Hotel Grad Podvin d.d. decided to increase the share capital of the said company. The capital is to be increased with in-kind contribution, i.e. a debt to equity swap amounting to EUR 2.4 million arising from loans.

- Triglav, Upravljanje nepremičnin d.d., a subsidiary of Zavarovalnica Triglav, and IKEA Slovenija, trgovina na drobno d.o.o. entered into a preliminary agreement on the sale of a land plot on the BTC site in Ljubljana. The preliminary agreement includes several suspensive conditions that have to be fulfilled before a sale agreement can take effect. The most important suspensive condition is an appropriate amendment of the municipal spatial plan with regard to the plot in question. Thus, just over 60% of the land plot on the BTC site in Ljubljana is to be sold to IKEA Slovenija, whilst the remaining part of the land plot is to be put up for sale to other potential buyers.
- At its meeting held on 8 April 2015, the Works Council of Zavarovalnica Triglav appointed new employee representatives serving as members of the Supervisory Board, which is discussed in greater detail in Section 2.4 *The Supervisory Board*.
- On 6 May 2015, Zavarovalnica Triglav was served a decision of the Higher Court of Ljubljana in the civil case of Zavarovalnica Triglav against Nadežda Klemenčič and Milan Marolt. Zavarovalnica Triglav filed the civil claim against defendants for allegedly causing damage to property as required by the resolution of the General Meeting of Shareholders adopted on 19 July 2004.
- On 6 May 2015, Zavarovalnica Triglav was served a decision of the District Court of Ljubljana changing the decision by the Securities Market Agency to terminate the proceedings. The decision of the Securities Market Agency states that the alleged infringement relates to a publication of the amount of dividend proposed by the Management Board of Zavarovalnica Triglav to the General Meeting of Shareholders in April 2013 and to Matjaž Rakovec, person in charge.
- Zavarovalnica Triglav and Triglav Naložbe d.d. entered into a Merger by Acquisition Agreement on 13 May 2015. Zavarovalnica Triglav is the owner of all shares of Triglav Naložbe and, as a result, the share capital of the parent company will remain unchanged following the merger. The merger by acquisition is carried out in line with the consolidation of the Triglav Group and further asset management optimisation as strategic guidelines. The Merger by Acquisition Agreement is made under suspensive conditions and shall enter into force subject to the approval by the Supervisory Boards of the two companies to execute the merger and the authorisation to Zavarovalnica Triglav from the Insurance Supervision Agency. Supervisory Boards of the two companies approved the said agreement. On 22 May 2015, Merger by Acquisition Agreement was submitted to the registration authority pursuant to Article 586 of the Companies Act.
- The 40th General Meeting of Shareholders of Zavarovalnica Triglav was held on 9 June 2015. At the meeting, the shareholders:
 - adopted a resolution on the distribution of accumulated profits;
 - granted a discharge for the business year 2014 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;
 - were informed about the new appointments of employee representatives to the Supervisory Board.

See Section 2.2.1 *General Meetings of Shareholders in 2015* for more details.

- In 2014, the Insurance Supervision Agency (hereinafter: ISA) performed a review of operations, in order to inspect whether the Company's operations are in compliance with the Insurance Act and other applicable acts and implementing regulations, regulating its operations and accounting activities. Based on the said review, on 10 June 2015 the ISA issued an Order to eliminate the violations pertaining to the evaluation of certain investments and to the amendment and testing of the business continuity plan (Order). In

line with the issued Order, Zavarovalnica Triglav is required to implement the additional measures imposed by the order: to revise the internal documents which define the values of such investments and to take them into account in the future when evaluating and/or categorizing investments, as well as to amend and test the business continuity plan. On 22 June 2015, Zavarovalnica Triglav lodged an appeal against this Order, stating that the said violations were not mentioned in the Order.

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 of Association and their own rules of procedure. The Articles of Association are available at www.triglav.eu.

2.2 General Meeting of Shareholders

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

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

2.2.1 General meeting of shareholders in 2015

The shareholders of Zavarovalnica Triglav had one general meeting in 2015 in the first six months of 2015. The 40th General Meeting of Shareholders was held on 9 June 2015. The total number of shares and voting rights represented at the General Meeting of Shareholders was 3,724,899 or 44.37% of all shares to which voting rights are attached.

The General Meeting of Shareholders:

- took note of the Annual Reports of Zavarovalnica Triglav d.d. and the Triglav Group for 2014, including the opinions given by the audit firms, the Annual Internal Audit Report for 2014, and the Report of the Supervisory Board of Zavarovalnica Triglav d.d. on the Verification of the Annual Report of Zavarovalnica Triglav d.d. and the Triglav Group for 2014;
- voted in favour of the following distribution of the accumulated profit of EUR 61,687,036.62 as at 31 December 2014:
 - a part of accumulated profit in the amount of EUR 56,837,870.00 shall be allocated for dividend payments amounting to EUR 2.50 gross per share payable to the shareholders appearing in the Share Register two days following the date of the General Meeting of Shareholders. The dividends shall be paid within 30 days of the date this resolution is passed.
 - The distribution of the remaining accumulated profit of EUR 4,849,166.62 shall be decided in the next few years.
- passed a resolution granting a discharge to the Management Board and the Supervisory Board for the 2014 business year;
- appointed the audit company ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as the auditors of Zavarovalnica Triglav for the 2015 business year;

The General Meeting of Shareholders was informed about the new appointments of employee representatives to the Supervisory Board. At the General Meeting of Shareholders no action of voidness was announced.

2.3 Management Board

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

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

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

2.3.1 Introducing the Management Board

As at 30 June 2015 the Management Board of Zavarovalnica Triglav was composed of:

- Andrej Slapar, President,
- Benjamin Jošar, Member,
- Uroš Ivanc, Member,
- Tadej Čoroli, Member,
- Marica Makoter, Member and Employee representative.

2.4 Supervisory Board

The Supervisory Board, composed of six representatives of the shareholders and three representatives of employees, supervises with full responsibility the conducting of the Company's business.

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

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

2.4.1 Composition of the Supervisory Board

To replace its members, Branko Gorjan, Peter Celar and Miran Krštinc, whose term of office ended on 30 May 2015, the Works Council of Zavarovalnica Triglav elected Boštjan Molan, Ivan Sotošek and re-elected Peter Celar as the new members of the Supervisory Board-employee representatives on 8 April 2015. The four-year term of office of the newly elected Supervisory Board members commenced on 31 May 2015.

Composition of the Supervisory Board as at 30 June 2015:

- Shareholder representatives:
 - Matej Runjak, Chairman,
 - Gregor Kastelic, Vice Chairman,
 - Rajko Stanković, Member,
 - Mario Gobbo, Member,
 - Dubravko Štimac, Member,
 - Matija Blažič, Member,
- Employee representatives:
 - Boštjan Molan, Member,
 - Ivan Sotošek, Member,
 - Peter Celar, Member.

3. THE SHARE AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV

3.1 Equity

As at 30 June 2015, the share capital of Zavarovalnica Triglav amounted to EUR 73,701,391.79. It was divided into 22,735,148 ordinary registered no-par value shares bearing the ZVTG ticker symbol and the ISIN code SI0021111651. All the shares of Zavarovalnica Triglav are freely transferable and issued in a dematerialised form. Each represents the same stake and a corresponding amount in the share capital. All have been fully paid in. Each share of Zavarovalnica Triglav gives its holder the right to one vote at the General Meeting of Shareholders, proportional dividends from the profit intended for the payment of dividends and a proportional share of the remaining bankruptcy or liquidation mass after the payoff of priority shareholders in the case of bankruptcy or liquidation.

3.2 The share of Zavarovalnica Triglav

Since 9 September 2008, the shares of Zavarovalnica Triglav have been listed on the Ljubljana Stock Exchange, and since 5 December 2011 on the Ljubljana Stock Exchange Prime Market. Thereby, the Company is committed to the highest standards of business and reporting in both the domestic and international markets.

Table: Key figures for the shares of Zavarovalnica Triglav

Items	30 June 2015	31 December 2014
Number of shares	22,735,148	22,735,148
Book value per share* (in EUR)	22.37	23.93
Net earnings per share** (in EUR)	1.75	2.01
Share market value (in EUR) - closing price	24.50	23.60
Market capitalisation (in EUR) - closing price	556,897,450	536,549,493
Traded on	Ljubljana Stock Exchange - LJSE	
Ticker symbol	ZVTG	
ISIN	SI0021111651	
Credit rating	<ul style="list-style-type: none">Standard & Poor's; »A-«, positive medium-term outlookAM Best; »A-«, positive medium-term outlook	
Bloomberg	ZVTG SV	
Reuters	ZVTG.LJ	

*In calculating the book value per share, equity of the parent company and the number of shares as at the reporting date were taken into account.

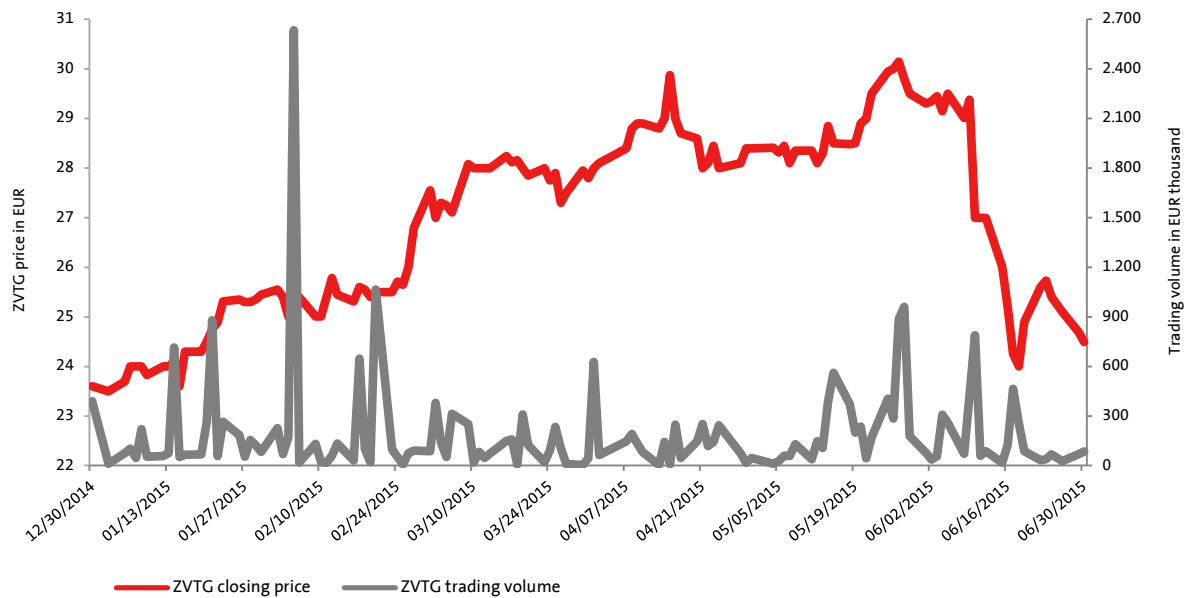
**In calculating net earnings per share, net profit of Zavarovalnica Triglav and the weighted average number of shares were taken into account.

3.2.1 Trading on the Ljubljana Stock Exchange – LJSE

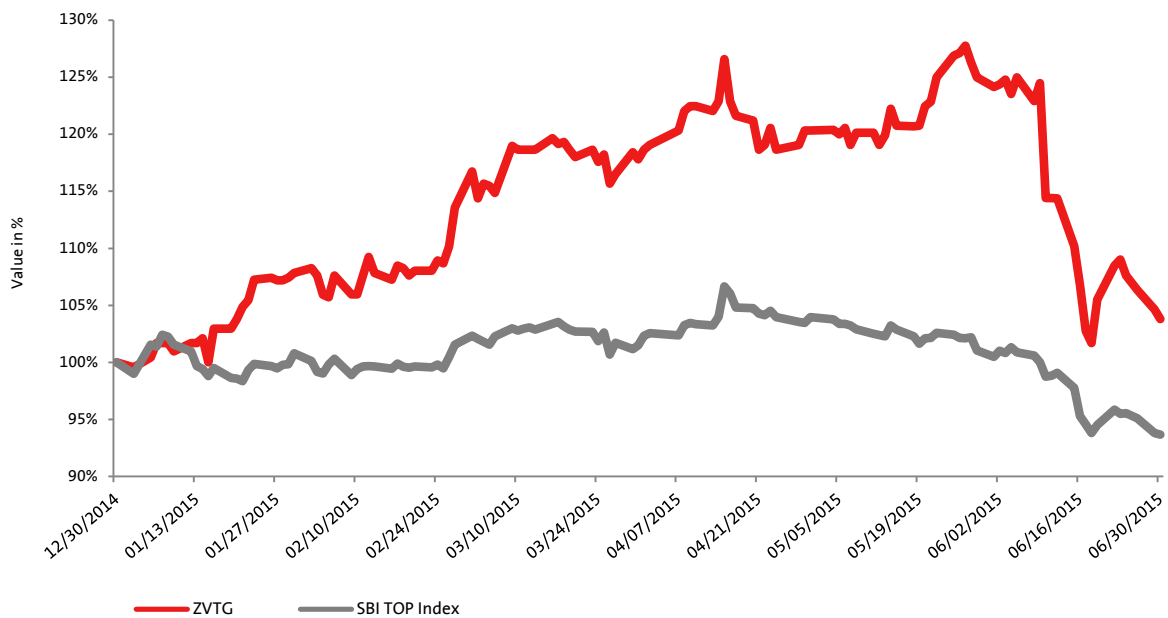
The first half of 2015 saw a growing price and further high liquidity of the ZVTG share. From 31 December 2014, the price of Zavarovalnica Triglav's share went up by almost 4%, i.e. from the starting price of EUR 23.60 to its highest value of EUR 30.15 as at 27 May 2015. The cut-off date for dividend payment of EUR 2.50 per share was 11 June 2015. After that date, the price of the ZVTG share decreased. As at the reporting date, the closing price reached EUR 24.50.

The ZVTG share was the second most traded share on the Ljubljana Stock Exchange. The average daily trading volume of ZVTG shares was EUR 190,596, which was 13% more than the 2014 average (EUR 168,611).

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



Graph: Comparison of movements in the ZVTG share price and movements in the value of the SBI TOP Index in H1 2015 as compared to 31 December 2014



3.2.2 Shareholder structure

As at 30 June 2015, Zavarovalnica Triglav had 28,130 shareholders, 396 shareholders or 1% less compared to the 2014 year-end.

With 98.3%, the shareholder structure of Zavarovalnica Triglav was dominated by domestic shareholders. As at the reporting date, international shareholders accounted for only 1.7% of the total number of shareholders. They slightly increased their shareholdings by 0.02 percentage point to 17.6%. The ratio between natural persons and legal entities in the shareholder structure remained at the level similar to the 2014 year-end level.

As at the reporting date, natural persons still accounted for the bulk - 27,488 shareholders or 97.7% of all shareholders, holding only less than 9% of all shares of Zavarovalnica Triglav.

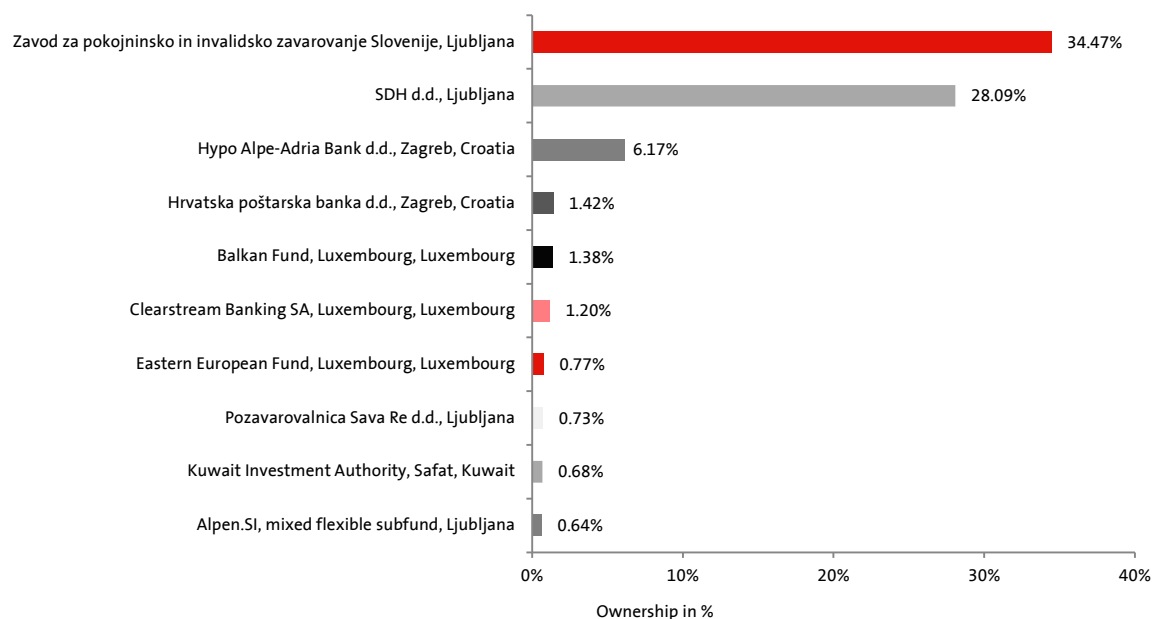
Table: Shareholder structure of Zavarovalnica Triglav as at 30 June 2015

	Total	Domestic	Foreign	Legal entities	Natural persons
Number of shares	22,735,148	18,739,284	3,995,864	20,702,494	2,032,654
Number of shareholders	28,130	27,644	486	642	27,488
Number of shares - percentage	100.00%	82.42%	17.58%	91.06%	8.94%
Number of shareholders - percentage	100.00%	98.27%	1.73%	2.28%	97.72%

The number of shares held by the Management and Supervisory Boards equalled 480 as at the end of reporting period. Due to the changes in the composition of the Supervisory Board members, representatives of the employees, their number went down by 1,204 shares compared to 31 December 2014.

Ownership concentration measured by equity stakes of the top ten shareholders declined by 1.4 percentage points. As at the reporting date, ten companies held 75.6% of shares of Zavarovalnica Triglav. In H1 2015, there were a few changes among the largest shareholders. They included three new shareholders: Balkan Fund, Luxembourg, Clearstream Banking SA, Luxembourg and Kuwait Investment Authority. The largest and unchanged equity stake was maintained by ZPIZ and SDH d.d. Minor changes in the stakes were recorded in four shareholders: Hypo Alpe-Adria Bank slightly increased its equity stake, whereas Eastern European Fund, Luxembourg, Hrvatska poštarska banka and Alpen.SI, mešani fleksibilni podsklad (mixed flexible subfund) slightly reduced their equity stakes.

Graph: Top ten shareholders of Zavarovalnica Triglav as at 30 June 2015



3.3 Credit rating

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

In 2014, the Standard & Poor's Ratings Services (hereinafter: S&P) affirmed the »A–« (excellent) long-term credit rating and the »A–« (excellent) financial strength rating of Zavarovalnica Triglav together with its subsidiary Pozavarovalnica Triglav Re d.d., and thereby the Triglav Group. Both credit ratings had a stable medium-term outlook. Following its regular revision in July 2015, S&P affirmed the current »A–« (excellent) long-term credit rating and the »A–« (excellent) financial strength rating of Zavarovalnica Triglav d.d. and its subsidiary Pozavarovalnica Triglav Re d.d., and thereby the Triglav Group. Moreover, the Agency revised its medium-term outlook for both companies from "stable" to "positive".

The latest outstanding S&P credit rating only confirms the leading market position of the Triglav Group in both Slovenia and the Adria region, its highly visible brand and its extensive sales network. Furthermore, the credit rating takes into account the high profitability of the Group's operations, its solid capital adequacy and a high level of liquidity.

According to the Standard & Poor's rating agency, the insurance market in Slovenia, especially health and pension insurance markets, will benefit from the improved economic conditions in the country. Based on the Group's leading market position, a good business outlook, the quality of the existing portfolio and robust risk management, S&P assigned the Triglav Group a positive medium-term outlook. This outlook also raises a possibility for the Group that S&P will improve the credit rating within the next two years, if additional progress is observed in the Slovene insurance market.

Following its regular revision in 2014, the A.M. Best credit rating agency reaffirmed the financial strength rating of »A–« (excellent) and the issuer credit rating of »A–« (excellent) of Zavarovalnica Triglav. Both credit ratings reflect solid risk-adjusted capitalisation, good business results and a dominant competitive position in the Slovene market. A.M. Best revised the Company's medium-term outlook from "stable" to "positive". Despite challenging conditions on the Slovene insurance market, the credit rating agency improved Triglav's outlook based on its continued solid performance. The Triglav Group continues to strengthen its highly renowned brand across South-East Europe and carry out the planned activities towards further growth. Moreover, the A.M. Best reaffirmed both the financial strength and the issuer credit ratings of the subsidiary Pozavarovalnica Triglav Re, thereby confirming its key role and important contribution to the implementation of the Triglav Group's strategic objectives.

4. PERFORMANCE IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2015

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

Despite the signs of economic recovery, the conditions in most insurance markets where the Triglav Group operates remain challenging. The long-lasting economic and financial crisis affected the consumer behaviour of policyholders and curtailed the economic activity, which has reflected in reduced demand for insurance products and lower insurance density. Gross insurance premium was also affected by fierce competition among insurers. Zavarovalnica Triglav and the Triglav Group responded to the demanding market conditions by adapting the marketing and sales policies, launching new products and redesigning the existing ones, and taking various measures to improve the insurance technical result in non-life insurance.

In the first six months of 2015, there were no major loss events that would affect the operating results of the Group. In contrast, the Group's business results were influenced by the situation on capital markets, which no longer resulted in exceptional investment returns as in 2014.

With consistent implementation of its business policy measures and an adequate portfolio management investment policy, the Triglav Group ended the first half of 2015 with a net profit of EUR 53.6 million (index 95), while Zavarovalnica Triglav generated a profit of EUR 39.9 million EUR (index 93).

4.2 The insurance market and the position of the Group members in the first half of 2015

There were 14 insurance companies, 4 foreign branch offices and 2 reinsurance companies active in the Slovene insurance market, all members of the Slovenian Insurance Association. In the first six months of 2015, they recorded together a gross written premium of EUR 1,059.9 million, which was 0.4% more than in the same period of 2014.

Traditional insurance companies (17) booked a total of EUR 1,058.0 million in premiums, of which 73.7% stemmed from non-life insurance and the remainder from life insurance. Life insurance premium increased by 3.5%, while non-life insurance premium recorded a decrease of 0.8%.

The Slovene insurance market is characterised by a high degree of concentration. The four major insurers controlled 72.7% of the traditional insurance market (2014: 73.0%). **Zavarovalnica Triglav** remained the market leader by holding a 31.5% market share, which decreased by 0.3 percentage points compared to H1 2014. The second largest market share was held by Adriatic Slovenica, a company 2.2 times smaller in terms of written premium. As at the reporting date, **Zavarovalnica Triglav and Triglav, Zdravstvena zavarovalnica** had a **combined** market share of 36.7%, which was 0.3 percentage points less than in the corresponding period of 2014.

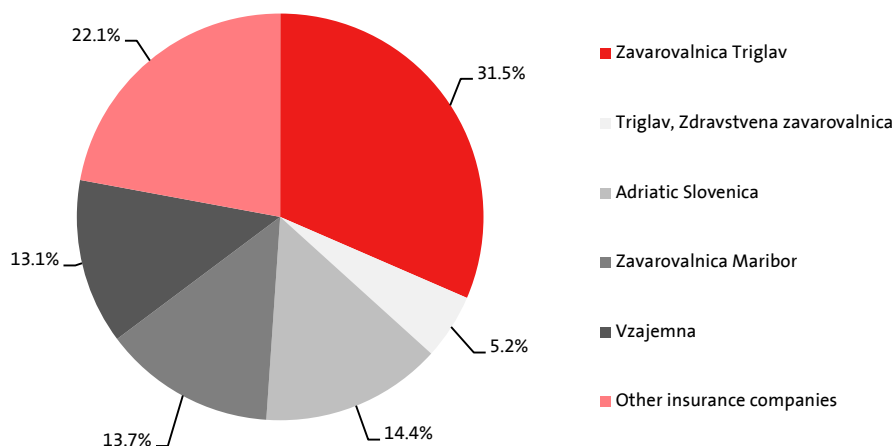
The Triglav Group maintained the leading position in the Slovene insurance market by holding a 36.7% market share.

Zavarovalnica Triglav held 31.2% of the non-life insurance market, which was 0.5 percentage points less compared to the same period of the preceding year. The Company increased its life insurance market share to 32.5%, which was 0.5 percentage points more over the same period of 2014.

A 0.9% premium decrease was recorded in health insurance, which is a part of the non-life insurance premium. **Triglav, Zdravstvena zavarovalnica** increased its market share to 22.6% (compared to 22.3% in the same period of 2014) and recorded a 0.5% premium growth.

Maintaining a leading position remains challenging, as the price competition has become even more aggressive. In a market characterised by a high concentration, the competition targets the existing policyholders. Therefore, maintaining its market position will greatly depend on the Company's speed of responses to market changes.

Graph: The market share of traditional insurance companies in Slovenia as at 30 June 2015



Source: Slovenian Insurance Association

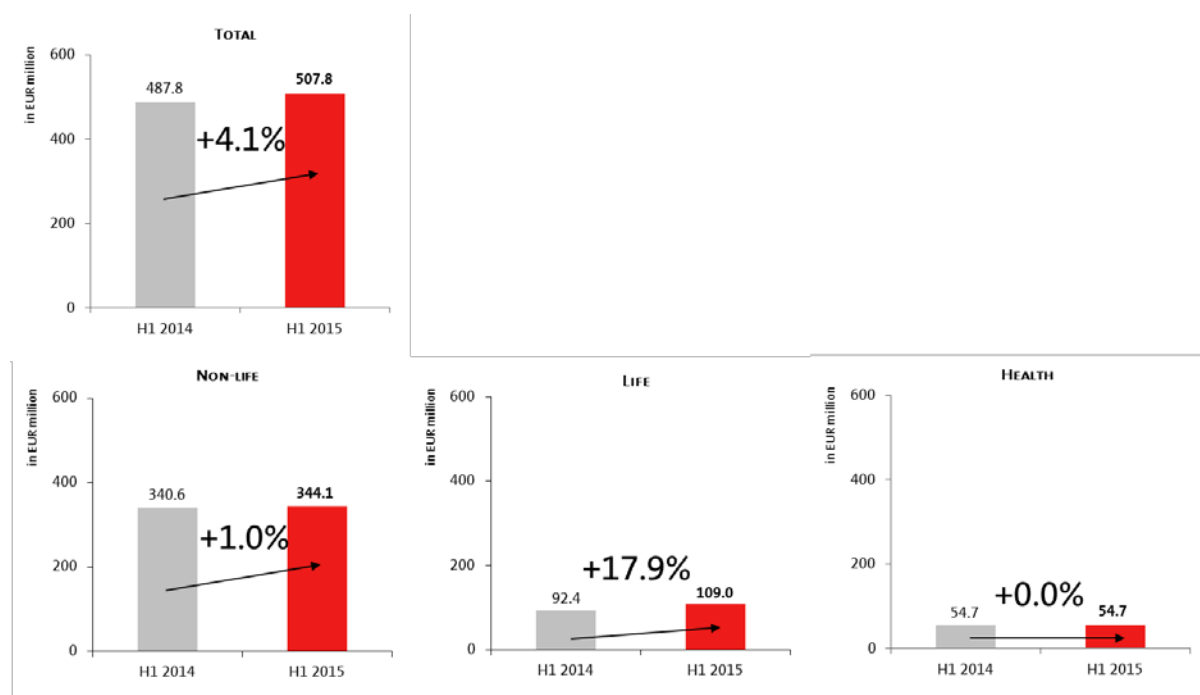
4.3 Performance of the Triglav Group

4.3.1 Gross written premiums from insurance and co-insurance contracts

In the reporting period, the Triglav Group posted a total of EUR 507.8 million in consolidated gross insurance and co-insurance premiums or 4% more than in the respective period of 2014. **Non-life insurance** total was EUR 344.1 million (index 101), **life insurance** reached EUR 109.0 million (index 118) and **health insurance** EUR 54.7 million (index 100).

In H1 2015, the Triglav Group posted a total of EUR 507.8 million in gross insurance and co-insurance premiums or 4% more than in the respective period of 2014.

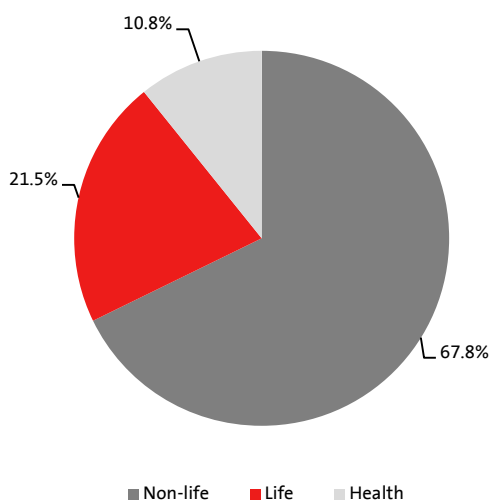
Graph: Gross written premium from insurance and co-insurance contracts in H1 2015 compared to H1 2014



Consolidated written premium had the following structure:

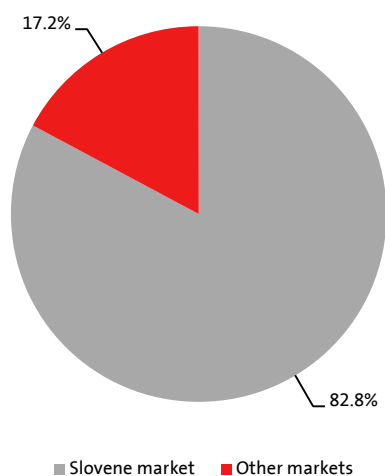
- non-life insurance accounted for 67.8% (H1 2014: 69.8%);
- life insurance accounted for 21.5% (H1 2014: 18.9%) and
- health insurance for 10.8% (H1 2014: 11.2%).

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



A total of 82.8% of consolidated gross written premiums was charged in the Slovene insurance market, representing a 0.6 percentage point decrease compared to H1 2014.

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



The Triglav Group insurance companies (excluding Pozavarovalnica Triglav Re) booked EUR 489.9 million in non-consolidated gross insurance and co-insurance premiums, which was 4% more than in the same period last year. Trends varied depending on subsidiary and market. In Slovenia, the insurance premium of Zavarovalnica Triglav was 1% lower compared to 2014, whilst that of Triglav, Zdravstvena zavarovalnica increased by 1%. Skupna pokojninska družba, a new insurance subsidiary of the Triglav Group, charged a total of EUR 13.8 million in premium written. Triglav Osiguranje, Belgrade recorded a high premium growth of 39%. Written premiums were higher in Triglav Osiguruvanje, Skopje (13%), Triglav Osiguranje, Sarajevo (9%), Triglav Osiguranje, Zagreb (7%), Lovćen Osiguranje (5%), Lovćen životna osiguranja (2%) and Triglav Osiguranje, Banja Luka (2%). A lower premium of 19% was recorded by Triglav Pojišt'ovna. Premiums in the period from 1 January 2015 to the date the insurer was sold were taken into account.

Pozavarovalnica Triglav Re booked a total of EUR 68.5 million in gross reinsurance premium or 14% more than in the respective period of 2014. Premium from optional business outside the Triglav Group experienced a high growth of 19%, whilst reinsurance premium earned with the Triglav Group rose by 12%. The highest growth was recorded by Pozavarovalnica Triglav Re in the largest insurance classes, other damage to property insurance and in fire and natural disaster insurance.

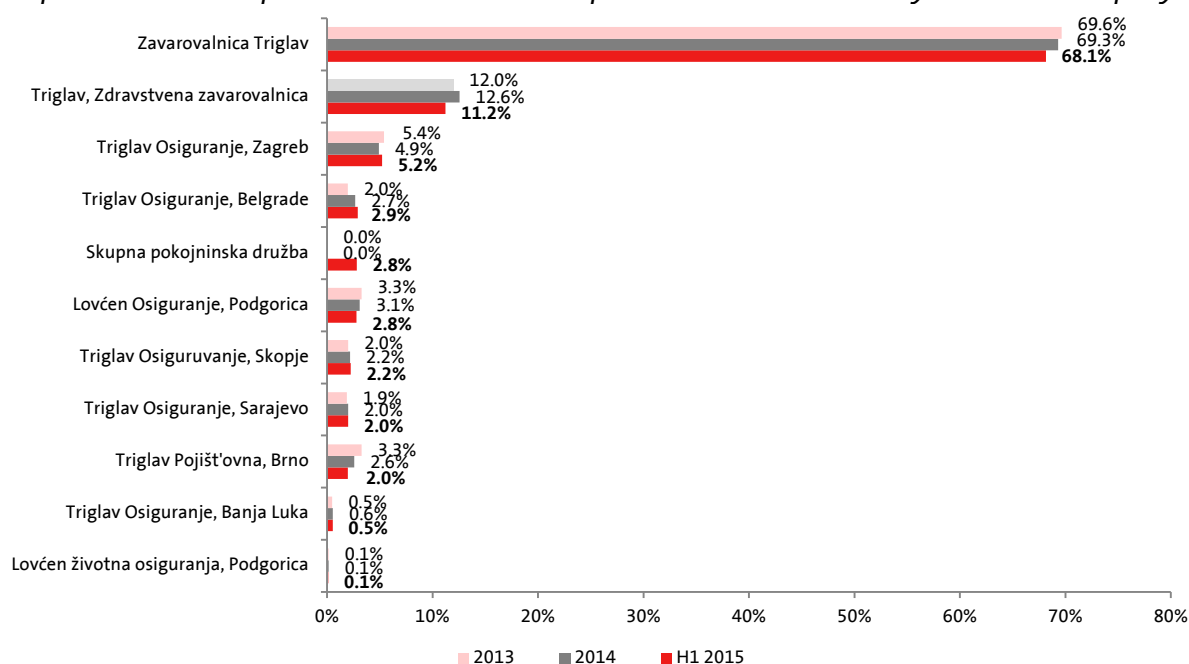
Table: Gross written premium from insurance and co-insurance contracts in H1 2015 by the Triglav Group insurance company

Insurance company	Gross written premium			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	H1 2015
Zavarovalnica Triglav	243,418,345	90,446,168	333,864,513	97	105	99	68.1%
Triglav, Zdravstvena zavarovalnica	54,997,927		54,997,927	101	0	101	11.2%
Skupna pokojninska družba		13,775,145	13,775,145	0	0	0	2.8%
Triglav Osiguranje, Zagreb	21,765,549	3,846,878	25,612,427	110	95	107	5.2%
Triglav Osiguranje, Sarajevo	7,861,878	2,012,649	9,874,527	105	125	109	2.0%
Triglav Pojišt'ovna, Brno*	9,636,056		9,636,056	81	0	81	2.0%
Lovćen Osiguranje, Podgorica	13,720,438		13,720,438	105	0	105	2.8%
Triglav Osiguranje, Belgrade	13,929,417	321,326	14,250,743	139	111	139	2.9%
Triglav Osiguranje, Banja Luka	2,602,631		2,602,631	102	0	102	0.5%
Triglav Osiguruvanje, Skopje	11,006,248		11,006,248	113	0	113	2.2%
Lovćen životna osiguranja, Podgorica		592,768	592,768	0	102	102	0.1%
Total	378,938,489	110,994,934	489,933,423	100	120	104	100.0%
Pozavarovalnica Triglav Re	68,532,823		68,532,823	114	0	114	
Consolidation eliminations	-48,659,707	-2,018,387	-50,678,094	111	799	115	
Total consolidated	398,811,605	108,976,547	507,788,152	101	118	104	

Note: * Gross written premium in the period from 1 January 2015 to the date the insurer was sold were taken into account.

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

Graph: Gross written premiums in H1 2015 compared to 2013 and 2014 by insurance company



4.3.1.1 Non-life insurance

In total, Triglav Group insurance companies charged EUR 378.9 million of non-consolidated insurance and co-insurance premiums from non-life insurance contracts, which remained approximately at the 2014 level (index 100).

Motor vehicle insurance remains the largest insurance class, accounting for 31.4% of total written premiums. Insurance companies of the Triglav Group collected EUR 66.1 million in **comprehensive car insurance** premium

Motor vehicle insurance is the most important insurance class, accounting for 31.4% of total written premiums.

which was approximately at the same level as in the same period last year (index 100). Premium growth was recorded by most insurance companies, the largest by Triglav Osiguranje, Zagreb (index 144) and Triglav Osiguranje, Belgrade (index 139). Zavarovalnica Triglav, accounting for 84% of the Group's total premiums, saw a 2% decrease in written premiums. The Group collected EUR 87.8 million in **motor liability insurance** premiums, which was 1% less than in H1 2014. The decrease in premium was seen in the parent company (index 95), whose share in total premium from motor vehicle liability insurance represents 60%, and Triglav Osiguranje, Zagreb (index 98). Other insurance subsidiaries recorded growth in premium; the highest of 38% was posted by Triglav Osiguranje, Belgrade.

In the Slovene insurance market, the main reasons for a decrease in motor vehicle insurance premium were the aggressive price competition among insurance companies, lower premiums due to sales promotion activities, the introduction of additional discounts (Triglav komplet bonus programme), non-renewal and cancellation of insurance policies (fewer and older cars owned by households) and lower insurance density (for more information see *Section 4.4.1*). In Triglav Osiguranje, Zagreb, the decline in motor vehicle liability insurance premium was caused by aggressive price competition (liberalisation of the motor vehicle liability insurance market), because the premium of the Group's Croatian insurance subsidiary fell despite a 19% increase in the number of concluded policies.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance) a premium of EUR 95.1 million was booked, remaining approximately at the 2014 level (index 100). A strong increase in written premium was observed in Triglav Osiguranje, Belgrade (index 148), Triglav Osiguranje, Zagreb (index 116), Triglav Osiguruvanje, Skopje (index 111) and Lovćen Osiguranje (index 110) as a result of attracting new policyholders. A decrease in premium was seen in the parent company (index 98), whose share in total premium from real property insurance was 79%, Triglav Osiguranje, Sarajevo (index 97) and Triglav Osiguranje, Banja Luka (index 97). The reasons for the drop in premium of Zavarovalnica Triglav are discussed in greater detail in *Section 4.1.1*. In Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Banja Luka, the main reasons for the decrease were the non-renewal of insurance policies and a reduced scope of insurance coverage of some large policyholders.

Health insurance premium remained approximately at the same level as the year before (index 100) and totalled EUR 55.2 million. Triglav, Zdravstvena zavarovalnica generated the largest portion of the premium amounting to EUR 55.0 million, which represented a growth of 1%. Moreover, the increase in written premium was seen in Lovćen Osiguranje and Triglav Osiguranje, Banja Luka, whilst premium drop was recorded by Triglav Osiguranje, Zagreb and Triglav Osiguranje, Belgrade.

In **general liability insurance**, the Triglav Group recorded EUR 24.0 million, which was 2% more over the same period in 2014, representing 4.9% of total premiums. Most of insurance companies recorded premium growth by increasing insurance density and by winning over new clients. The strongest growth was recorded by Triglav Osiguranje, Sarajevo (index 160) and Triglav Osiguruvanje, Skopje (index 139). Zavarovalnica Triglav, accounting for 82% of total premium, recorded a 1% decrease in written premium compared to the preceding year. The decrease resulted from lower premium in the largest insurance subclass, i.e. general liability insurance (index 96) and premium decrease in professional liability insurance (non-renewal of insurance policy of a major policyholder).

Accident insurance represented 4.6% of total written premium or EUR 22.5 million in nominal terms, having decreased by 2% compared to the previous year. A decrease in premium was posted by Zavarovalnica Triglav, Triglav Osiguranje, Sarajevo and Triglav Pojišt'ovna, whose combined share in total premium from accident insurance represented 74%. Other insurance

companies of the Group recorded premium growth, the highest in Triglav Osiguranje, Belgrade (index 172). The drop in accident insurance premium was a result of the situation in the motor vehicle insurance market, as almost a half of premium in this insurance group arises from two insurance sub-classes taken out simultaneously with car insurance (driver's bodily injury insurance or AO-plus insurance and driver and passenger accident insurance). A decrease in group accident insurance premium was mainly the consequence of an increasing number of corporate bankruptcies and reduced operating expenses of companies. Premium drop was experienced by Triglav Osiguranje, Sarajevo, owing mostly to the lower group accident insurance premium resulting from non-renewal of insurance policies of some major policyholders and fierce competition among insurers (failure to observe tariff rates, mainly in public tenders).

Credit insurance totalled EUR 12.2 million and accounted for 2.5% of total premium, which was 7% higher than the year before. Zavarovalnica Triglav (accounting for 99.8% of total premium) experienced a 7% growth in written premium. The parent company achieved good sales results in most insurance subclasses, primarily in financial gap insurance, insurance in the event of unemployment, disability and death, and export credit insurance (for more information see *Section 4.4.1*). Apart from the parent company, credit insurance is also sold by Triglav Osiguranje, Sarajevo where the premiums decreased by 40% due to a reduced scope of business operations with one of the banks.

A premium growth of 7% was achieved in credit insurance.

Premium from **other non-life insurance** (accounting for 3.3% of total premium) decreased by 1% to EUR 16.0 million. A drop in premium was recorded by most insurance subsidiaries, the largest by Triglav Osiguranje, Sarajevo and Zavarovalnica Triglav. In Triglav Osiguranje, Sarajevo, the main reason for the premium drop was the non-renewal of miscellaneous financial loss insurance contract (fronting) of a major policyholder. Zavarovalnica Triglav, accounting for 74% of total premium, saw a 2% decline in written premium compared to the preceding year (for more information see *Section 4.4.1*). In contrast, premiums substantially increased in Triglav Osiguranje, Belgrade, Triglav Osiguruvanje, Skopje and Lovćen Osiguranje, Podgorica. Among insurance sub-classes, premium growth was seen in aircraft insurance, goods in transit insurance and assistance insurance.

4.3.1.2 Life insurance

In total, the Triglav Group insurance companies charged EUR 111.0 million in non-consolidated gross written premium from **life insurance** contracts or 20% more than in the same period of 2014. This accounted for 22.7% of total gross written premium, which was 3.0 percentage points more than in the corresponding period of 2014. Such a good result was primarily achieved due to successful marketing of the parent company and Triglav Osiguranje, Sarajevo and premium generated by the new insurance subsidiary Skupna pokojninska družba.

A premium growth of 20% was recorded in life insurance.

Premium from **life insurance** (traditional life, pension, annuity pension, voluntary pension and tontine) amounted to EUR 49.5 million or 44.6% of the life insurance class total. Total life insurance premium recorded by the Group increased by 4% compared to 2014. Significant growth in premium was achieved by Triglav Osiguranje, Sarajevo as a result of good sales via agencies and banking sales channels. An increase in premium was also recorded by the parent company, Triglav Osiguranje, Belgrade and Lovćen Osiguranje, Podgorica.

The premiums generated by **unit-linked life insurance** totalled EUR 41.0 million or 36.9% of the total gross written premiums in the life insurance class. The premium was 7% higher than in

the previous year. Unit-linked life insurance policies are available from Zavarovalnica Triglav and Triglav Osiguranje, Zagreb which booked EUR 39.6 million (index 108) and EUR 1.4 million (index 90) in written premium respectively. The premium growth of the parent company primarily resulted from the transfers of assets from other insurance policies at maturity into the TZD2 guaranteed return fund.

Supplemental voluntary pension insurance (capital redemption insurance) generated EUR 20.4 million or 18.4% of the total life insurance premium. Compared to the respective period of 2014, premium increased by 200%. Supplemental voluntary pension insurance is sold by Skupna pokojninska družba and Zavarovalnica Triglav (index 98).

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

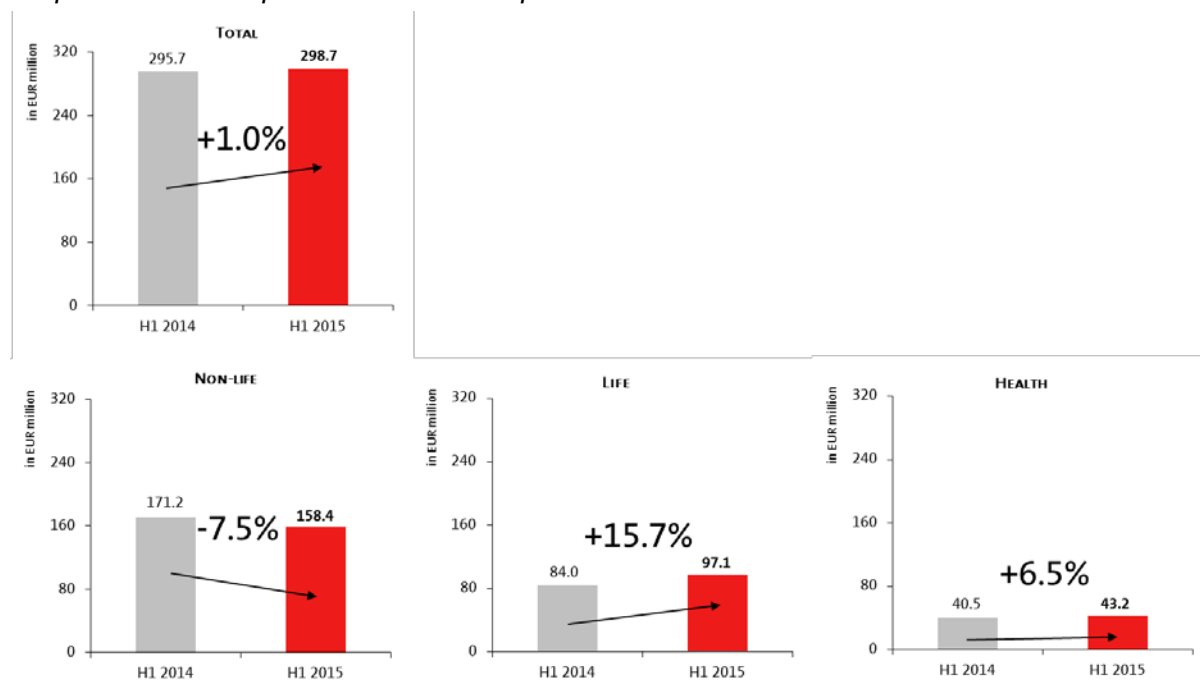
Insurance class	Gross written premium		Index	Structure
	H1 2015	H1 2014	H1 2015/ H1 2014	H1 2015
Accident insurance	22,536,101	22,946,615	98	4.6%
Health insurance	55,249,019	55,014,196	100	11.3%
Comprehensive car insurance	66,098,535	66,188,967	100	13.5%
Real property insurance	95,063,662	94,902,595	100	19.4%
Motor liability insurance	87,751,009	88,640,956	99	17.9%
General liability insurance	24,029,305	23,670,274	102	4.9%
Credit insurance	12,215,866	11,468,260	107	2.5%
Other non-life insurance	15,994,993	16,137,544	99	3.3%
Non-life insurance	378,938,490	378,969,407	100	77.3%
Life insurance	49,545,196	47,673,512	104	10.1%
Unit-linked life insurance	41,009,610	38,182,898	107	8.4%
Capital redemption insurance	20,440,127	6,818,044	300	4.2%
Life insurance	110,994,933	92,674,454	120	22.7%
Total	489,933,423	471,643,861	104	100.0%

4.3.2 Gross claims paid

In H1 2015, the Triglav Group posted a total of EUR 298.7 million in consolidated gross claims (including claim handling costs and subrogated receivables), or 1% more than in the same period of the previous year. Gross claims paid in **non-life insurance** equalled EUR 158.4 million (index 93), in the **life-insurance** segment they amounted to EUR 97.1 million (index 116) and in **health insurance** they totalled EUR 43.2 million (index 106).

Gross claims paid increased by 1% compared to 2014.

Graph: Gross claims paid in H1 2015 compared to H1 2014



Excluding Pozavarovalnica Triglav Re, the insurance subsidiaries of the Triglav Group posted EUR 286.7 million in non-consolidated gross claims, representing an increase of 1% over the preceding year. Growth rates in gross claims paid were observed in Triglav Osiguranje, Sarajevo (index 132), Triglav Osiguranje, Belgrade (index 122), Triglav Osiguruvanje, Skopje and Triglav, Zdravstvena zavarovalnica (index 106). A decrease in gross claims paid was recorded by Triglav Osiguranje, Banja Luka (index 66), Lovćen životna osiguranja (index 72), Triglav Osiguranje, Zagreb (index 83), Lovćen Osiguranje (index 86) and Zavarovalnica Triglav (index 99). Skupna pokojninska družba posted EUR 7.9 million in claims.

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 25.2 million, or 6% less compared to the previous year. This decrease was primarily a result of a decline in operations within the Triglav Group (index 87) due to a decrease in motor vehicle liability insurance, marine insurance and miscellaneous financial loss insurance. Gross claims paid in business outside the Triglav Group remained approximately at the same level as the year before (index 100).

Table: Gross claims paid in H1 2015 by Triglav Group insurance companies

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	H1 2015
Zavarovalnica Triglav	108,204,294	86,865,894	195,070,188	93	108	99	68.0%
Triglav, Zdravstvena zavarovalnica	43,137,208		43,137,208	106	0	106	15.0%
Skupna pokojninska družba		7,922,705	7,922,705	0	0	0	2.8%
Triglav Osiguranje, Zagreb	9,012,819	2,237,886	11,250,705	80	100	83	3.9%
Triglav Osiguranje, Sarajevo	4,270,736	1,105,538	5,376,274	117	251	132	1.9%
Triglav Pojišt'ovna, Brno*	6,425,395		6,425,395	69	0	69	2.2%
Lovćen Osiguranje, Podgorica	6,781,880		6,781,880	86	0	86	2.4%
Triglav Osiguranje, Belgrade	4,849,735	108,279	4,958,014	124	72	122	1.7%
Triglav Osiguranje, Banja Luka	792,599		792,599	66	0	66	0.3%
Triglav Osiguruvanje, Skopje	4,355,108		4,355,108	106	0	106	1.5%
Lovćen životna osiguranja, Podgorica		617,568	617,568	0	72	72	0.2%
Total	187,829,774	98,857,870	286,687,644	95	118	101	100.0%
Pozavarovalnica Triglav Re	25,205,097		25,205,097	94	0	94	
Consolidation eliminations	-11,435,608	-1,715,758	-13,151,366	82	476,599	95	
Total - consolidated	201,599,263	97,142,112	298,741,375	95	116	101	

Note: * Gross claims paid in the period from 1 January 2015 to the date the insurer was sold were taken into account.

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

4.3.2.1 Non-life insurance

Non-consolidated gross claims in **non-life insurance** amounted to EUR 187.8 million, which was 5% less than in the corresponding period of 2014.

Gross claims paid in non-life insurance decreased by 5% compared to the year before.

Claims related to **motor liability insurance** represented 14.7% of total gross claims settled by the insurance companies of the Triglav Group. Total claims paid amounted to EUR 42.3 million, which was 6% less than in the same period of 2014. In this insurance class, the majority of the Triglav Group insurance subsidiaries posted a decrease in gross claims paid mainly due to a lower number of reported claims. In Zavarovalnica Triglav, which accounted for 63% of the total, gross claims settled experienced a 4% decrease. Growth in gross claims by Triglav Osiguranje, Zagreb, Triglav Osiguranje, Belgrade and Triglav Osiguruvanje, Skopje resulted from a higher number of reported claims due to a larger portfolio.

A 6% decrease in gross claims paid was recorded in the **comprehensive car insurance** class. Gross claims paid amounted to EUR 40.9 million, which was 14.2% of all claims settled. Lower gross claims paid were recorded in most of the insurance companies of the Group, the highest in Triglav Osiguranje, Banja Luka (index 59). In the parent company, which accounted for over 84% of total gross claims paid in comprehensive car insurance, gross claims settled in this insurance class experienced a 5% drop. An increase in gross written claims was recorded by Triglav Osiguranje, Belgrade and Triglav Osiguranje, Sarajevo due to higher number of reported claims.

In **health insurance**, gross claims increased by 6% to EUR 43.3 million, accounting for 15.1% of total gross claims. The increase was mainly the result of insurance portfolio growth in Triglav, Zdravstvena zavarovalnica. Equalisation scheme expenses grew by 2% or EUR 65 thousand, reaching EUR 3.9 million.

In **real property insurance**, total claims paid amounted to EUR 33.4 million or 11% less than the year before, accounting for 11.6% of total gross claims paid. In fire and natural disaster insurance, a 20% decrease in gross claims was achieved, along with a 6% drop in other damage

to property insurance. A significant drop in claims was recorded by most insurance companies, the highest by Triglav Osiguranje, Banja Luka, Lovćen Osiguranje, Triglav Osiguranje, Zagreb and Triglav Osiguranje, Belgrade, which all paid some substantial individual claims in the respective period of 2014. In contrast, a high growth in claims settled was posted by Triglav Osiguranje, Sarajevo and Triglav Osiguruvanje, Skopje. High growth in Triglav Osiguranje, Sarajevo was a consequence of payment of two substantial individual claims resulting from floods in 2014, and in Triglav Osiguruvanje, Skopje a result of payment of three substantial claims. Zavarovalnica Triglav, holding a 78% share in this insurance class, experienced a 10% decline in claims (in 2014 high claims resulted mostly from the damage caused by glaze).

Claims from **accident insurance** decreased by 1%, amounting to EUR 11.4 million. The decrease in claims in this insurance class was mostly due to the drop in gross claims paid in Triglav Osiguranje, Sarajevo, which in 2014 experienced large payments of claims in group accident insurance. In Zavarovalnica Triglav (representing a 59% share of the Group's total claims from accident insurance) a 1% decrease in gross claims paid was mainly a result of a decrease in gross claims paid in the largest insurance subclass of group accident insurance, and accident insurance for children and adolescents. In contrast, high growth in gross claims was posted by Triglav Osiguranje, Belgrade, Triglav Osiguruvanje, Skopje and Triglav Osiguranje, Zagreb. A high growth in Triglav Osiguranje, Belgrade was the result of high claims paid arising from accident insurance for pensioners, while those in Triglav Osiguruvanje, Skopje resulted from increased gross claims paid in accidental death and collective insurance for managers.

Total gross claims paid in **general liability insurance** were lower by 5%. This decrease resulted from lower gross claims paid by Zavarovalnica Triglav (accounting for almost 86% of total claims in this insurance class) and by Triglav Pojišt'ovna. The high growth rates in gross claims paid were posted by Triglav Osiguranje, Zagreb (higher gross claims paid in general liabilities insurance) and Triglav Osiguranje, Sarajevo (higher number of reported claims).

Gross claims paid in **credit insurance** decreased by 12%, amounting to EUR 1.6 million. Gross claims paid by the parent company, accounting for the majority of the Group's total claims in this insurance class, went down by 4%. This drop was primarily caused by decreased claims in consumer loan insurance and overdraft insurance. A substantial decrease in gross claims paid was recorded by Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Zagreb. The latter ceased to sell these insurance types.

Gross claims paid in **other non-life insurance** decreased by as much as 33% and totalled EUR 6.8 million. A high drop was a consequence of as much as a 79% decrease in gross claims paid by Triglav Osiguranje, Zagreb (because a large payment of a marine insurance claim was made in the respective period last year) and a 30% decrease in claims paid by Zavarovalnica Triglav (accounting for almost 82% of total claims in this insurance class). Claims paid dropped the most in marine insurance, railway insurance and suretyship insurance.

4.3.2.2 Life insurance

Gross claims paid in **life insurance** equalled EUR 98.9 million and were 18% higher compared to the previous year. Their share in the total rose by 4.8 percentage points to 34.5%.

The bulk of all claims settled is accounted for by the **life insurance** class (traditional life, pension, annuity pension and voluntary pension insurance), which totalled EUR 47.2 million or 2% less compared to the previous year, mainly due to a decreased number of surrenders, a decrease in sums paid out on the maturity in Zavarovalnica Triglav (index 96). Due to an increase in sums paid out on the maturity in the parent company the gross claims paid in **unit-linked life insurance** grew by 27% to EUR 38.4 million (index 128). Gross claims paid in

supplemental voluntary pension insurance increased by 143% as a result of the acquisition of Skupna pokojninska družba (EUR 7.9 million of claims charged). Zavarovalnica Triglav recorded a 3% decrease mostly due to reduced payments arising from the withdrawals from insurance contracts.

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

	Gross claims paid		Index	Structure
	H1 2015	H1 2014	H1 2015/ H1 2014	H1 2015
Accident insurance	11,417,938	11,510,882	99	4.0%
Health insurance	43,315,399	40,841,764	106	15.1%
Comprehensive car insurance	40,852,312	43,425,753	94	14.2%
Real property insurance	33,357,140	37,628,540	89	11.6%
Motor liability insurance	42,264,379	44,753,056	94	14.7%
General liability insurance	8,179,983	8,587,385	95	2.9%
Credit insurance	1,644,488	1,874,345	88	0.6%
Other non-life insurance	6,798,136	10,108,505	67	2.4%
Non-life insurance	187,829,775	198,730,230	95	65.5%
Life insurance	47,197,103	48,191,041	98	16.5%
Unit-linked life insurance	38,433,580	30,348,320	127	13.4%
Capital redemption insurance	13,227,186	5,443,618	243	4.6%
Life insurance	98,857,869	83,982,979	118	34.5%
Total	286,687,644	282,713,209	101	100.0%

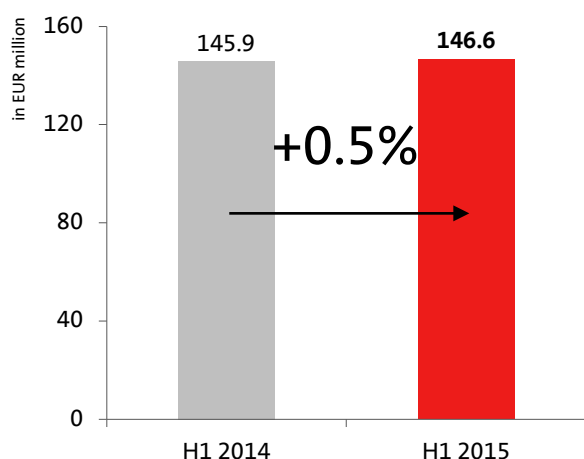
4.3.3 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group remained at approximately the same level as the year before (index 100), reaching EUR 146.6 million. **Insurance business costs** reached EUR 114.4 million and remained approximately at the same level as the year before (index 100). Costs of **non-insurance business** grew by 1% and amounted to EUR 32.2 million.

Gross operating expenses remained approximately at the same level as the year before (index 100).

Operating expenses of insurance business accounted for 22.5% of gross written premiums, which was 0.8 percentage points less than in the respective period one year earlier. Gross operating expenses in **non-life insurance** equalled EUR 91.9 million (index 99), in the **life-insurance** segment they amounted to EUR 17.7 million (index 101) and in **health insurance** they totalled EUR 4.8 million (index 120).

Graph: Gross operating expenses in H1 2015 compared to the same period of 2014



Acquisition costs (fees and commissions) increased by 2% primarily as a result of sales campaigns and acquisition costs, totalling EUR 20.2 million. The costs of the acquisition of goods sold decreased by 4%, amounting to EUR 8.7 million. Depreciation expenses equalled EUR 7.9 million or 9% less than in 2014. With 45.8%, labour costs accounted for the largest portion of total expenses, equalling EUR 71.3 million. Labour costs were higher by 2% mainly due to the acquisition of Skupna pokojninska družba, increased costs in Triglav INT due to taking over the corporate governance of insurance subsidiaries outside Slovenia, and strengthening of the sales network in Triglav Osiguranje, Belgrade, TRI-LIFE, Zagreb and TRI-PRO BH, Sarajevo. Costs of services provided by natural persons other than sole proprietors equalled EUR 1.2 million, having decreased by 12%. Other operating costs increased by 3%, reaching EUR 46.2 million. Among other operating expenses, the highest increase was seen in costs of insurance premiums, payment transaction costs and banking services, maintenance costs, and costs of intellectual and personal services.

In total gross operating expenses broken down by functional group, costs of insurance contract acquisition accounted for 58.6%, representing a decrease of 0.7 percentage points, whilst shares of claim handling costs and asset management costs went down. Claim handling costs accounted for 11.7% (2014: 11.8%) and asset management costs for 1.3% (2014: 1.7%). Other operating expenses represented 28.5%, having increased by 1.4 percentage points.

Table: Gross operating expenses by nature in H1 2015

Operating expenses by nature	'Gross operating expenses		Index	Structure
	H1 2015	H1 2014	H1 2015/ H1 2014	H1 2015
Acquisition costs (fees and commissions)	20,223,875	19,820,415	102	13.0%
Costs of goods sold	8,736,943	9,098,303	96	5.6%
Depreciation of operating assets	7,905,899	8,688,537	91	5.1%
Labour costs	71,317,447	69,926,932	102	45.8%
- wages and salaries	50,179,489	49,396,610	102	32.2%
- social securities and pension insurance costs	11,344,414	10,942,417	104	7.3%
- other labour costs	9,793,544	9,587,905	102	6.3%
Costs of services provided by natural persons other than SPs together with pertaining taxes	1,190,478	1,347,801	88	0.8%
Other operating expenses	46,238,892	44,899,414	103	29.7%
- costs of entertainment, advertising, trade shows	7,369,258	7,262,987	101	4.7%
- costs of material and energy	6,459,575	7,109,598	91	4.2%
- maintenance costs	6,113,157	5,607,739	109	3.9%
- travel expenses	2,809,089	2,738,096	103	1.8%
- costs of intellectual and personal services	3,191,144	2,669,597	120	2.1%
- non-income-related costs, excluding insurance	2,055,009	1,901,395	108	1.3%
- costs of transport and communication services	3,505,061	3,325,915	105	2.3%
- costs of insurance premiums	1,257,395	899,086	140	0.8%
- payment transaction costs and banking services	3,646,951	3,181,488	115	2.3%
- rents	3,608,388	3,820,687	94	2.3%
- costs of services of professional training	372,090	463,211	80	0.2%
- other costs of services	5,851,775	5,919,615	99	3.8%
- long-term employee benefits	0	0	0	0.0%
Total	155,613,534	153,781,402	101	100.0%
Consolidation eliminations	-9,015,100	-7,908,979	114	
Total consolidated	146,598,434	145,872,423	100	

4.3.4 Reinsurance

In the first six months of 2015, the Triglav Group allocated EUR 46.7 million of reinsurance and coinsurance premiums to external equalisation, which was 5% more than in the respective period of 2014. Reinsurance premiums accounted for 9.2% of total gross written insurance and coinsurance premiums. A reinsurers' share of gross claims settled of EUR 9.5 million (index 94) was received from reinsurance.

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 the reporting date, the Group allocated EUR 2,659.2 million to gross insurance technical provisions, which in total represented an increase of 14% compared to the 2014 year-end. The main reason of high growth lies mainly in the acquisition of Skupna pokojninska družba. In non-life insurance, the amount of gross insurance technical provisions grew by 9%, whereas in life insurance and in health insurance it increased by 17% and 14% respectively.

The total amount of gross insurance technical provisions went up by 14%.

Provisions by type as at H1 2015 compared to the 2014 year-end:

- **Gross provisions for unearned premiums** increased by 26% and reached EUR 309.2 million. Unearned premium from non-life insurance amounted to EUR 306.3 million (index 126),

unearned premium from life insurance totalled EUR 484 thousand (index 111) and unearned premium from health insurance reached EUR 2.4 million (index 122).

- **Gross claims provisions** went up by 2% to EUR 660.8 million. Claims provisions from non-life insurance totalled EUR 632.3 million (index 102), those from the life-insurance segment stood at EUR 19.6 million (index 98) and those from health insurance amounted to EUR 8.9 million (index 107).
- **Mathematical provisions** amounted to EUR 1,622.9 million and climbed by 18% over the 2014 year-end, mainly as a result of the acquisition of Skupna pokojninska družba. Of the total amount of mathematical provisions, EUR 1,184.9 million originated in the guarantee fund backing life insurance (index 124) and EUR 478.0 million in the guarantee fund backing unit-linked life insurance (index 104).
- **Provisions for bonuses and discounts** grew by 1% to EUR 16.0 million nominally.
- **Other insurance technical provisions** were 3% higher than at the 2014 year-end, equalling EUR 10.3 million.

Table: Gross insurance technical provisions as at 30 June 2015

	Gross insurance technical provisions		Index
	30 June 2015	31 December 2014	2015/2014
Unearned premiums	309,233,147	245,995,733	126
Mathematical provisions	1,662,890,162	1,412,972,099	118
Claims provisions	660,807,516	648,827,459	102
Provisions for bonuses and discounts	15,960,609	15,845,556	101
Other insurance technical provisions	10,328,257	10,014,327	103
Total	2,659,219,691	2,333,655,174	114

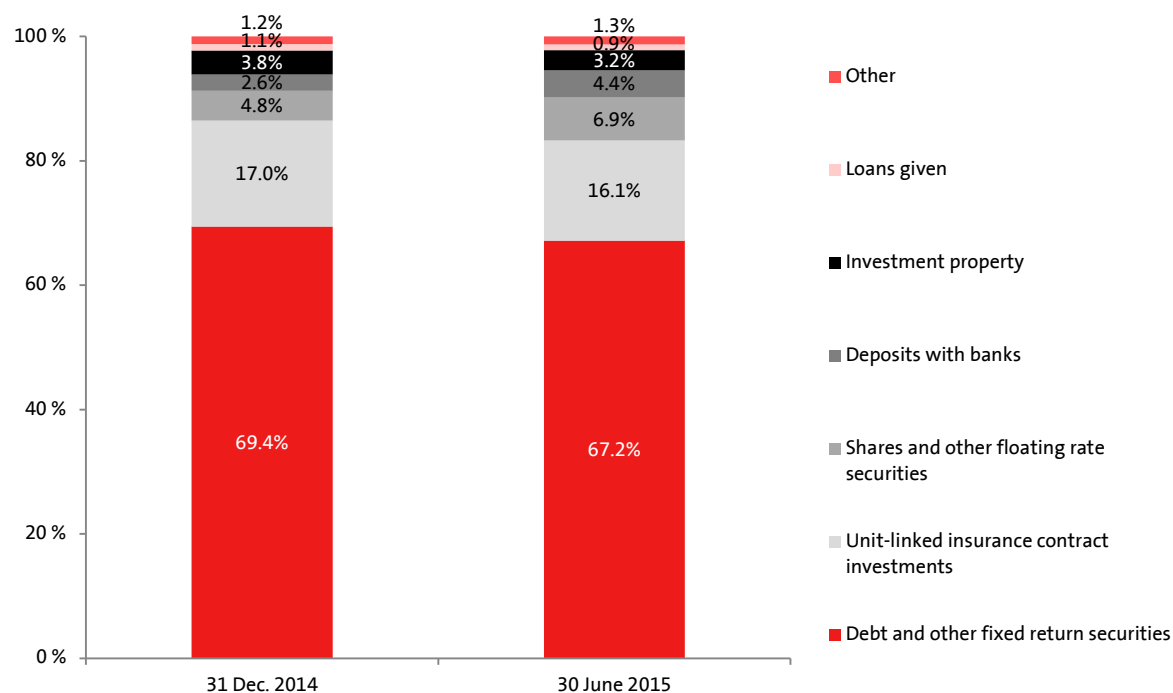
4.3.6 Structure of financial investments

As at 30 June 2015, financial assets, investments in associates and investment property amounted to EUR 2,977.8 million or 9% more compared to the 2014 year-end, primarily as a result of the acquisition of Skupna pokojninska družba and consolidation of its investments. The share of financial investments in total assets was 83.0%, which is 0.5 percentage points less than as at the 2014 year-end.

Table: Financial investments of the Triglav Group as at 30 June 2015

	Financial investments		Index	Structure
	30 June 2015	31 December 2014	2015/2014	30 June 2015
Investment property	95,592,796	104,861,479	91	3.2%
Shares in associates	9,746,932	10,371,335	94	0.3%
Shares and other floating-rate securities	205,640,761	131,163,508	157	6.9%
Debt and other fixed return securities	2,000,026,319	1,898,363,632	105	67.2%
Loans given	27,746,199	28,870,695	96	0.9%
Deposits with banks	130,851,769	72,150,085	181	4.4%
Other financial investments	25,348,134	19,358,617	131	0.9%
Financial investments of reinsurance companies in reinsurance contracts with cedents	3,377,408	3,682,053	92	0.1%
Unit-linked insurance contracts	479,492,010	465,787,739	103	16.1%
Total	2,977,822,328	2,734,609,143	109	100.0%

Graph: Structure of financial investments of the Triglav Group as at 30 June 2015 and 31 December 2014



In the reporting period, the shares of some investment grades were changed, as the Group implemented its strategy of maintaining a high overall credit rating. The largest, 67.2% share of total financial assets of the Group was maintained by **debt and other fixed-return securities**, which decreased by 2.3 percentage points. As at the reporting date, they totalled EUR 2,000.0 million, which represented a 5% increase over the 2014 year-end due to the acquisition of Skupna pokojninska družba and consolidation of its debt securities.

Unit-linked insurance contract investments increased by 3%. They amounted to EUR 479.5 million as at the reporting date, accounting for 16.1% of total financial assets.

Investments in shares and other floating rate securities rose by 57% to EUR 205.6 million in nominal terms mainly due to the acquisition of Skupna pokojninska družba and consolidation of its equity investments. Their share in total financial assets climbed by 2.1 percentage points to 6.9%.

Deposits with banks increased by 81%, predominantly due to ensuring short-term liquidity for the purpose of dividend payments in early July. Reaching EUR 130.9 million, they accounted for a 4.4% share of total financial assets.

Investment property of EUR 95.6 million decreased by 9% compared to the 2014 year-end, accounting for a 3.2% share of total financial assets.

Compared to the 2014 year-end, **loans given** went down by 4% to EUR 27.7 million. In total financial assets, their share accounted for 0.9%.

Other financial investments stood at EUR 25.3 million (index 131), representing a 0.9% share of total financial assets. **Financial investments in associates** went down by 6% compared to 31 December 2014 (a 0.3% share), amounting to EUR 9.7 million. **Financial investments of reinsurance companies in reinsurance contracts with cedents** decreased by 8%, equalling EUR 3.4 million and accounting for only 0.1% of total financial assets.

By issuer sector, government bonds representing 60.6% continued to account for the bulk of total debt securities (31 December 2014: 65.5%). Compared to the 2014 year-end, they experienced a 3% drop, while their share in total financial assets decreased by 4.9 percentage points. Structured bonds decreased by 1.0 percentage point as did their value (index 57). In contrast, the shares of corporate bonds (20.5%) and financial bonds (17.6%) in total debt securities increased, mainly as a result of a lower exposure to government bonds with the highest credit rating.

Table: Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index	Structure	
	30 June 2015	31 December 2014	2015/2014	30 Jun. 2015	31 Dec. 2014
Corporate	410,427,794	298,591,083	137	20.5%	15.7%
Financial	352,927,095	313,411,226	113	17.6%	16.5%
Government	1,212,357,277	1,243,675,381	97	60.6%	65.5%
Structured	24,314,153	42,685,942	57	1.2%	2.2%
Total	2,000,026,319	1,898,363,632	105	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

In total debt securities **by issuer credit rating**, a lower exposure to bonds with the highest credit rating continued in the first six months of 2015. The share of AAA-rated bonds went down primarily as a result of a revised credit rating of Dutch Local Government Funding Agency. In debt securities, the share of bonds in credit rating grades below the BBB-rating saw the highest growth (by 7.7 percentage points) as a result of additional purchases as well as the acquisition of Skupna pokojninska družba and consolidation of its investments. Higher share of bonds in credit rating grades with no agency credit rating assigned (accounting for 4.4%) was also mainly affected by the acquisition of Skupna pokojninska družba and consolidation of its investments.

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

Credit rating	Debt securities		Index	Structure	
	30 June 2015	31 December 2014	2015/2014	30 Jun. 2015	31 Dec. 2014
AAA	253,099,265	318,412,989	79	12.7%	16.8%
AA	99,418,588	79,671,514	125	5.0%	4.2%
A	249,590,579	261,010,489	96	12.5%	13.7%
BBB	916,588,592	970,935,626	94	45.8%	51.1%
Below BBB	393,399,543	226,806,796	173	19.7%	11.9%
Not rated	87,929,752	41,526,219	212	4.4%	2.2%
Total	2,000,026,319	1,898,363,632	105	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

Changes in the exposure of **debt securities to individual countries** are a result of price fluctuations and active trading. In H1 2015, most purchases were made in investments of Dutch issuers (index 127). The increase in the positions of these securities can be attributed to price changes and net purchases, as the exposure to some positions were increased. A lower exposure to issuer countries with the highest credit ratings resulted from reservations to invest in securities with a relatively low return under the current conditions of record-low interest rates.

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

Country of issuer	Debt securities		Index	Structure	
	30 June 2015	31 December 2014	2015/2014	30 Jun. 2015	31 Dec. 2014
Slovenia	620,783,557	550,739,434	113	31,0%	29,0%
Germany	156,833,771	203,189,067	77	7,8%	10,7%
Netherlands	143,511,701	112,597,790	127	7,2%	5,9%
Spain	111,989,290	119,063,904	94	5,6%	6,3%
France	101,976,722	113,461,521	90	5,1%	6,0%
Italy	88,791,873	95,968,528	93	4,4%	5,1%
Other	776,139,405	703,343,389	110	38,8%	37,0%
Total	2,000,026,319	1,898,363,632	105	100,0%	100,0%

Note: Unit-linked insurance contract investments data excluded.

The proportion of shares in total financial assets increased by 52%, mainly due to purchases, the acquisition of Skupna pokojninska družba and consolidation of its equity investments. Exposure to shares of developing markets (index 519), to shares of developed markets (index 177) and to shares in the Balkans (index 118) increased partly as a result of the above-mentioned acquisition and partly due to purchases and price growth.

Table: Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index	Structure	
	30 June 2015	31 December 2014	2015/2014	30 Jun. 2015	31 Dec. 2014
Slovenia	70,232,974	67,086,998	105	32.6%	47.4%
Developed markets	104,035,189	58,821,494	177	48.3%	41.6%
Developing markets	29,376,219	5,662,800	519	13.6%	4.0%
Balkans	11,743,311	9,963,549	118	5.5%	7.0%
Total	215,387,693	141,534,842	152	100.0%	100.0%

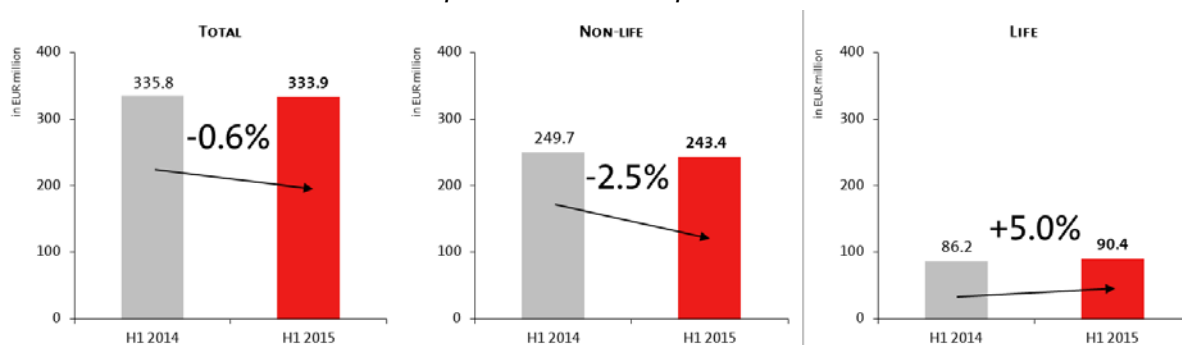
4.4 Performance of Zavarovalnica Triglav

4.4.1 Gross written premiums form insurance and co-insurance contracts

In the first six months of 2015, Zavarovalnica Triglav booked a total of EUR 333.9 million of gross written premium from insurance and co-insurance contracts or 1% less than in the same period of 2014.

Zavarovalnica Triglav booked a total of EUR 333.9 million of gross written premium from insurance and co-insurance contracts.

Graph: Gross written premiums from insurance and co-insurance contracts in H1 2015 compared to the same period in 2014



The gross written premium in non-life insurance totalled EUR 243.4 million, having decreased by 2% compared to the preceding year, whilst that of life insurance increased by 5% to EUR 90.4 million.

In total written premium, non-life insurance accounted for 72.9% and life insurance for 27.1%. The share of life insurance premium in total gross written premium increased by 1.4 percentage points compared to the same period of the previous year.

Table: Gross written premiums from insurance and co-insurance contracts for Zavarovalnica Triglav in H1 2015 by insurance class

Insurance class	Gross written premium		Index	Structure
	H1 2015	H1 2014	H1 2015/ H1 2014	H1 2015
Accident insurance	15,901,257	16,680,379	95	4.8%
Health insurance	0	0	0	0.0%
Comprehensive car insurance	55,572,333	56,824,191	98	16.6%
Real property insurance	75,320,537	77,171,013	98	22.6%
Motor liability insurance	52,828,024	55,571,071	95	15.8%
General liability insurance	19,736,055	19,851,335	99	5.9%
Credit insurance	12,191,491	11,427,820	107	3.7%
Other non-life insurance	11,871,240	12,131,612	98	3.6%
Non-life insurance	243,420,939	249,657,422	98	72.9%
Life insurance	44,180,778	42,724,808	103	13.2%
Unit-linked life insurance	39,600,408	36,615,225	108	11.9%
Capital redemption insurance	6,664,982	6,818,044	98	2.0%
Life insurance	90,446,167	86,158,077	105	27.1%
Total	333,867,106	335,815,498	99	100.0%

In **credit insurance** as a part of **non-life insurance**, written premium amounted to EUR 12.2 million, representing a 7% increase. Good sales results were achieved in most insurance subclasses, primarily in financial gap insurance, insurance in the event of unemployment, disability and death, (marketed by banks as an additional product taken out simultaneously with consumer and housing loans) and export credit insurance. A 6% growth was recorded in consumer loan insurance, the largest insurance subclass of credit insurance (a 65% share), as banks more frequently decided to take out credit insurance.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), accounting for 22.6% in total written premium, a 2% premium decrease was recorded. This mainly resulted from lower premium in crop and fruit insurance, machinery breakdown insurance and travel insurance. The main reason for a 24% drop in crop and fruit insurance premium lays in an amendment to the Decree on co-financing of insurance premium for primary agricultural production and fisheries, which reduced the Government's co-financing of insurance premium from 40% to 20% and aggressive competition, which also affects the premium decrease. A large drop in premium recorded in machinery breakdown insurance (index 88) was mainly caused by the loss of the premium of a major policyholder as a result of a lower extent of insurance and charging of the premium already in 2014 due to the increased insurance contracts tax. In addition, a decrease in machinery breakdown insurance premium resulted from a general reduction in the extent of insurance or cancellation of this insurance due to cost-cutting. In travel insurance, the main reason for a reduced premium were fewer renewals of insurance taken out during the spring 2014 sales campaign. On the other hand, construction insurance, car warranty insurance, fire insurance in the power industry and combined non-life insurance experienced a high increase in premium.

In motor vehicle insurance, which accounts for the largest share (32.5%) in the portfolio, EUR 108.4 million in premium was recorded, i.e. 4% less than in 2014. Motor liability insurance premium and comprehensive car insurance premium decreased by 5% and 2% respectively. The main reasons for this decrease were:

- a persisting aggressive price competition among insurance companies (sales campaigns, integration and/or collaboration of insurance companies, additional commercial discounts);
- lower premium due to sales promotion campaigns (Get a Vignette at the Best Price with Zavarovalnica Triglav and Mercator, Free Time) as well as continued inclusion of policyholders in the "Triglav komplet" bonus programme and the pressure from policyholders to receive a higher discount;
- non-renewal and cancellation of insurance due to fewer and older vehicles owned by households and a reduced scope of comprehensive car insurance.

Written premium of **general liability insurance** amounted to EUR 19.7 million. A 1% drop was predominantly a result of lower general liability insurance premium (index 96), accounting for as much as 75% of total premium in this insurance class. A large decline in premium was also recorded in other professional liability insurance due to a non-renewal of the insurance contract of a major client. In contrast, a high increase in premium was recorded in product liability insurance, liability of management and supervisory board insurance and in several professional liability insurance products, which accounted for only 6% in this insurance class.

The drop in **accident insurance** premium (index 95) was a result of the situation in the motor vehicle insurance market, as almost a half of premium in this insurance class arises from two insurance subclasses taken out simultaneously with car insurance (driver's bodily injury insurance or AO-plus insurance and driver and passenger accident insurance). A decrease in group accident insurance premium (index 96) as the largest insurance subclass of accident insurance class (38%) was primarily the consequence of an increasing number of corporate bankruptcies and reduced operating expenses of companies.

A 2% premium decrease was seen in **other non-life insurance**. This mainly resulted from lower premium in miscellaneous financial loss insurance, railway insurance and marine insurance. In miscellaneous financial loss insurance, the largest drop was recorded in business interruption insurance as a part of fire insurance and machinery breakdown insurance, primarily due to a different premium charging dynamics. Railway insurance experienced a drop in premium, also as a result of different premium charging dynamics. Harsh economic conditions significantly affected premium from marine insurance as the policyholders were returning the vessels funded through leasing or sold them. On the other hand, suretyship insurance, assistance insurance (car assistance), aircraft insurance, marine liability insurance and goods in transit insurance experienced increases in premium.

A 5% premium growth was seen in **life insurance** class. Premium generated from **life insurance** (traditional life, pension, annuity pension and voluntary pension insurance) was 3% higher than in 2014 and accounted for 49% of total life insurance premium.

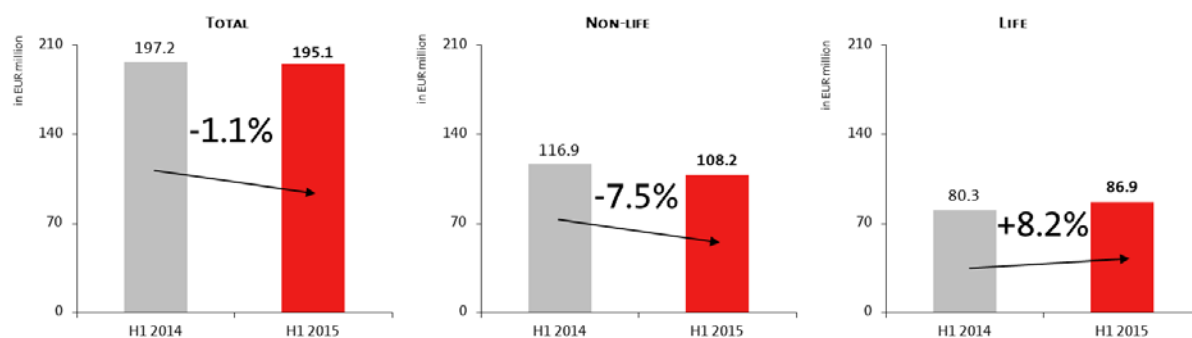
The premium generated by **unit-linked life insurance** (life insurance linked to the units of investment funds) experienced an 8% growth, accounting for almost 44% of written premium in the life insurance class. A high growth primarily resulted from the transfers of assets from other insurance policies at maturity into the TZD2 guaranteed return fund. **Supplemental voluntary pension insurance** (capital redemption insurance) generated 2% less premium than a year before.

4.4.2 Gross claims paid

In the reporting period, gross claims paid (including claim handling costs and subrogation receivables) decreased by 1% to EUR 195.1 million in nominal terms compared to the year before. The performance was also affected by the February wind storms in Western Slovenia, which caused approximately EUR 2 million of damage.

Gross claims paid decreased by 1% compared to the respective period in the year before.

Graph: Gross claims paid in H1 2015 compared to the same period of 2014



Gross claims paid in **non-life insurance** decreased by 7% compared to 2014 and totalled EUR 108.2 million. Non-life insurance premium growth was higher by 5 index points than the growth of gross claims.

Non-life insurance premium growth was higher by 5 index points than the growth of gross claims.

Gross claims paid in all non-life insurance classes decreased compared to the respective period last year. The highest drop in gross claims paid was recorded in **other non-life insurance** (index 70), i.e. in railway insurance, where an increase in loss events was recorded in 2014. In the **real property insurance** class, gross claims paid decreased by 10% as in corresponding period of 2014 frost caused the considerable damage to the electrical grid and telecommunication networks. In the largest non-life insurance class, i.e. **comprehensive car insurance**, representing 17.7% of total gross claims paid, gross claims decreased by 5%, mainly due to fewer reported claims. In **motor liability insurance**, which accounts for 13.7% of total claims, a 4% decrease in claims was experienced and fewer reported claims were recorded than in the corresponding period of 2014. Gross claims paid decreased in the **general liability insurance** class, **credit insurance** and **accident insurance** by 5%, 4% and 1% respectively.

Gross claims paid in **life insurance** totalled EUR 86.9 million and were 8% higher compared to the respective period last year. Claims in the life insurance group accounted for 44.5% of total claims paid or 3.8 percentage points more than a year earlier. Due to an increase in sums paid out on the maturity, gross claims in **unit-linked life insurance** recorded a high growth of 28%. The bulk of all claims settled was accounted for by **life insurance** (traditional life insurance, pension insurance, annuity pension insurance and voluntary pension insurance), totalling EUR 43.6 million. Compared to the previous year, they fell by 4% due to a lower number of surrenders and a decrease in sums paid out on the maturity. Gross claims paid in **supplemental voluntary pension insurance** decreased by 3% due to reduced payments arising from the withdrawals from insurance contracts.

Gross claims paid in life insurance increased by 8% compared to the corresponding period last year.

Table: Gross claims paid by Zavarovalnica Triglav in H1 2015 by insurance class

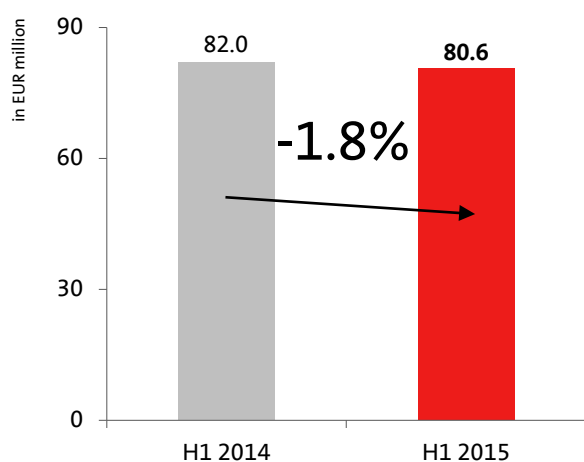
Insurance class	Gross claims paid		Index	Structure
	H1 2015	H1 2014	H1 2015/ H1 2014	H1 2015
Accident insurance	6,728,621	6,790,794	99	3.4%
Health insurance	0	0	0	0.0%
Comprehensive car insurance	34,432,596	36,157,002	95	17.7%
Real property insurance	26,070,305	28,936,677	90	13.4%
Motor liability insurance	26,738,666	27,952,672	96	13.7%
General liability insurance	7,006,118	7,383,422	95	3.6%
Credit insurance	1,661,078	1,724,466	96	0.9%
Other non-life insurance	5,566,913	7,977,840	70	2.9%
Non-life insurance	108,204,295	116,922,873	93	55.5%
Life insurance	43,633,759	45,254,484	96	22.4%
Unit-linked life insurance	37,927,654	29,595,185	128	19.4%
Capital redemption insurance	5,304,481	5,443,618	97	2.7%
Life insurance	86,865,894	80,293,286	108	44.5%
Total	195,070,189	197,216,159	99	100.0%

4.4.3 Gross operating expenses

Gross operating expenses totalled EUR 80.6 million, having decreased by 2% over the preceding year.

Gross operating expenses decreased by 2% compared to the year before.

Graph: Gross operating expenses in H1 2015 compared to the corresponding period of 2014



Operating expenses accounted for 24.1% of gross written premium and were by 0.3 percentage point lower than in the same period of 2014.

Acquisition costs (fees and commissions) went down by 6% to EUR 11.2 million, primarily as a result of changed dynamics of sales campaigns compared to the previous year. Depreciation costs decreased by 15% to EUR 4.1 million, largely due to lower investment in equipment for insurance operations (the purchase of computer and other equipment). Labour costs, accounting for the bulk of total expenses (56.4%), declined by 1% and equalled EUR 45.4 million. Costs of services provided by natural persons other than sole proprietors equalled EUR 0.8 million, representing a decrease of 3%. Other operating expenses totalled EUR 19.1 million, having increased by 3%. Among the latter, the highest increase was seen in costs of insurance premium, maintenance costs and costs of entertainment, advertising and trade shows.

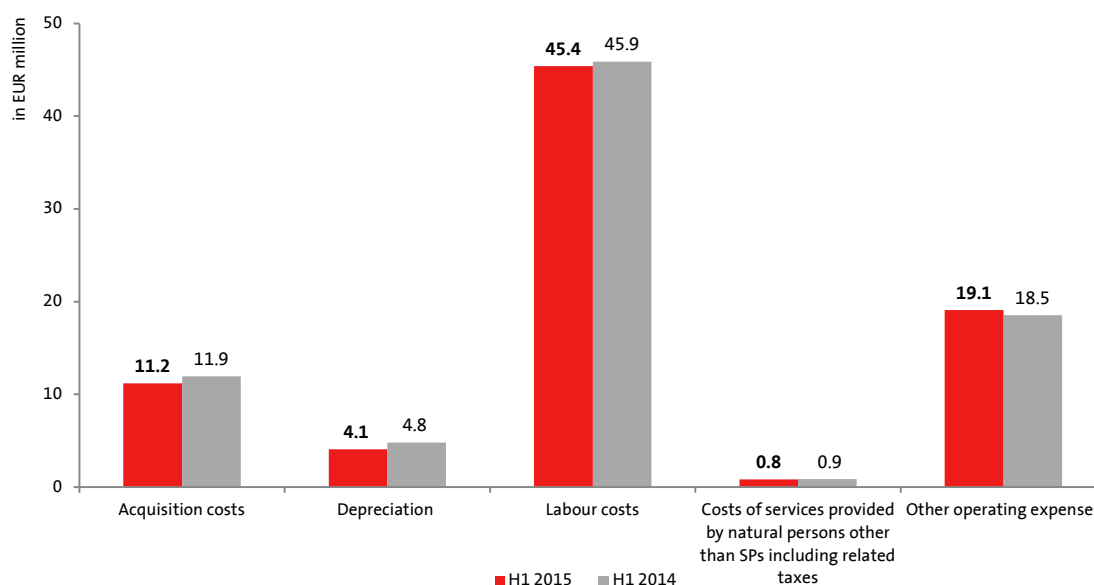
Gross operating expenses in non-life insurance increased by 2% to EUR 66.2 million. This accounted for 27.2% of total gross written premium, which was by 1.3 percentage points higher than in the year before. Operating expenses in life insurance dropped by 17%, amounting to EUR 14.4 million. This accounted for 15.9% of total gross written premium, which was 4.2 percentage points less than in the corresponding period of 2014.

In total gross operating expenses, broken down by functional groups, acquisition costs accounted for 62.2%, having increased by 0.3 percentage point, whilst shares of claim handling costs and other operating costs also grew. Claim handling costs accounted for 12.6% (2014: 12.5%) and other operating costs for 23.6% (2014: 23.5%). Asset management costs went down, accounting for 1.5% (H1 2014: 2.1%).

Table: Gross operating expenses in H1 2015 by nature

Operating costs by nature	Gross operating costs		Index	Structure
	H1 2015	H1 2014	H1 2015/ H1 2014	H1 2015
Acquisition costs (fees and charges)	11,170,607	11,944,486	94	13.9%
Depreciation of operating assets	4,069,728	4,788,991	85	5.1%
Labour costs	45,406,276	45,888,924	99	56.4%
- wages and salaries	32,792,745	33,217,275	99	40.7%
- social security and pension insurance costs	5,407,040	5,412,669	100	6.7%
- other labour costs	7,206,492	7,258,980	99	8.9%
Costs of services provided by natural persons other than SPs including related taxes	832,039	860,157	97	1.0%
Other operating expenses	19,099,452	18,540,203	103	23.7%
- costs of entertainment, advertising, trade shows	4,352,912	3,844,679	113	5.4%
- costs of material and energy	1,845,555	2,309,769	80	2.3%
- maintenance costs	3,980,447	3,404,635	117	4.9%
- reimbursement of labour-related costs	1,668,908	1,913,062	87	2.1%
- costs of intellectual and personal services	1,152,354	1,065,272	108	1.4%
- non-income-related costs, excluding insurance	897,677	834,289	108	1.1%
- costs of transport and communication services	1,496,386	1,397,814	107	1.9%
- costs for insurance premiums	634,854	335,916	189	0.8%
- payment transaction costs and banking services	911,911	917,434	99	1.1%
- rents	1,084,109	1,456,446	74	1.3%
- costs of professional training services	209,198	250,852	83	0.3%
- other costs of services	865,142	810,036	107	1.1%
Total	80,578,103	82,022,761	98	100.0%

Graph: Gross operating expenses in H1 2015 compared to H1 2014



4.4.4 Reinsurance

In the first six months of 2015, Zavarovalnica Triglav allocated EUR 43.7 million to external equalisation, which was 7% more than in the respective period of 2014. Reinsurance premium accounted for 13.1% of total gross written premium. The change in gross unearned premium related to reinsurance amounted to EUR 11.5 million, representing an increase of 15% over the previous year. In the reporting period, a reinsurers' and co-insurers' share of gross claims settled of EUR 10.4 million was received from reinsurance and coinsurance (index for the period: 101). The change in gross claims provisions for the reinsurance portion equalled EUR – 2.6 million (index 66). The Company also received EUR 7.3 million in reinsurance commissions, having decreased by 5% increase over 2014.

4.4.5 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured parties. As at the reporting date, the Company allocated EUR 2,124.9 million to gross insurance technical provisions, which in total represented an increase of 3% compared to the 2014 year-end. In non-life insurance, the amount of gross insurance technical provisions increased by 8%, whereas in life insurance it was 1% higher.

The total amount of gross insurance technical provisions increased by 3%.

Provisions by type as at 30 June 2015 compared to the 2014 year-end:

- **Gross provisions for unearned premiums** increased by 26% and reached EUR 230.3 million. Unearned premiums from non-life insurance totalled EUR 229.8 million (index 126) and from life insurance EUR 465 thousand (index 113).
- **Gross claims provisions** increased by 1%, amounting to EUR 513.4 million. Claims provisions from non-life insurance totalled EUR 494.8 million (index 101) and those from life insurance EUR 18.6 million (index 97).
- **Mathematical provisions** stood at EUR 1,359.7 million, representing a 1% increase over the last year. Of the total amount of mathematical provisions, EUR 698.8 million originated from the guarantee fund backing life insurance, EUR 459.9 million from the guarantee

fund backing unit-linked life insurance, EUR 173.2 million from the guarantee fund backing SVPI, and EUR 27.9 million from the guarantee fund backing SVPI during the annuity payout period.

- Compared to 31 December 2014, **provisions for bonuses and discounts** remained at the same level (index 100) and equalled EUR 15.4 million.
- **Other insurance technical provisions** totalled EUR 6.1 million, having increased by 23% mostly due to higher provisions for unexpired risks (index 129), the value of which reached EUR 5.2 million. Other insurance technical provisions also included provisions for cancellations, which declined by 1% to EUR 903 thousand over the 2014 year-end.

Table: Gross insurance technical provisions as at 30 June 2015

	Gross insurance technical provisions		Index
	30 June 2015	31 December 2014	2015/2014
Unearned premiums	230,277,684	182,902,536	126
Mathematical provisions	1,359,734,389	1,347,810,649	101
Claims provisions	513,407,264	508,999,132	101
Provisions for bonuses and discounts	15,380,257	15,380,257	100
Other insurance technical provisions	6,113,398	4,950,270	123
Total	2,124,912,991	2,060,042,843	103

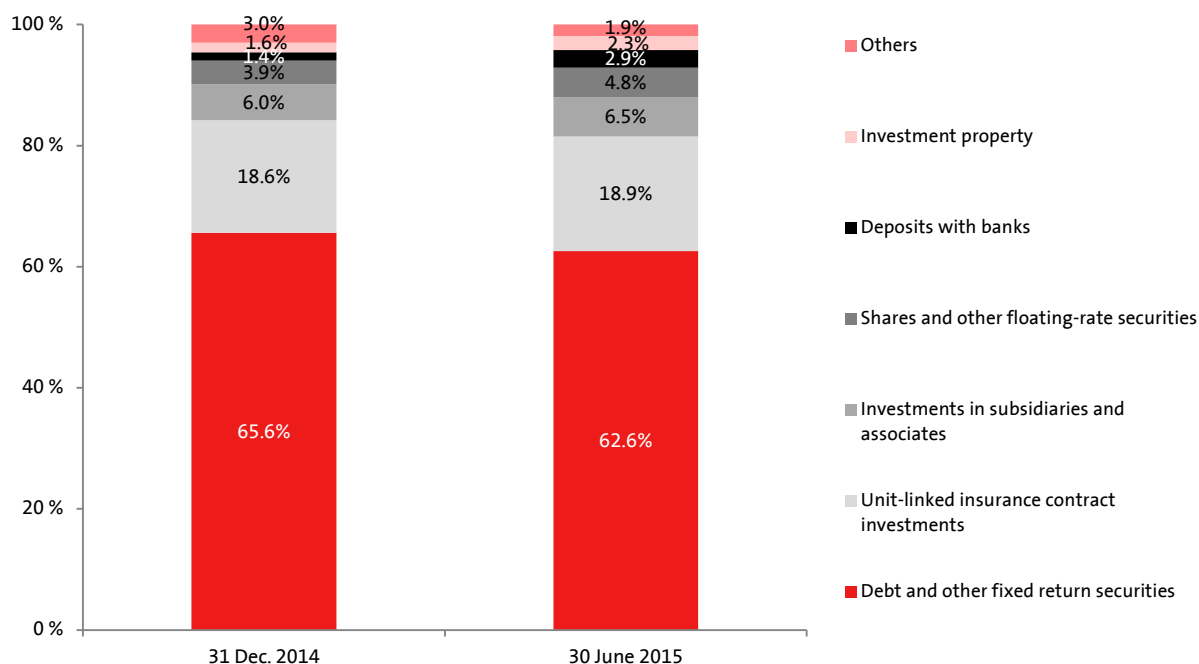
4.4.6 Structure of financial investments

As at 30 June 2015, financial assets, investments in subsidiaries and associated companies, and investment property amounted to EUR 2,436.1 million or 1% more than at the 2014 year-end. Their share in total assets dropped by 1.9 percentage points, reaching 87.1%.

Table: Financial investments of Zavarovalnica Triglav as at 30 June 2015

	Financial investments		Index	Structure
	30 June 2015	31 December 2014	2015/2014	30 June 2015
Investment property	55,878,553	37,972,457	147	2.3%
Investments in subsidiaries and associates	158,624,556	144,226,398	110	6.5%
Shares and other floating-rate securities	117,755,836	94,055,462	125	4.8%
Debt and other fixed return securities	1,524,713,008	1,589,817,995	96	62.6%
Loans given	42,298,251	69,228,331	61	1.7%
Deposits with banks	71,644,184	33,708,868	213	2.9%
Other financial investments	2,581,402	3,072,247	84	0.1%
Derivative financial instruments	1,292,942	698,620	185	0.1%
Unit-linked insurance contract investments	461,308,671	449,802,771	103	18.9%
Total	2,436,097,403	2,422,583,150	101	100.0%

Graph: Structure of financial investments of Zavarovalnica Triglav as at 30 June 2015 and 31 December 2014



The tables show certain changes in investment grade structure of financial assets that occurred at the end of the reporting period, as the Company implemented its strategy of maintaining a high credit rating. The largest, 62.6% share of total financial assets of the Company was maintained by **debt and other fixed-return securities**. As at the reporting date, they totalled EUR 1,524.7 million, which represented a 4% decrease compared to the 2014 year-end.

Unit-linked insurance contract investments increased by 3%. They amounted to EUR 461.3 million as at the reporting date, accounting for 18.9% of total financial assets.

Compared to 31 December 2014, **financial investments in subsidiaries and associates** increased by 10% to EUR 158.6 million, representing 6.5% of total assets.

Investments in shares and other floating rate securities grew by 25% to EUR 117.8 million in nominal terms. Their share in total assets climbed by 0.9 percentage point to 4.8%.

Deposits with banks increased by 113% to EUR 71.6 million. The high growth is a result of tied up assets due to the payment of dividends in early July 2015. Compared to the 2014 year-end (1.4%), they accounted for 2.9% of total financial assets.

Investment property stood at EUR 55.9 million and increased by 47% predominantly due to the dividend payment of Slovenijales in the form of the Slovenijales commercial building. They accounted for 2.3% of total financial assets.

Loans given declined by 39% compared to the 2014 year-end and amounted to EUR 42.3 million, accounting for 1.7% of total financial assets. The decrease is a result of debt to equity swap of Triglav INT.

Other financial investments stood at EUR 2.6 million (index 84), representing a 0.1% share of total financial assets. **Derivative financial instruments** experienced an 85% increase, amounting to EUR 1.3 million and accounting for 0.1% of total financial assets.

By issuer sector, government bonds, representing 59.8%, continued to account for the bulk of total debt securities (63.5% as at the 2014 year-end). Compared to 31 December 2014, they dropped by 10% and their share in total financial assets by 3.7 percentage points. Structured bonds decreased by 1.1 percentage points as did their value (index 57). In contrast, the shares of corporate bonds (19.2%) and financial bonds (19.4%) in total debt securities increased, mainly as a result of a lower exposure to government bonds.

Table: Debt securities of Zavarovalnica Triglav by issuer sector

Issuer sector	Debt securities		Index	Structure	
	30 June 2015	31 December 2014	2015/2014	30 Jun. 2015	31 Dec. 2014
Corporate	292,421,819	260,010,200	112	19.2%	16.4%
Financial	296,317,222	278,178,360	107	19.4%	17.5%
Government	911,657,022	1,008,943,897	90	59.8%	63.5%
Structured	24,316,945	42,685,539	57	1.6%	2.7%
Total	1,524,713,008	1,589,817,995	96	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

In total debt securities **by issuer credit rating**, a lower exposure to bonds with the highest credit rating continued in the first six months of 2015. The share of AAA-rated bonds went down primarily due to a revised credit rating of the Dutch Local Government Funding Agency. In debt securities, the share of bonds in credit rating grades below the BBB-rating saw the highest growth (by 2.6 percentage points), which mainly resulted from the additional purchases of bonds of Slovene issuers. A high growth was also recorded in bonds in credit rating grades with no agency credit rating assigned (index 169), which was a result of both new purchases made and a continued growth in the prices of bonds in this credit rating grade. Moreover, the share of bonds with the AA credit rating increased (by 0.7 percentage point), and thus their value (index 110), due to the fact that certain bonds in this credit rating grade fell due or were sold.

Table: Debt securities of Zavarovalnica Triglav by issuer credit rating

Credit rating	Debt securities		Index	Structure	
	30 June 2015	31 December 2014	2015/2014	30 Jun. 2015	31 Dec. 2014
AAA	219,556,994	280,322,943	78	14.4%	17.6%
AA	83,945,328	76,472,078	110	5.5%	4.8%
A	231,119,657	241,018,389	96	15.2%	15.2%
BBB	808,612,338	865,975,039	93	53.0%	54.5%
Below BBB	132,342,021	96,896,476	137	8.7%	6.1%
Not rated	49,136,670	29,133,071	169	3.2%	1.8%
Total	1,524,713,008	1,589,817,995	96	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

Changes in the exposure of **debt securities to individual countries** are a result of price fluctuations and active trading. In H1 2015, most purchases were made in investments of Dutch issuers (index 117). The increase in the positions of these securities can be attributed to price changes and net purchases, as the exposure to certain positions was increased. A lower exposure to issuer countries with the highest credit ratings resulted from reservations to invest in securities with a relatively low return under the current conditions of record-low interest rates.

Table: Debt securities of Zavarovalnica Triglav by issuer country

Country of issuer	Debt securities		Index	Structure	
	30 June 2015	31 December 2014	2015/2014	30 Jun. 2015	31 Dec. 2014
Slovenia	451,829,036	477,325,016	95	29.6%	30.0%
Germany	134,490,173	184,163,008	73	8.8%	11.6%
Netherlands	110,170,597	94,387,310	117	7.2%	5.9%
Spain	103,557,472	112,276,088	92	6.8%	7.1%
France	86,881,940	103,611,978	84	5.7%	6.5%
Italy	80,240,333	93,946,562	85	5.3%	5.9%
Other	557,543,457	524,108,034	106	36.6%	33.0%
Total	1,524,713,008	1,589,817,995	96	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The proportion of **shares** in total financial assets increased by 16%, mainly due to the purchases of shares in developing and developed markets. Exposure to shares of developing markets (index 466) and to shares of the developed markets (index 120) increased as a result of both purchases and price growth.

Table: Equity investments of Zavarovalnica Triglav by geographic area

Geographic area	Equity investments		Index	Structure	
	30 June 2015	31 December 2014	2015/2014	30 Jun. 2015	31 Dec. 2014
Slovenia	215,186,945	195,723,206	110	77.9%	82.1%
Developed markets	40,859,554	33,973,340	120	14.8%	14.3%
Developing markets	17,011,592	3,653,911	466	6.2%	1.5%
Balkans	3,322,311	4,931,403	67	1.2%	2.1%
Total	276,380,401	238,281,861	116	100.0%	100.0%

5. FINANCIAL RESULT AND FINANCIAL STANDING

5.1 The Triglav Group

5.1.1 Financial result

Despite demanding conditions on the insurance markets, the Triglav Group performed well in the first six months of 2015 and posted a **net profit of EUR 53.6 million** or 5% less than in the same period last year. Net profit attributable to the shareholders of controlling company amounted to EUR 53.2 million (index 95), whereas net profit attributable to minority shareholders totalled EUR 406 thousand (index 181). The Group achieved solid operating results by consistently implementing its strategic guidelines focused on its core insurance business, by implementing a clear risk management policy, adequate risk underwriting and reinsurance policies. **Profit before tax** amounted to EUR 65.6 million and remained approximately at the level of the previous year (index 100).

Despite demanding conditions on the insurance markets, Triglav Group generated a net profit of EUR 53.6 million.

The **combined ratio** in non-life insurance, which shows profitability of operations, was **93.6%**. Any value of this ratio below 100 means that the non-life insurance portfolio as the core business (excluding return on investments) is earning a profit. Compared to the respective period of 2014, it improved by 2.1 percentage points, as extraordinary loss events were recorded in the same period of 2014.

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 418.2 million and was 3% higher than in the respective period of 2014. Net life premium earned increased by 18%, primarily due to the acquisition of Skupna pokojninska družba. Net claims incurred decreased by 2% in non-life insurance, whilst in health insurance they remained at approximately the same level as in 2014 (index 100). Ceded written premium amounted to EUR 46.7 million and was 5% higher over the preceding year. Gross unearned premium grew by EUR 43.0 million and was 18% higher compared to the respective period of 2014.

Net claims incurred (gross claims increased by claim handling costs, reduced by the reinsurers' and co-insurers' shares and subrogated receivables, adjusted by the change in gross claims provisions taking into account the reinsurers' and co-insurers' shares in these provisions) amounting to EUR 295.2 million remained at approximately the same level as the year before (index 100). Net claims incurred from non-life insurance decreased by 9%, whereas those from life insurance grew by 16% (mainly due to the acquisition of Skupna pokojninska družba) and those from health insurance by 9%. The reinsurers' and co-insurers' shares in gross claims went down by 6% and totalled EUR 9.5 million. The change in net claims provisions was EUR 2.1 million (EUR 4.6 million in the same period of 2014). Equalisation scheme expenses for supplemental health insurance grew by 2% and totalled EUR 3.9 million.

Income from financial assets rose by 26% to EUR 152.9 million in nominal terms. Income from financial assets in associates increased substantially, amounting to EUR 3.4 million (2014: EUR 217 thousand), predominantly as a result of the acquisition of Skupna pokojninska družba. Income from other financial assets of EUR 96.9 million was 8% higher, mainly due to the acquisition of Skupna pokojninska družba and consolidation of returns on its investments. High growth was also recorded in net unrealised gains on unit-linked life insurance assets,

which amounted to EUR 52.6 million (index 166). **Financial expenses** equalled EUR 68.3 million, having increased by 146% over 2014. Expenses from financial assets in associates totalled EUR 1.0 million (index 104), expenses from other financial assets were up by 186% to EUR 46.4 million and net unrealised losses on unit-linked life insurance assets reached EUR 20.9 thousand (index 197). Permanent impairments accounted for EUR 2.5 million, compared to EUR 82 thousand in the first half of 2014.

Return on investment (excluding unit-linked insurance contract investments) represents the difference between income and expenses from financial assets. It reached EUR 53.0 million and was 27% lower than in the preceding year mainly due to higher general interest rates, resulting in a lower price of long-term debt securities and a correction of the changed market price.

Return on financial investments was 27% lower mainly due to higher general interest rates and consequently lower prices of debt securities.

Changes in other insurance technical provisions summed up to EUR 20.8 million, which represented a decrease of 12% primarily due to reduced mathematical provisions. **Change in insurance technical provisions for unit-linked insurance contracts** equalled EUR 19.0 million (index 124) due to an increase in price of fund units. **Expenses for bonuses and discounts** amounted to EUR 3.4 million, which was 16% less than in the same period last year.

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 99.5 million and were 1% higher than in the respective period in 2014. Acquisition costs amounted to EUR 67.0 million (index 99), whereas other operating expenses equalled EUR 32.6 million (index 105).

Other insurance income decreased by 22% to EUR 4.6 million in nominal terms. **Other income** of EUR 39.0 million decreased by 1% compared to 2014. **Other insurance expenses** totalled EUR 8.5 million (index 80), whilst **other expenses** amounted to EUR 34.4 million (index 102).

Table: Individual items in the consolidated income statement of the Triglav Group for H1 2015

	in EUR		
	H1 2015	H1 2014	Index
Net premium income	418,161,855	406,661,184	103
Income from financial assets	152,944,411	121,344,018	126
Other income from insurance operations	4,599,300	5,923,279	78
Other income	38,983,821	39,352,649	99
Net claims incurred	295,217,590	294,099,110	100
Change in other insurance technical provisions	20,814,579	23,763,929	88
Change in insurance technical provisions for unit-linked insurance contracts	18,978,766	15,364,398	124
Expenses for bonuses and discounts	3,363,256	4,025,150	84
Operating expenses	99,534,455	98,472,348	101
Expenses from financial assets and liabilities	68,261,041	27,764,428	246
Other insurance expenses	8,515,226	10,648,719	80
Other expenses	34,445,631	33,745,887	102
Profit/loss before tax	65,558,843	65,397,161	100
Income tax expense	11,977,775	9,118,381	131
Net profit/loss for the accounting period	53,581,068	56,278,780	95

5.1.2 Financial standing

The **total balance sheet** of the Triglav Group as at 30 June 2015 stood at EUR 3,587.3 million or 10% more compared to the 2014 year-end.

The **total equity capital** as at the reporting date decreased by 3% to EUR 665.7 million over the 2014 year-end. The share of equity in total liabilities decreased by 2.5 percentage points, from 21.0% to 18.6%. Equity attributable to the controlling company amounted to EUR 654.4 million, while non-controlling interest holders had EUR 11.3 million. Share capital, divided into 22,735,148 ordinary shares, remained unchanged and totalled EUR 73.7 million. Share premium amounted to EUR 54.9 million, having decreased by 4% as a result of the purchase of the non-controlling interest in Triglav, Upravljanje nepremičnine, whilst reserves from profit totalled EUR 300.1 million and remained at a level approximately equal to 2014 (index 100). As a result of a decrease in the value of available-for-sale financial assets, revaluation surplus decreased by 23% and totalled EUR 73.2 million. As at the reporting date, accumulated profit for the period was EUR 156.9 million (index 98), including net profit for the period of EUR 53.0 million (index 85) and net profit brought forward of EUR 103.8 million (index 107).

As at the reporting date, total equity capital reached EUR 665.7 million.

Subordinated liabilities decreased by 1% compared to the level reported at the 2014 year-end. Their share in total liabilities accounted for 0.8%, totalling EUR 27.8 million.

Gross insurance technical provisions grew by 14% and amounted to EUR 2,659.2 million. Their share in total liabilities increased by 2.9 percentage points, from 71.2% as at the 2014 year-end to 74.1%. As at the reporting date, mathematical provisions amounted to EUR 1,662.9 million, which was 18% higher, whilst provisions for gross unearned premium rose by 26%. Gross claims provisions and other insurance technical provisions rose by 2% over the 2014 year-end. Insurance technical provisions are discussed in greater detail in *Section 4.3.5*.

Compared to the end of 2014, **financial liabilities** of EUR 72.3 million recorded a high growth (index 479), having increased mainly due to the payment of dividends, representing 2.0% of total balance sheet liabilities.

Operating liabilities as at the 30 June 2015 totalled EUR 54.9 million, which was 6% more over the 2014 year-end. They accounted for 1.5% of total balance sheet liabilities, a 0.3 percentage point decrease over the 2014 year-end. Liabilities from direct insurance operations rose by 1% to EUR 15.8 million nominally. Liabilities from co-insurance and reinsurance amounted to EUR 36.2 million and remained approximately at the same level as at the 2014 year-end, whereas current tax liabilities stood at EUR 2.9 million (index 45).

Other provisions amounted to EUR 19.0 million and were up by 17% over the 2014 year-end (a 0.5% share in total liabilities). **Deferred tax liabilities** amounted to EUR 23.2 million, which was 25% less than at the 2014 year-end, and accounted for 0.6% of the balance sheet total. **Other liabilities** went down by 1% to EUR 65.1 million nominally and accounted for 1.8% of total liabilities.

As at the reporting date, **financial assets** equalled EUR 2,872.5 million, which represented a 10% increase compared to the 2014 year-end. Their share in total assets grew by 0.1 percentage point, reaching 80.1%. Unit-linked insurance assets amounted to EUR 479.5 million (index 103) and financial investments to EUR 2,393.0 million (index 111). In total financial investments, EUR 187.7 million (index 144) was accounted for by deposits and loans, EUR 258.9 million by held-to-maturity investments (index 123), EUR 1,612.6 million by available-for-sale financial assets (index 100) and EUR 333.7 million by assets recognised at a fair value

through profit or loss (index 163). The structure of financial assets is discussed in greater detail in *Section 4.3.6*.

Financial investments in associates amounted to EUR 9.7 million, having decreased by 6% (a 0.3% share in total assets). The decline in these investments is a result of an increase in the equity stake and the acquisition of Skupna pokojninska družba and the new associated company Izletnik Celje.

Investment property stood at EUR 95.6 million, which dropped by 9% compared to 31 December 2014 and represented 2.7% of total assets. Investment property is discussed in greater detail in *Section 4.3.6*.

Receivables and deferred tax assets increased by 14% to EUR 230.8 million (a 6.4% share of total assets), of which receivables from direct insurance operations accounted for the bulk, totalling EUR 122.2 million (index 141). Receivables from co-insurance and reinsurance operations reached EUR 41.0 million (index 99), other receivables stood at EUR 51.3 million (index 98) and current tax receivables at EUR 1.9 million (index 104). Deferred tax assets amounted to EUR 14.5 million (index 71).

Insurance technical provisions transferred to reinsurance contracts stood at EUR 86.3 million, which increased by 21% compared to the 2014 year-end. Assets from reinsurance contracts from claims provisions totalled EUR 58.4 million, while unearned premium equalled EUR 27.9 million.

Property, plant and equipment remained at approximately the same level as at the 2014 year-end (index 100), amounting to EUR 123.6 million. In total financial assets, their share accounted for 3.4%. **Intangible assets** increased by 10% to EUR 79.0 million nominally, accounting for 2.2% of total assets.

Cash and cash equivalents equalled EUR 70.1 million (index 307), whilst **other assets** totalled EUR 9.7 million (index 115).

Non-current assets held for sale went down by 76% to EUR 9.9 million compared to the 2014 year-end mainly due to the sale of Triglav Pojišt'ovna.

Table: Individual items in the consolidated balance sheet of the Triglav Group as at 30 June 2015

	in EUR		
	30 June 2015	31 December 2014	Index
Assets			
Intangible assets	78,989,635	71,770,468	110
Property, plant and equipment	123,591,624	123,668,545	100
Investment property	95,592,796	104,861,479	91
Investments in associates	9,746,932	10,371,335	94
Financial assets	2,872,482,600	2,619,376,329	110
Reinsurers' share of insurance technical provisions	86,343,669	71,147,717	121
Assets from financial contracts	0	0	
Receivables and deferred tax receivables	230,807,707	202,282,704	114
Other assets	9,730,030	8,469,465	115
Cash and cash equivalents	70,121,415	22,858,388	307
Non-current assets held for sale	9,878,143	40,621,574	24
Total assets	3,587,284,551	3,275,428,004	110
Equity and liabilities			
Equity	665,707,259	688,140,771	97
Subordinated liabilities	27,813,164	28,065,416	99
Insurance technical provisions	2,181,200,276	1,874,756,014	116
Insurance technical provisions for unit-linked insurance contracts	478,019,415	458,899,160	104
Other provisions	18,995,046	16,212,456	117
Deferred tax liabilities	23,162,748	30,752,195	75
Liabilities from investment contracts	0	0	
Other financial liabilities	72,325,572	15,084,019	479
Operating liabilities	54,928,917	58,533,223	94
Other liabilities	65,132,154	65,641,719	99
Liabilities arising from long-term assets held for sale	0	39,343,031	0
Total equity and liabilities	3,587,284,551	3,275,428,004	110

5.2 Zavarovalnica Triglav

5.2.1 Financial result

In the first six months of 2015, Zavarovalnica Triglav posted a **net profit of EUR 39.9 million** or 7% less than in the same period last year. **Profit before tax** amounted to EUR 50.2 million and remained at the level of the previous year (index 100).

Triglav Group generated a net profit of EUR 39.9 million.

Net premiums earned decreased by 1% to EUR 261.2 million compared to the preceding year. Net premium earned from non-life insurance decreased by 4%, whilst those earned from life insurance increased by 5%. Gross written premium from reinsurance and co-insurance operations totalled EUR 43.7 million, representing a 7% increase over 2014. Gross unearned premium amounted to EUR 29.0 million, which was 3% less compared to the previous year.

In the reporting period, **net claims incurred** were disclosed at EUR 186.4 million, which represented a 5% decrease compared to the preceding year. Net claims incurred from non-life insurance decreased by 13%, but increased by 7% from life insurance. The reinsurers' and co-insurers' shares in gross claims increased by 1%, amounting to EUR 10.4 million. In the first six months of 2015, net claims provisions increased by EUR 1.8 million, which was 79% less than in the previous year.

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 69.2 million and were 1% lower than in the respective period in 2014. Acquisition costs totalled EUR 50.1 million (index 99), whereas other operating expenses amounted to EUR 19.0 million (index 99).

Income from financial assets rose by 28% to EUR 139.4 million nominally, of which non-life insurance accounted for EUR 39.8 million (index 167) and life insurance for EUR 99.6 million (index 117). Income from financial assets in associates recorded a high growth (index 1,408) due to a dividend of a subsidiary and reached EUR 19.4 million. Income from other financial assets decreased by 9% to EUR 70.0 million in nominal terms, whilst net unrealised gains on unit-linked life insurance assets experienced a high growth (index 162) totalling EUR 50.0 million. **Financial expenses** equalled EUR 73.4 million or 211% more than in 2014. Expenses from financial assets in associates increased to EUR 20.5 million (vs. 2014: EUR 3 thousand) mainly as a result of permanent impairments in two subsidiaries. Expenses from other financial assets went up by 144% to EUR 33.0 million, whereas net unrealised gains on unit-linked life insurance assets grew by 98% to EUR 19.9 million.

Return on investment (excluding unit-linked insurance contract investments) represents the difference between income and expenses from financial assets. It amounted to EUR 35.9 million and was by 44% lower than in the preceding year, which was primarily a result of a minor effect of changes in the fair value of financial instruments due to higher general interest rates and a lower interest income due to investing in the low interest rate environment. In the reporting period, Zavarovalnica Triglav recorded a positive net effect arising from profits generated in the sale of financial instruments as the required return on investment remained at record-low levels.

Return on financial investments was 44% lower compared to the previous year, mainly as a result of a lower interest income and a negative effect of changes in the fair value of financial instruments.

Changes in other insurance technical provisions totalled EUR 10.9 million (index 46). Change in mathematical provisions amounted to EUR 9.6 million (index 41), while change in other provisions equalled EUR 1.3 million (index 479). **Change in insurance technical provisions for unit-linked insurance contracts** totalled EUR 16.9 million, which represents an increase of 15% over 2014 due to an increase in the price of fund units. **Expenses for bonuses and discounts** amounted to EUR 2.3 million (index 67).

Other income from insurance operations increased by 1% and totalled EUR 9.9 million, of which fee and commission income amounted to EUR 7.4 million (index 96). **Other insurance income** of EUR 3.6 million also increased by 3%. **Other insurance expenses** equalled EUR 3.8 million (index 74), whereas **other expenses** reached EUR 0.9 million (index 156).

Table: Individual items in the income statement of Zavarovalnica Triglav for H1 2015

	in EUR		
	H1 2015	H1 2014	Index
Net premium income	261,182,610	264,846,011	99
Income from financial assets	139,361,869	108,991,068	128
Other income from insurance operations	9,901,397	9,845,937	101
Other income	3,642,649	3,546,859	103
Net claims incurred	186,423,905	195,385,024	95
Change in other insurance technical provisions	10,889,817	23,896,992	46
Change in insurance technical provisions for unit-linked insurance contracts	16,924,922	14,682,714	115
Expenses for bonuses and discounts	2,331,001	3,473,244	67
Operating expenses	69,175,960	70,107,399	99
Expenses from financial assets and liabilities	73,374,073	23,557,491	311
Other insurance expenses	3,796,694	5,150,242	74
Other expenses	937,814	601,630	156
Profit/loss before tax	50,234,338	50,375,139	100
Income tax expense	10,382,608	7,514,404	138
Net profit/loss for the accounting period	39,851,730	42,860,735	93

5.2.2 Financial standing

The total **balance sheet** of Zavarovalnica Triglav as at 31 June 2015 stood at EUR 2,797.7 million or 3% more compared to the 2014 year-end.

The **total equity capital** as at the reporting date decreased by 7% to EUR 508.6 million compared to the 2014 year-end. The share of equity in total liabilities decreased by 1.8 percentage points to 18.2%. The share capital of EUR 73.7 million remained unchanged and was divided into 22,735,148 ordinary shares. Share premium amounted to EUR 53.4 million and reserves from profit to EUR 282.0 million, which meant no change compared to the 2014 year-end. As a result of a decrease in the value of available-for-sale financial assets, revaluation surplus decreased by 28% and totalled EUR 52.4 million. Net profit brought forward amounted to EUR 7.2 million and was compared to 31 December 2014 lower by 81% due to the payment of dividends. Net profit for the year stood at EUR 39.9 million, which is 72% more than as at the 2014 year-end.

The total equity capital decreased by 7% compared to the 2014 year-end.

Subordinated liabilities amounted to EUR 30.0 million and remained at a level approximately equal to the 2014 year-end (index 100).

On the liabilities side, **gross insurance technical provisions** grew by 3% to EUR 2,124.9 million. Their share in the balance sheet total increased by 0.3 percentage point, from 75.7% as at the 2014 year-end to 76.0%. Gross insurance technical provisions are discussed in greater detail in *Section 4.4.5*.

Compared to the end of 2014, **financial liabilities** of EUR 58.6 million recorded a high growth (index 3,457), having increased mainly due to the payment of dividends. In total balance sheet liabilities, they account for a 2.1% share.

Operating liabilities as at the reporting date totalled EUR 23.9 million, which was 7% less compared to the 2014 year-end. They accounted for 0.9% of total balance sheet liabilities, the same as the 2014 year-end. Liabilities from direct insurance operations dropped by 4% to EUR 10.2 million. Liabilities from co-insurance and reinsurance operations rose by 11% to EUR 11.5 million. Current tax liabilities equalled EUR 2.2 million (index 46).

Other provisions amounted to EUR 10.0 million and were up by 2% over the 2014 year-end. **Deferred tax liabilities** amounted to EUR 12.2 million (index 94). **Other liabilities** went down by 20% to EUR 29.6 million nominally and accounted for 1.1% of total liabilities.

As at 30 June 2015, **financial assets** equalled EUR 2,221.6 million, which represents a 1% decrease compared to the 2014 year-end. Their share in total assets went down by 2.9 percentage points and reached 79.4%. Unit-linked insurance assets amounted to EUR 461.3 million and financial investments to EUR 1,760.3 million. In total financial investments, EUR 115.7 million was accounted for by deposits and loans, EUR 182.1 million by investments held to maturity, EUR 1,286.2 million by investments available for sale and EUR 176.3 million by investments recognised at fair value through profit/loss. The structure of financial assets is discussed in greater detail in *Section 4.4.6*.

Financial investments in subsidiaries and associates increased by 10%, reaching EUR 158.6 million. They accounted for 5.7% of total assets. Financial investments in subsidiaries went up by 13% and totalled EUR 151.6 million, whilst financial investments in associates amounted to EUR 7.1 million, having decreased by 32%. Financial investments in subsidiaries increased not only due to the capital increase in Triglav INT d.d. and Triglav, Upravljanje nepremičnin d.d. but also due to the increased equity stake and the takeover of Skupna pokojninska družba. As a result, the increase in the equity stake and the takeover of Skupna pokojninska decreased financial investments in associates.

Investment properties increased by 47% to EUR 55.9 million. They accounted for 2.0% of total assets. Investment property is discussed in greater detail in *Section 4.4.6*.

Receivables and deferred tax assets increased by 22% to EUR 115.1 million (a 4.1% share), of which receivables from direct insurance operations accounted for the bulk, totalling EUR 89.2 million (index 145). Receivables from reinsurance and co-insurance operations reached EUR 7.5 million (index 113), whereas other receivables stood at EUR 18.4 million (index 69). There were no deferred tax assets in the first six months of 2015.

Insurance technical provisions transferred to reinsurance contracts stood at EUR 89.5 million, having increased by 19% compared to the 2014 year-end. Assets from reinsurance contracts from claims provisions totalled EUR 63.9 million (index 104), while those from unearned premium equalled EUR 25.6 million (index 182).

Property, plant and equipment amounted to EUR 64.8 million (index 99), representing 2.3% of total assets. **Intangible assets** equalled EUR 60.9 million (index 112), accounting for 2.2% of total assets.

Cash and cash equivalents equalled EUR 28.0 million (index 496), whilst **other assets** totalled EUR 3.3 million (index 94).

Table: Individual items in the balance sheet of Zavarovalnica Triglav as at 30 June 2015

	in EUR		
	30 June 2015	31 December 2014	Index
Assets			
Intangible assets	60,852,781	54,373,723	112
Property, plant and equipment	64,784,347	65,143,015	99
Investment property	55,878,553	37,972,458	147
Investments in subsidiaries and associates	158,624,555	144,226,398	110
Financial assets	2,221,594,295	2,240,384,294	99
Reinsurers' share of insurance technical provisions	89,505,503	75,325,351	119
Receivables and deferred tax receivables	115,135,489	94,732,452	122
Other assets	3,264,312	3,458,592	94
Cash and cash equivalents	28,036,198	5,650,669	496
Total assets	2,797,676,033	2,721,266,951	103
Equity and liabilities			
Equity	508,563,302	544,000,468	93
Subordinated liabilities	29,962,472	29,958,540	100
Insurance technical provisions	1,665,035,620	1,617,090,395	103
Insurance technical provisions for unit-linked insurance contracts	459,877,371	442,952,449	104
Other provisions	10,010,130	9,807,734	102
Deferred tax liabilities	12,150,722	12,973,041	94
Other financial liabilities	58,557,173	1,693,909	3.457
Operating liabilities	23,909,333	25,833,367	93
Other liabilities	29,609,910	36,957,048	80
Total equity and liabilities	2,797,676,033	2,721,266,951	103

6. RISK MANAGEMENT

6.1 Risk management in the first half of 2015

The first half of 2015 saw a changing environment. At the beginning of the reporting period, financial markets were largely dominated by the fear of deflation in the euro area, which seemed to be leading to another recession. Due to the low economic growth in the countries still unable to recover from the debt crisis, the European Central Bank (hereinafter: the ECB) extended its financial assistance programme to the economy and announced quantitative easing or bond buying. This was followed by the growth of all major stock prices, which reached record highs. In this period, Switzerland became the first ever government to sell its 10-year bonds at a negative interest rate at issue. Towards the end of the reporting period, market growth was interrupted by several-month-long unsuccessful negotiations between the Greek government and its creditors.

The main sources of investment risk are low interest rates, and macroeconomic and fiscal imbalances.

The financial markets and economies across the globe are currently most affected by the policies of central banks, trying to stimulate economic growth. With its very extensive financial assistance programme, the ECB is among the most active ones. In this period, the fourth tranche of the TLTRO programme was made available to banks, offering loans worth several billion euros at very favourable interest rates. Moreover, the ECB currently pursues a negative interest rate policy in order to further encourage banks to lend and in this way make them pay interest on their deposits held with the ECB. Through the quantitative easing programme the ECB will buy around EUR 60 billion of securities on a monthly basis, which will continue until September 2016. Total purchases will amount to approximately EUR 1,100 billion. The ECB also published future guidelines, announcing its activities in the near future, with a view to reduce uncertainty in the markets and boost economic growth. The first signs of how effective its entire range of assistance is are already showing, as after several years the volume of bank lending in the euro area started to grow and the inflation rate again turned positive.

Furthermore, the quarter was clouded by geopolitical risks. After installing a new government, Greece started negotiations with the creditors to secure additional assistance, which lasted several months. By the end of June 2015, Greece had still not reached any agreement with the creditors, whilst its economy, particularly its financial sector, has already begun to feel the negative consequences of unsuccessful negotiations. The final resolution will certainly have a significant effect on the financial markets and other global economies. Geopolitical risks still include the risk associated with Russia, which was at least partly reduced when an agreement between Russia and Ukraine was signed. In the reporting period, Slovenia continued to carry out reforms, the privatisation process and fiscal consolidation.

At the end of 2014 and in early 2015, the leading credit rating agencies retained the rating of Slovenia. Slovenia was re-assigned an »A-« credit rating with a stable outlook by S&P, whereas Moody's upgraded Slovenia's credit rating from »Ba1« to »Baa3« and assigned it a stable outlook. It additionally commented that the political environment in Slovenia stabilised, which increased the likelihood of implementing future economic and fiscal reforms. Fitch Ratings maintained the credit rating »BBB+« and changed a negative outlook to stable. The Triglav Group's credit rating is discussed in greater detail in Section 3.3 *Credit Rating*.

Being a major investor in the Slovene government debt market, the Triglav Group and Zavarovalnica Triglav in particular are considerably exposed to the financial risks of the Slovene economy. Therefore, the main focus remains on credit risk exposure and on

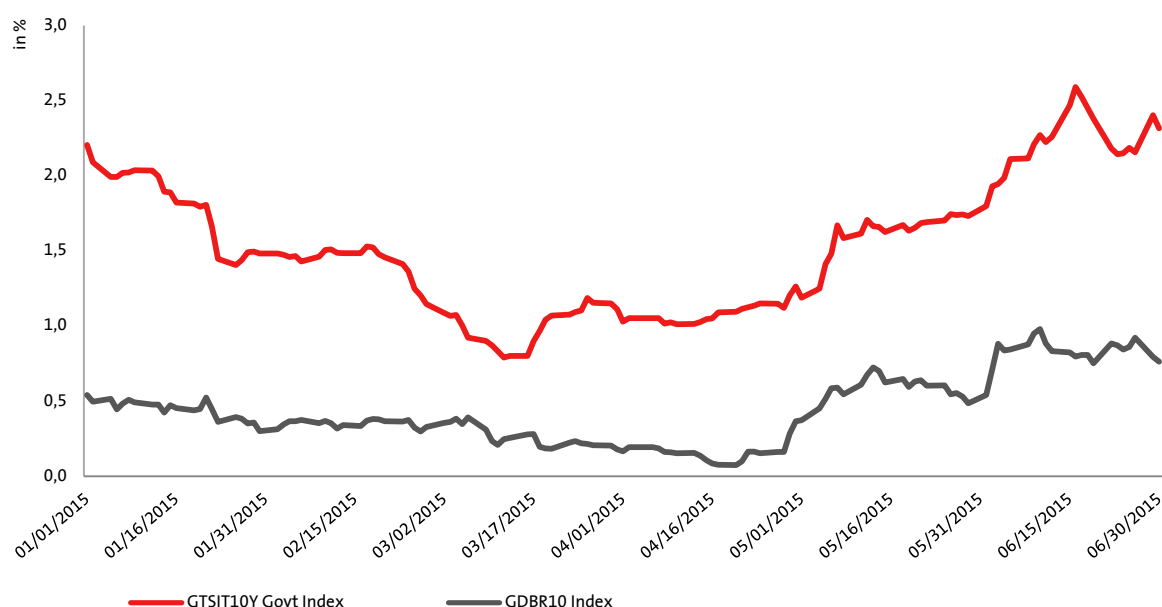
maintaining an adequate asset and liability structure. In Q1 2015, exposure to Slovene government bonds showed a positive impact on return of Triglav's portfolios, which was a result of lower required return on all EU government bonds and quantitative easing by the ECB. In the second quarter of 2015, the credit spread of Slovene government bonds started to increase as well as those of all other euro area members. Nevertheless, in 2015 the Company has continued to carefully monitor the exposure to debt securities of the countries in the euro area. Despite the positive conditions on the markets, the Company continues to monitor their effects on the balanced asset and liability structure, adapting investment policies of individual guarantee funds and asset backing liabilities when needed. In doing so, the Company employs the results of different capital adequacy models and of the stress tests.

Zavarovalnica Triglav and the Triglav Group manage the risks based on a defined risk appetite, setting the limits of exposure to significant risks. For the purposes of risk management and reporting, in 2014 the relevant software was already installed for risk monitoring and reporting in compliance with the Solvency II Directive requirements. Other information detailed in the risk management section of the 2014 Annual Report remains accurate.

6.2 Significant risk types in the first half of 2015 and the near future

In early 2015, the trend from the 2014 continued, when the required returns on government bonds issued in the EU states began to decrease. The required return on Slovene bonds also dropped. The reasons laid in an effective implementation of reforms in Slovenia, improved economic indicators throughout the entire euro area and the ECB's monetary policy. Uncertainty and consequently higher credit spreads returned to the financial markets due to the negotiations with Greece, as shown in the graph below.

Graph: Generic indexes of required returns on ten-year Slovene bonds (GTSIT) and German bonds (GDBR) in the first six months of 2015

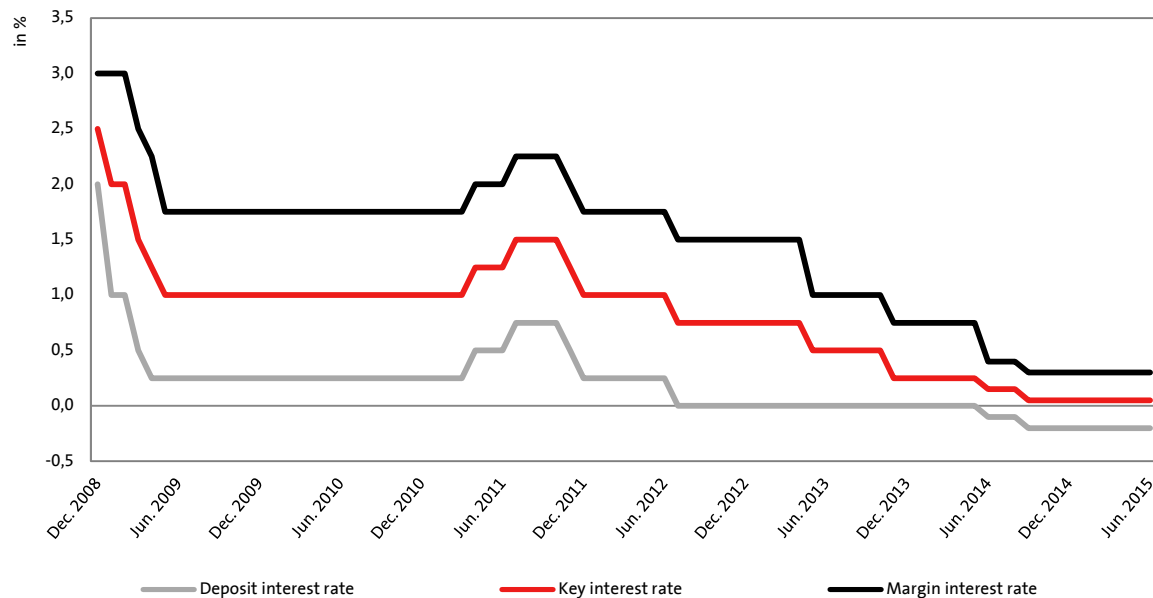


Source: Bloomberg

One of the key risks to which the Company is exposed is low interest rates. With the onset of the debt crisis, the prices of high-quality bonds rose sharply, consequently lowering the return on such securities, which represent the bulk of the portfolio of insurance companies. The start of the ECB's quantitative easing in early 2015 only further raised the prices of bonds and

created additional pressure on the lowering of required returns. Thus, the portfolios of insurance companies generated positive capital gains on bonds, but investment return is generated more difficult under these conditions. According to forecasts of the ECB, its policy of low interest rates and quantitative easing, the environment of low interest rates is likely to persist for quite some time, which is why the Company already began to adapt its operations to this kind of environment.

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



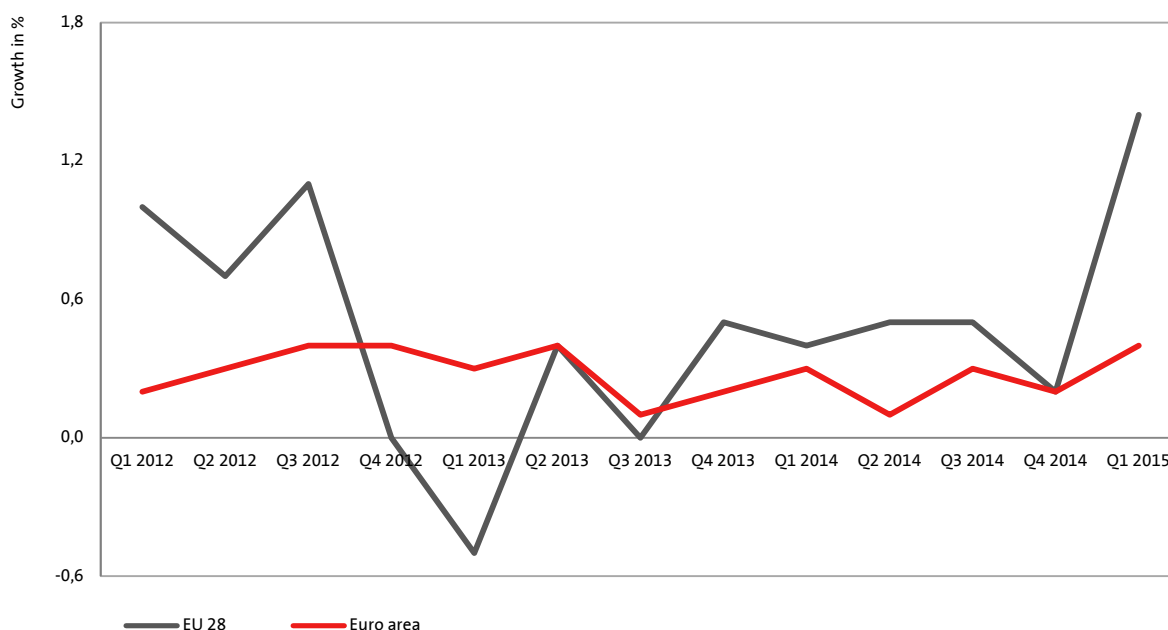
Source: ECB

After bank restructuring, privatisation of several companies and introduction of reforms, the investment risks in Slovenia decreased, whilst the successful performance of the government reduced the political risks. However, the risks associated with sustainability of Slovenia's fiscal policy, i.e. its budget deficit and an alarming growth in government debt, remain. High uncertainty associated with the Greek debt crisis remains at the EU level, where on top of the high political risk there is also a high risk of Greece's exit from the euro area. A possible reduction in the deflation risk and a long-term sustainable economic growth of the EU will be most affected by the performance of the ECB's quantitative easing and the final outcome of negotiations with Greece. The economies and financial markets of the EU, however, will also be affected by an increase in the FED's rates (US central bank) expected towards the end of 2015.

The highest risks in the near future represent low interest rates, geopolitical and macroeconomic risks and fiscal imbalances.

Apart from low interest rates, the performance of the Triglav Group is impacted by the credit risk (counterparty's default risk) of government securities, while the credit spread risk is also of great importance. The Group's assets and liabilities will additionally be affected by the development of the economic environment in Slovenia, which is improving but still remains weak, exposing the Company foremost to the risks of lower demand for some insurance products, policyholders defaulting on the payment of premiums and risks related to the selection of underwritten risks.

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



Source: Eurostat

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

The Company thus continues to pay particular attention to risk management of the guarantee funds and asset backing liabilities, capital management and capital adequacy management, including the adequacy of the reinsurance scheme.

6.3 Internal audit

In the first half of 2015, the Internal Audit Department complied with its annual and operational work programme. It conducted 10 internal audits of various divisions in Zavarovalnica Triglav and 1 internal audit in a subsidiary. The findings were reported to the management of the audited divisions and to the Management Board.

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

7. HUMAN RESOURCE MANAGEMENT IN THE TRIGLAV GROUP

7.1 Number of employees

As at 30 June 2015, there were 5,390 employees in the Triglav Group, which is 16 less than at the end of 2014. The number of employees decreased primarily due to the sale of Triglav Pojišt'ovna. The highest increase in number of employees was recorded in Triglav Osiguranje, Belgrade due to strengthening of the internal sales network, in TRI-LIFE, Zagreb and TRI-PRO BH, Sarajevo due to the merger of Skupna pokojninska družba.

Table: Number of employees in the Triglav Group as at 30 June 2015

Subsidiaries of the Triglav Group	Number of employees		Difference
	30 June 2015	31 December 2014	2015-2014
Zavarovalnica Triglav d.d., Ljubljana	2,363	2,365	-2
Pozavarovalnica Triglav Re d.d., Ljubljana	45	45	0
Triglav, Zdravstvena zavarovalnica d.d., Koper	84	84	0
Skupna pokojninska družba d.d., Ljubljana	18		18
Triglav Osiguranje d.d., Zagreb	512	507	5
Triglav Osiguranje d.d., Sarajevo	245	246	-1
Triglav Pojišt'ovna a.s., Brno		126	-126
Lovćen Osiguranje a.d., Podgorica	265	271	-6
Triglav Osiguranje a.d.o., Belgrade	518	460	58
Triglav Osiguranje a.d., Banja Luka	80	78	2
Triglav Osiguruvanje a.d., Skopje	251	256	-5
Lovćen životna osiguranja a.d., Podgorica	13	14	-1
Triglav Skladi d.o.o., Ljubljana	42	43	-1
Triglav Avtoservis d.o.o., Ljubljana	27	28	-1
Triglav Svetovanje d.o.o., Domžale	78	74	4
Triglav Naložbe d.d., Ljubljana	4	5	-1
Slovenijales d.d., Ljubljana	124	125	-1
Golf Arboretum d.o.o., Volčji potok	10	10	0
Triglav, Upravljanje nepremičnin d.d., Ljubljana	22	22	0
TRI-LIFE d.o.o., Zagreb	20	1	19
TRI-PRO BH d.o.o., Sarajevo	35	25	10
Unis automobili i dijelovi d.o.o., Sarajevo	29	29	0
Autocentar BH d.o.o., Sarajevo	56	52	4
Triglav INT d.d., Ljubljana	25	21	4
Sarajevostan d.d., Sarajevo	120	122	-2
Triglav Auto d.o.o., Banja Luka			0
Lovćen Auto a.d., Podgorica	109	104	5
Avrigo d.o.o., Nova Gorica	207	205	2
Integral Notranjska d.o.o., Cerknica	16	16	0
Integral Zagorje d.o.o., Zagorje ob Savi	45	46	-1
Integral Stojna Kočevje d.o.o., Kočevje	27	26	1
Alptours d.o.o., Bovec			0
Total	5,390	5,406	-16

7.2 Educational structure of employees

Compared to the 2014 year-end, in the educational structure of employees an increase was registered in the number of employees with university degrees or higher education, while the share of employees with secondary school education declined.

Table: Employees of the Triglav Group as at 30 June 2015 and 31 December 2014– structure by educational level

Level of education	Employees as at 30 June 2015		Employees as at 31 December 2014	
	Number	Percentage	Number	Percentage
Level I-IV	1,423	26.4%	1,401	25.9%
Level V	1,494	27.7%	1,552	28.7%
Level VI	619	11.5%	593	11.0%
Level VII	1,669	31.0%	1,676	31.0%
Masters and PhD	185	3.4%	184	3.4%
Total	5,390	100.0%	5,406	100.0%

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board herewith confirms the financial statements for the period from 1 January 2015 to 30 June 2015 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 2015 to 30 June 2015 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 2015 to 30 June 2015 includes a fair review of their business developments, results and financial positions, including a description of the major risks to which Zavarovalnica Triglav as the parent company and its consolidated subsidiaries are exposed to as the Group.

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

Andrej Slapar

President of the Management Board

Benjamin Jošar

Member of the Management Board

Uroš Ivanc

Member of the Management Board

Tadej Čoroli

Member of the Management Board

Marica Makoter

Member of the Management Board

Ljubljana, 11 August 2015

FINANCIAL OVERVIEW

Unaudited Financial Statements of the Triglav Group and Zavarovalnica Triglav d.d. and the Notes for the Period from 1 January 2015 to 30 June 2015

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1. FINANCIAL STATEMENTS

in EUR

STATEMENT OF FINANCIAL POSITION	Triglav Group		Zavarovalnica Triglav	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
ASSETS	3,587,284,551	3,275,428,004	2,797,676,033	2,721,266,951
Intangible assets	78,989,635	71,770,468	60,852,781	54,373,723
Property, plant and equipment	123,591,624	123,668,545	64,784,347	65,143,015
Deferred tax receivables	14,458,954	20,472,194	0	0
Investment property	95,592,796	104,861,479	55,878,553	37,972,458
Investments in subsidiaries	0	0	151,552,007	133,799,162
Investments in associates	9,746,932	10,371,335	7,072,548	10,427,235
Financial assets	2,872,482,600	2,619,376,329	2,221,594,295	2,240,384,294
Financial investments:	2,392,990,590	2,153,588,590	1,760,285,624	1,790,581,523
- loans and deposits	187,744,487	130,037,423	115,650,917	104,531,182
- held to maturity	258,941,203	210,604,128	182,110,369	186,136,258
- available for sale	1,612,591,834	1,608,664,995	1,286,212,462	1,299,415,074
- recognised at fair value through profit and loss	333,713,066	204,282,044	176,311,876	200,499,009
Unit-linked insurance assets	479,492,010	465,787,739	461,308,671	449,802,771
Reinsurers' share of technical provisions	86,343,669	71,147,717	89,505,503	75,325,351
Assets from investment contracts	0	0	0	0
Receivables	216,348,753	181,810,510	115,135,489	94,732,452
- receivables from direct insurance operations	122,223,711	86,414,518	89,207,068	61,527,739
- receivables from reinsurance and co-insurance operations	40,955,467	41,461,923	7,540,411	6,689,625
- current tax receivables	1,883,888	1,819,015	0	0
- other receivables	51,285,687	52,115,054	18,388,010	26,515,088
Other assets	9,730,030	8,469,465	3,264,312	3,458,592
Cash and cash equivalents	70,121,415	22,858,388	28,036,198	5,650,669
Non-current assets held for sale	9,878,143	40,621,574	0	0
EQUITY AND LIABILITIES	3,587,284,551	3,275,428,004	2,797,676,033	2,721,266,951
Equity	665,707,259	688,140,771	508,563,302	544,000,468
Controlling interests	654,415,739	681,412,161	508,563,302	544,000,468
- share capital	73,701,392	73,701,392	73,701,392	73,701,392
- share premium	54,905,756	56,908,216	53,412,885	53,412,885
- reserves from profit	300,085,867	299,731,039	281,977,925	281,977,925
- treasury share reserves	452,880	452,880	0	0
- treasury shares	-452,880	-452,880	0	0
- fair value reserve	73,218,314	94,940,029	52,383,220	73,221,229
- net profit brought forward	103,826,841	96,705,983	7,236,150	38,565,461
- net profit for the year	53,048,086	62,769,801	39,851,730	23,121,576
- currency translation differences	-4,370,517	-4,558,557	0	0
- reserve of disposal group held for sale	0	1,214,258	0	0
Non-controlling interests	11,291,520	6,728,610	0	0
Subordinated liabilities	27,813,164	28,065,416	29,962,472	29,958,540
Insurance technical provisions	2,181,200,276	1,874,756,014	1,665,035,620	1,617,090,395
- unearned premiums	309,233,147	245,995,733	230,277,683	182,902,536
- mathematical provisions	1,184,870,747	954,072,939	899,857,018	904,858,200
- claims provisions	660,807,516	648,827,459	513,407,264	508,999,132
- other insurance technical provisions	26,288,866	25,859,883	21,493,655	20,330,527
Insurance technical provisions for unit-linked insurance contracts	478,019,415	458,899,160	459,877,371	442,952,449
Employee benefits	12,371,203	12,265,582	9,596,240	9,408,654
Other provisions	6,623,843	3,946,874	413,890	399,080
Deferred tax liabilities	23,162,748	30,752,195	12,150,722	12,973,041
Liabilities from investment contracts	0	0	0	0
Other financial liabilities	72,325,572	15,084,019	58,557,173	1,693,909
Operating liabilities	54,928,917	58,533,223	23,909,333	25,833,367
- liabilities from direct insurance operations	15,798,982	15,644,384	10,192,905	10,631,800
- liabilities from reinsurance and co-insurance operations	36,196,834	36,341,671	11,524,919	10,406,511
- current tax liabilities	2,933,101	6,547,168	2,191,509	4,795,056
Other liabilities	65,132,154	65,641,719	29,609,910	36,957,048
Non-current liabilities held for sale and discontinued operations	0	39,343,031	0	0

in EUR

INCOME STATEMENT	Triglav Group		Zavarovalnica Triglav	
	H1 2015	H1 2014	H1 2015	H1 2014
NET PREMIUM INCOME	418,161,855	406,661,184	261,182,610	264,846,011
- gross written premium	507,788,152	487,755,148	333,867,108	335,815,498
- ceded written premium	-46,670,279	-44,564,862	-43,709,352	-40,950,348
- change in unearned premium reserve	-42,956,018	-36,529,102	-28,975,146	-30,019,139
INCOME FROM FINANCIAL ASSETS	152,944,411	121,344,018	139,361,868	108,991,068
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	3,441,683	217,292	19,359,986	1,374,883
- profit on equity investments accounted for using the equity method	988,440	217,292	0	0
- interest income	0	0	1,285,442	1,310,302
- dividends	0	0	18,057,864	60,541
- fair value gains	0	0	0	0
- realised gains on disposals	0	0	15,848	0
- other financial income	2,453,243	0	832	4,040
INCOME FROM OTHER FINANCIAL ASSETS	96,899,096	89,356,242	69,967,422	76,738,659
- interest income	35,777,878	37,882,920	23,730,614	30,596,808
- dividends	1,289,532	2,869,936	660,691	2,098,797
- fair value gains	19,935,745	15,458,922	13,627,040	15,174,694
- realised gains on disposals	32,851,678	29,640,601	28,838,579	27,135,397
- other financial income	7,044,263	3,503,863	3,110,498	1,732,963
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	52,603,632	31,770,484	50,034,460	30,877,526
OTHER INCOME FROM INSURANCE OPERATIONS	4,599,300	5,923,279	9,901,397	9,845,937
- fees and commission income	2,052,331	3,396,064	7,360,431	7,688,061
- other income from insurance operations	2,546,969	2,527,215	2,540,966	2,157,876
OTHER INCOME	38,983,821	39,352,649	3,642,649	3,546,859
NET CLAIMS INCURRED	295,217,590	294,099,110	186,423,905	195,385,024
- gross claims settled	298,741,375	295,714,479	195,070,188	197,216,160
- reinsurers' share	-9,483,387	-10,087,340	-10,407,170	-10,301,807
- changes in claims provisions	2,071,529	4,649,060	1,760,887	8,470,671
- equalisation scheme expenses for supplementary health insurance	3,888,073	3,822,911	0	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	20,814,579	23,763,929	10,889,817	23,896,992
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	18,978,766	15,364,398	16,924,922	14,682,714
EXPENSES FOR BONUSES AND DISCOUNTS	3,363,256	4,025,150	2,331,001	3,473,244
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0
OPERATING EXPENSES	99,534,455	98,472,348	69,175,960	70,107,399
- acquisition costs	66,979,978	67,578,737	50,126,292	50,804,735
- other operating costs	32,554,477	30,893,611	19,049,668	19,302,664
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	68,261,041	27,764,428	73,374,073	23,557,491
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	1,007,803	967,569	20,504,703	2,585
- loss on investments accounted for using the equity method	142,650	967,569	0	0
- interest expense	0	0	0	0
- fair value losses	0	0	0	0
- realised loss on disposals	865,153	0	0	0
- loss on impairment of financial assets	0	0	20,468,378	0
- other expenses from financial assets and liabilities	0	0	36,325	2,585
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	46,351,356	16,179,871	32,960,736	13,504,235
- interest expense	1,080,251	1,488,475	907,400	944,614
- fair value losses	27,282,139	3,729,704	23,305,943	3,642,009
- realised loss on disposals	6,020,318	5,421,032	4,898,935	5,355,408
- loss on impairment of financial assets	2,463,090	81,882	0	0
- other expenses from financial assets and liabilities	9,505,558	5,458,778	3,848,458	3,562,204
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	20,901,882	10,616,988	19,908,634	10,050,671
OTHER INSURANCE EXPENSES	8,515,226	10,648,719	3,796,694	5,150,242
OTHER EXPENSES	34,445,631	33,745,887	937,814	601,630
PROFIT BEFORE TAX	65,558,843	65,397,161	50,234,338	50,375,139
Income tax expense	11,977,775	9,118,381	10,382,608	7,514,404
NET PROFIT FOR THE PERIOD	53,581,068	56,278,780	39,851,730	42,860,735
Earnings per share (basic and diluted)			1.75	1.89
Net profit/loss attributable to the controlling company	53,175,295	56,054,509		
Net profit/loss attributable to the non-controlling interest holders	405,772	224,271		

in EUR

STATEMENT OF OTHER COMPREHENSIVE INCOME	Triglav Group		Zavarovalnica Triglav	
	H1 2015	H1 2014	H1 2015	H1 2014
I. NET PROFIT / LOSS FOR THE PERIOD AFTER TAX	53,581,068	56,278,780	39,851,730	42,860,735
II. OTHER COMPREHENSIVE INCOME AFTER TAX	-21,495,251	44,990,655	-20,838,009	34,178,425
a) Items which will not be transferred in P&L in future periods	0	0	0	0
Fair value gains/losses on PP&E and intangible assets	0	0	0	0
Actuarial gains/losses for pension plans	0	0	0	0
Share of OCI of entities accounted for using the equity method	0	0	0	0
Other items which will not be transferred in P&L	0	0	0	0
Tax on items which will not be transferred in P&L	0	0	0	0
b) Items which could be transferred into P&L in future periods	-21,495,251	44,990,655	-20,838,009	34,178,425
Fair value gains/losses on available-for-sale financial assets	-43,569,343	70,968,557	-42,575,839	60,438,540
- net gains/losses recognized directly in equity	-26,834,817	92,858,554	-26,163,270	82,855,826
- transfers from equity to income statement	-16,734,526	-21,889,997	-16,412,569	-22,417,286
Fair value gains / losses on non-current assets held for sale	0	0	0	0
Fair value gains/losses on cashflow hedges	0	0	0	0
Share of OCI of entities accounted for using the equity method	-425,633	1,921,094	0	0
Liabilities from insurance contracts with DPF	14,722,336	-15,822,031	14,722,336	-15,822,031
Currency translation differences	311,660	83,962	0	0
Tax on other comprehensive income	7,465,729	-12,160,927	7,015,494	-10,438,084
III. COMPREHENSIVE INCOME FOR THE PERIOD AFTER TAX	32,085,816	101,269,434	19,013,721	77,039,160
Controlling interest	31,761,058	100,833,861		
Non-controlling interest	324,758	435,573		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2015	Reserves from profit											Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL		
	Share capital	Share premium	Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves from profit	Fair value reserve	Reserve of disposal group held for sale	Net profit/loss brought forward	Net profit/loss				Treasury shares (deductible item)	Translation differences
OPENING BALANCE FOR THE PERIOD	73,701,392	56,908,216	584,478	452,880	20,014,860	32,431,700	246,700,001	94,940,029	1,214,258	96,705,983	62,769,801	-452,880	-4,558,557	681,412,161	6,728,610	688,140,771
Comprehensive income for the period from 1 January 2015 to 30 June 2015	0	0	0	0	0	0	0	-21,721,714	0	0	53,175,295	0	307,477	31,761,058	324,758	32,085,816
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	0	62,769,801	-62,769,801	0	0	0	0	0
Dividend payment	0	0	0	0	0	0	0	0	0	-56,755,040	0	0	0	-56,755,040	0	-56,755,040
Allocation and use of reserves for credit risk	0	0	0	0	0	127,209	0	0	0	0	-127,209	0	0	0	0	0
Allocation to reserves from profit	0	0	7,832	0	219,786	0	0	0	0	-227,599	0	0	0	19	-19	0
Changes in consolidation area	0	-2,002,459	0	0	0	0	0	0	-1,214,258	1,333,695	0	0	-119,437	-2,002,459	219,406	-1,783,053
External acquisition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,018,765	4,018,765
CLOSING BALANCE FOR THE PERIOD	73,701,392	54,905,757	592,310	452,880	20,234,646	32,558,909	246,700,001	73,218,315	0	103,826,840	53,048,086	-452,880	-4,370,517	654,415,739	11,291,520	665,707,259

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

STATEMENT OF CHANGES IN EQUITY OF ZAVAROVALNICA TRIGLAV, D.D. FOR THE PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2015	Share capital	Share premium	Reserves form profit			Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY	in EUR
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit					
OPENING BALANCE FOR THE PERIOD	73,701,392	53,412,885	4,662,643	30,615,282	246,700,000	73,221,229	38,565,461	23,121,576	544,000,468	
Comprehensive income for the period from 1 January 2015 to 30 June 2015	0	0	0	0	0	-20,838,009	0	39,851,730	19,013,721	
Allocation to net profit/loss brought forward	0	0	0	0	0	0	23,121,576	-23,121,576	0	
Change consolidation area	0	0	0	0	0	0	2,386,983	0	2,386,983	
Dividend payment	0	0	0	0	0	0	-56,837,870	0	-56,837,870	
CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,885	4,662,643	30,615,282	246,700,000	52,383,220	7,236,150	39,851,730	508,563,302	

STATEMENT OF CHANGES IN EQUITY OF ZAVAROVALNICA TRIGLAV, D.D. FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 JUNE 2014	Share capital	Share premium	Reserves form profit			Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY	in EUR
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit					
OPENING BALANCE FOR THE PERIOD	73,701,392	53,412,885	4,662,643	30,624,276	224,200,000	35,362,843	52,735,702	25,090,469	499,790,210	
Comprehensive income for the period from 1 January 2014 to 30 June 2014	0	0	0	0	0	34,178,425	0	42,860,734	77,039,159	
Allocation to net profit/loss brought forward	0	0	0	0	0	0	25,090,469	-25,090,466	0	
Dividend payment	0	0	0	0	0	0	-38,649,751	0	-38,649,751	
CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,885	4,662,643	30,624,276	224,200,000	69,541,268	39,176,418	42,860,734	538,179,616	

in EUR

CASH FLOW	Triglav Group		Zavarovalnica Triglav	
	H1 2015	H1 2014	H1 2015	H1 2014
A. OPERATING CASH FLOW				
Income statement items	63,761,028	65,018,701	37,917,846	49,165,755
Operating income(excluding revaluation) and financial income from operating receivables	529,039,697	515,318,974	296,582,841	302,723,869
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-455,006,630	-448,792,163	-251,872,014	-253,558,114
Corporate income tax and other taxes excluded from operating expenses	-10,272,039	-1,508,110	-6,792,981	0
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-37,827,995	-30,957,736	-26,169,455	-31,328,006
Movements in receivables and prepayments and accrued income	-35,172,503	-65,723,828	-23,949,851	-45,065,794
Movements in deferred tax assets	-379,554	-474,307	0	10,438,084
Movements in inventories	373,788	-137,521	-17,695	-13,077
Movements in operating debts	-5,194,449	21,422,255	-2,417,952	2,401,196
Movements in accruals and deferred income and provisions	2,951,866	911,585	216,041	911,585
Movements in deferred tax liabilities	-407,143	13,044,080	0	0
OPERATING CASH FLOW	25,933,033	34,060,965	11,748,391	17,837,749
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Cash inflows from investing activities	1,133,452,095	1,418,885,859	906,876,552	1,186,007,256
Cash inflows from interest received and profit sharing arising from investing activities	42,303,335	46,091,767	34,796,465	41,274,464
Income from dividends and profit sharing	652,284	480,255	18,313,551	274,130
Cash inflows from the disposal of intangible assets	19,625	9,339	0	0
Cash inflows from the disposal of property, plant and equipment	2,186,415	661,195	751,323	181,480
Cash inflows from the disposal of financial investments	1,081,828,136	1,371,643,303	849,748,230	1,144,277,183
Cash inflows for the acquisition of financial investments in associates	6,462,300	0	3,266,983	0
Cash outflows from investing activities	-1,127,753,647	-1,460,314,761	-894,394,493	-1,202,166,161
Cash outflows for the purchase of intangible assets	-2,098,773	-1,274,733	-1,734,486	-1,150,924
Cash outflows for the purchase of property, plant and equipment	-4,915,163	-5,360,146	-19,948,867	-915,380
Cash outflows for the purchase of financial investments	-1,109,860,211	-1,453,679,882	-833,625,765	-1,200,099,857
Cash outflows for the acquisition of financial investments in associates	-10,879,500	0	-39,085,375	0
CASH FLOWS FROM INVESTING ACTIVITIES	5,698,448	-41,428,902	12,482,059	-16,158,905
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Cash inflows from financing activities	2,395,727	473,595	0	0
Cash inflows from long-term loans received	1,107,851	391,784	0	0
Cash inflows from short-term loans received	1,287,876	81,811	0	0
Cash outflows from financing activities	-2,233,650	-2,371,880	-1,844,921	-1,801,687
Interest paid from financing activities	-1,785,000	-2,114,232	-1,785,000	-1,785,000
Cash outflows for payments of financial liabilities	-388,729	-240,961	0	0
Cash outflows from dividends paid and profit sharing	-59,921	-16,687	-59,921	-16,687
CASH FLOWS FROM FINANCING ACTIVITIES	162,077	-1,898,285	-1,844,921	-1,801,687
D. Opening balance of cash and cash equivalents	22,858,388	29,068,558	5,650,669	5,000,081
E. Net cash flow for the period	31,793,558	-9,266,222	22,385,529	-122,843
Mergers and acquisitions	15,456,540	0	0	0
Foreign exchange differences	12,930	-34,047	0	0
F. Closing balance of cash and cash equivalents	70,121,416	19,768,289	28,036,198	4,877,238

2. SELECTED NOTES TO THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements for the period from 1 January 2015 to 30 June 2015 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

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

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

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

The financial statements for the period from 1 January 2015 to 30 June 2015 have not been audited.

2.2 Significant accounting policies and estimates

The same accounting policies as for the preparation of the annual financial statements for 2014 were used for the preparation of the financial statements for the first half-year of 2015. The tax expense calculation for the first half-year of 2015 was made by applying the average effective tax rate of 2014.

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

2.3 Seasonal operations

Operations of Zavarovalnica Triglav are not of a seasonal character. In the first half-year of 2015, 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).

2.4 Segmental analysis of the Triglav Group operations

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT	30 June 2015						
	Non-life	Life	Health	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	1,804,496,154	1,871,120,797	48,480,717	246,210,810	3,970,308,478	-383,023,927	3,587,284,551
Intangible assets	71,578,602	1,698,187	325,161	4,739,190	78,341,140	648,495	78,989,635
Property, plant and equipment	85,237,855	9,904,703	1,533,208	26,915,858	123,591,624	0	123,591,624
Deferred tax receivables	8,996,405	772,508	152,910	4,537,131	14,458,954	0	14,458,954
Investment property	69,774,358	2,367,311	0	21,141,312	93,282,981	2,309,815	95,592,796
Investments in subsidiaries	148,192,430	10,577,724	0	82,132,751	240,902,905	-240,902,905	0
Investments in associates	0	3,958,434	0	5,788,498	9,746,932	0	9,746,932
Financial assets	993,669,431	1,804,974,934	41,824,081	61,223,301	2,901,691,747	-29,209,147	2,872,482,600
Financial investments:	993,669,431	1,325,482,924	41,824,081	61,223,301	2,422,199,737	-29,209,147	2,392,990,590
- loans and deposits	130,878,870	65,584,539	4,445,895	13,348,981	214,258,285	-26,513,798	187,744,487
- held to maturity	2,654,467	256,866,996	0	0	259,521,463	-580,260	258,941,203
- available for sale	850,397,122	679,057,295	37,378,186	47,874,320	1,614,706,923	-2,115,089	1,612,591,834
- recognised at fair value through profit and loss	9,738,972	323,974,094	0	0	333,713,066	0	333,713,066
Unit-linked insurance assets	0	479,492,010	0	0	479,492,010	0	479,492,010
Reinsurers' share of technical provisions	171,357,254	23,099	18,336	0	171,398,689	-85,055,020	86,343,669
Assets from investment contracts	0	0	0	0	0	0	0
Receivables	224,169,440	6,605,809	4,447,750	20,284,540	255,507,539	-39,158,786	216,348,753
- receivables from direct insurance operations	119,938,053	626,594	3,607,109	0	124,171,756	-1,948,045	122,223,711
- receivables from reinsurance and co-insurance operations	65,440,776	0	19,500	0	65,460,276	-24,504,809	40,955,467
- current tax receivables	1,847,193	154	0	36,541	1,883,888	0	1,883,888
- other receivables	36,943,418	5,979,061	821,141	20,247,999	63,991,619	-12,705,932	51,285,687
Other assets	5,016,306	162,581	68,145	4,808,710	10,055,742	-325,712	9,730,030
Cash and cash equivalents	26,504,073	30,075,507	111,126	13,430,709	70,121,415	0	70,121,415
Non-current assets held for sale	0	0	0	1,208,810	1,208,810	8,669,333	9,878,143
EQUITY AND LIABILITIES	1,804,496,154	1,871,120,797	48,480,717	246,210,810	3,970,308,478	-383,023,927	3,587,284,551
Equity	519,247,009	146,355,384	26,077,714	203,255,295	894,935,402	-229,228,143	665,707,259
Controlling interests	519,247,009	146,355,384	26,077,714	203,255,295	894,935,402	-240,519,663	654,415,739
- share capital	102,173,754	39,057,148	25,822,144	188,521,028	355,574,074	-281,872,682	73,701,392
- share premium	42,947,231	13,658,827	0	25,681,963	82,288,021	-27,382,265	54,905,756
- reserves from profit	255,292,022	47,036,181	0	4,019,317	306,347,520	-6,261,653	300,085,867
- fair value reserve	53,972,895	12,311,371	1,069,906	18,531,669	85,885,841	-12,667,527	73,218,314
- net profit brought forward	38,231,086	17,844,916	-2,070,412	-40,545,572	13,460,018	90,366,823	103,826,841
- net profit for the year	29,116,916	17,473,297	1,256,076	7,721,441	55,567,730	-2,519,644	53,048,086
- currency translation differences	-2,486,895	-1,026,356	0	-674,551	-4,187,802	-182,715	-4,370,517
- reserve of disposal group held for sale	0	0	0	0	0	0	0
Non-controlling interests	0	0	0	0	0	11,291,520	11,291,520
Subordinated liabilities	19,340,074	11,984,986	1,500,000	0	32,825,060	-5,011,896	27,813,164
Insurance technical provisions	1,047,874,696	1,205,887,233	12,597,618	0	2,266,359,547	-85,159,271	2,181,200,276
- unearned premiums	331,692,561	496,385	2,419,167	0	334,608,113	-25,374,966	309,233,147
- mathematical provisions	0	1,184,870,747	0	0	1,184,870,747	0	1,184,870,747
- claims provisions	691,880,560	19,643,465	8,895,296	0	720,419,321	-59,611,805	660,807,516
- other insurance technical provisions	24,301,575	876,636	1,283,155	0	26,461,366	-172,500	26,288,866
Insurance technical provisions for unit-linked insurance contracts	0	478,019,415	0	0	478,019,415	0	478,019,415
Employee benefits	9,156,796	1,919,665	236,790	1,057,952	12,371,203	0	12,371,203
Other provisions	966,705	2,816,200	222,429	2,618,509	6,623,843	0	6,623,843
Deferred tax liabilities	15,169,119	5,542,872	0	2,450,757	23,162,748	0	23,162,748
Liabilities from investment contracts	0	0	0	0	0	0	0
Other financial liabilities	69,435,915	1,111,730	49,021	17,771,413	88,368,079	-16,042,507	72,325,572
Operating liabilities	71,184,504	6,270,133	3,696,657	151,987	81,303,281	-26,374,364	54,928,917
- liabilities from direct insurance operations	6,495,730	6,269,344	3,545,703	0	16,310,777	-511,795	15,798,982
- liabilities from reinsurance and co-insurance operations	62,026,749	789	31,865	0	62,059,403	-25,862,569	36,196,834
- current tax liabilities	2,662,025	0	119,089	151,987	2,933,101	0	2,933,101
Other liabilities	52,121,336	11,213,179	4,100,488	18,904,897	86,339,900	-21,207,746	65,132,154
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT - CONTINUED	31 December 2014						
	Non-life	Life	Health	Other	TOTAL NON- CONSOLIDATE D	Eliminations	TOTAL CONSOLIDATE D
ASSETS	1,759,924,416	1,599,102,861	47,400,951	246,079,705	3,652,507,933	-377,079,929	3,275,428,004
Intangible assets	65,313,174	1,981,789	166,917	4,974,788	72,436,668	-666,200	71,770,468
Property, plant and equipment	86,299,084	10,150,879	1,363,295	26,040,287	123,853,545	-185,000	123,668,545
Deferred tax receivables	14,543,422	1,365,064	0	4,563,708	20,472,194	0	20,472,194
Investment property	52,038,598	2,392,292	0	39,451,441	93,882,331	10,979,148	104,861,479
Investments in subsidiaries	137,410,590	1,673,699	0	83,961,758	223,046,047	-223,046,047	0
Investments in associates	0	6,947,477	0	3,423,858	10,371,335	0	10,371,335
Financial assets	1,049,930,735	1,555,734,901	41,606,936	53,053,759	2,700,326,331	-80,950,002	2,619,376,329
Financial investments:	1,049,930,735	1,089,947,162	41,606,936	53,053,759	2,234,538,592	-80,950,002	2,153,588,590
- loans and deposits	126,163,566	43,795,855	3,488,986	8,999,572	182,447,979	-52,410,556	130,037,423
- held to maturity	2,629,394	207,974,734	0	0	210,604,128	0	210,604,128
- available for sale	907,799,452	647,232,852	38,117,950	44,054,187	1,637,204,441	-28,539,446	1,608,664,995
- recognised at fair value through profit and loss	13,338,323	190,943,721	0	0	204,282,044	0	204,282,044
Unit-linked insurance assets	0	465,787,739	0	0	465,787,739	0	465,787,739
Reinsurers' share of technical provisions	148,892,065	98,709	5,134	0	148,995,908	-77,848,191	71,147,717
Assets from investment contracts	0	0	0	0	0	0	0
Receivables	193,017,524	14,438,068	4,185,748	13,053,713	224,695,053	-42,884,543	181,810,510
- receivables from direct insurance operations	92,166,177	528,085	3,714,473	0	96,408,735	-9,994,217	86,414,518
- receivables from reinsurance and co- insurance operations	67,280,352	109,556	3,450	0	67,393,358	-25,931,435	41,461,923
- current tax receivables	1,789,634	154	0	29,227	1,819,015	0	1,819,015
- other receivables	31,781,361	13,800,273	467,825	13,024,486	59,073,945	-6,958,891	52,115,054
Other assets	5,429,449	194,582	48,338	4,071,503	9,743,872	-1,274,407	8,469,465
Cash and cash equivalents	7,049,775	4,125,401	24,583	11,774,295	22,974,054	-115,666	22,858,388
Non-current assets held for sale	0	0	0	1,710,595	1,710,595	38,910,979	40,621,574
EQUITY AND LIABILITIES	1,759,924,416	1,599,102,861	47,400,951	246,079,705	3,652,507,933	-377,079,929	3,275,428,004
Equity	563,764,261	126,570,893	25,582,145	183,580,049	899,497,348	-211,356,577	688,140,771
Controlling interests	563,764,261	126,570,893	25,582,145	183,580,049	899,497,348	-218,085,187	681,412,161
- share capital	119,150,607	32,537,938	25,822,144	164,823,636	342,334,325	-268,632,933	73,701,392
- share premium	42,947,231	13,067,907	0	19,885,891	75,901,029	-18,992,813	56,908,216
- reserves from profit	254,865,877	46,096,003	0	4,019,317	304,981,197	-5,250,158	299,731,039
- fair value reserve	72,205,662	16,062,519	1,830,413	17,166,315	107,264,909	-12,324,880	94,940,029
- net profit brought forward	53,621,488	11,735,279	-10,345,255	-12,794,604	42,216,908	54,489,075	96,705,983
- net profit for the year	23,556,864	8,203,216	8,274,843	-8,840,602	31,194,321	31,575,480	62,769,801
- currency translation differences	-2,583,468	-1,131,969	0	-679,904	-4,395,341	-163,216	-4,558,557
- reserve of disposal group held for sale	0	0	0	0	0	1,214,258	1,214,258
Non-controlling interests	0	0	0	0	0	6,728,610	6,728,610
Subordinated liabilities	19,340,876	11,983,413	1,500,000	0	32,824,289	-4,758,873	28,065,416
Insurance technical provisions	994,560,298	975,570,841	11,769,739	0	1,981,900,878	-107,144,864	1,874,756,014
- unearned premiums	264,596,865	437,169	1,983,919	0	267,017,953	-21,022,220	245,995,733
- mathematical provisions	0	954,072,939	0	0	954,072,939	0	954,072,939
- claims provisions	706,358,800	20,074,018	8,293,272	0	734,726,090	-85,898,631	648,827,459
- other insurance technical provisions	23,604,633	986,715	1,492,548	0	26,083,896	-224,013	25,859,883
Insurance technical provisions for unit- linked insurance contracts	0	458,899,160	0	0	458,899,160	0	458,899,160
Employee benefits	9,170,486	1,677,127	357,461	1,074,822	12,279,896	-14,314	12,265,582
Other provisions	4,353,756	34,682	263,483	2,730,828	7,382,749	-3,435,875	3,946,874
Deferred tax liabilities	18,596,092	10,007,750	2,856	2,145,497	30,752,195	0	30,752,195
Liabilities from investment contracts	0	0	0	0	0	0	0
Other financial liabilities	12,371,023	3	0	41,320,220	53,691,246	-38,607,227	15,084,019
Operating liabilities	77,950,115	6,706,526	3,945,570	959,710	89,561,921	-31,028,698	58,533,223
- liabilities from direct insurance operations	9,918,780	6,658,904	3,527,320	0	20,105,004	-4,460,620	15,644,384
0	62,884,706	18,708	6,335	0	62,909,749	-26,568,078	36,341,671
- current tax liabilities	5,146,629	28,914	411,915	959,710	6,547,168	0	6,547,168
Other liabilities	59,817,511	7,652,464	3,979,697	14,268,579	85,718,251	-20,076,532	65,641,719
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	39,343,031	39,343,031

in EUR

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA	30 June 2015				
	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,619,219,792	351,088,686	3,970,308,478	-383,023,927	3,587,284,551
Intangible assets	65,900,275	12,440,865	78,341,140	648,495	78,989,635
Property, plant and equipment	90,037,197	33,554,427	123,591,624	0	123,591,624
Deferred tax receivables	13,394,425	1,064,529	14,458,954	0	14,458,954
Investment property	72,022,323	21,260,658	93,282,981	2,309,815	95,592,796
Investments in subsidiaries	235,456,872	5,446,033	240,902,905	-240,902,905	0
Investments in associates	9,746,932	0	9,746,932	0	9,746,932
Financial assets	2,709,683,330	192,008,417	2,901,691,747	-29,209,147	2,872,482,600
Financial investments:	2,248,374,659	173,825,078	2,422,199,737	-29,209,147	2,392,990,590
- loans and deposits	153,052,666	61,205,619	214,258,285	-26,513,798	187,744,487
- held to maturity	235,112,601	24,408,862	259,521,463	-580,260	258,941,203
- available for sale	1,530,941,746	83,765,177	1,614,706,923	-2,115,089	1,612,591,834
- recognised at fair value through profit and loss	329,267,646	4,445,420	333,713,066	0	333,713,066
Unit-linked insurance assets	461,308,671	18,183,339	479,492,010	0	479,492,010
Reinsurers' share of technical provisions	151,217,578	20,181,111	171,398,689	-85,055,020	86,343,669
Assets from investment contracts	0	0	0	0	0
Receivables	201,043,875	54,463,664	255,507,539	-39,158,786	216,348,753
- receivables from direct insurance operations	92,814,423	31,357,333	124,171,756	-1,948,045	122,223,711
- receivables from reinsurance and co-insurance operations	62,823,100	2,637,176	65,460,276	-24,504,809	40,955,467
- current tax receivables	6,319	1,877,569	1,883,888	0	1,883,888
- other receivables	45,400,033	18,591,586	63,991,619	-12,705,932	51,285,687
Other assets	7,538,368	2,517,374	10,055,742	-325,712	9,730,030
Cash and cash equivalents	61,969,807	8,151,608	70,121,415	0	70,121,415
Non-current assets held for sale	1,208,810	0	1,208,810	8,669,333	9,878,143
EQUITY AND LIABILITIES	3,619,219,792	351,088,686	3,970,308,478	-383,023,927	3,587,284,551
Equity	813,941,391	80,994,011	894,935,402	-229,228,143	665,707,259
Controlling interests	813,941,391	80,994,011	894,935,402	-240,519,663	654,415,739
- share capital	285,829,403	69,744,671	355,574,074	-281,872,682	73,701,392
- share premium	80,832,472	1,455,549	82,288,021	-27,382,265	54,905,756
- reserves from profit	289,708,276	16,639,244	306,347,520	-6,261,653	300,085,867
- fair value reserve	83,524,816	2,361,025	85,885,841	-12,667,527	73,218,314
- net profit brought forward	19,046,300	-5,586,282	13,460,018	90,366,823	103,826,841
- net profit for the year	55,000,124	567,606	55,567,730	-2,519,644	53,048,086
- currency translation differences	0	-4,187,802	-4,187,802	-182,715	-4,370,517
- reserve of disposal group held for sale	0	0	0	0	0
Non-controlling interests	0	0	0	11,291,520	11,291,520
Subordinated liabilities	31,462,472	1,362,588	32,825,060	-5,011,896	27,813,164
Insurance technical provisions	2,070,294,036	196,065,511	2,266,359,547	-85,159,271	2,181,200,276
- unearned premiums	269,574,262	65,033,851	334,608,113	-25,374,966	309,233,147
- mathematical provisions	1,134,843,447	50,027,300	1,184,870,747	0	1,184,870,747
- claims provisions	642,443,027	77,976,294	720,419,321	-59,611,805	660,807,516
- other insurance technical provisions	23,433,300	3,028,066	26,461,366	-172,500	26,288,866
Insurance technical provisions for unit-linked insurance contracts	459,877,371	18,142,044	478,019,415	0	478,019,415
Employee benefits	11,129,988	1,241,215	12,371,203	0	12,371,203
Other provisions	5,904,920	718,923	6,623,843	0	6,623,843
Deferred tax liabilities	22,429,705	733,043	23,162,748	0	23,162,748
Liabilities from investment contracts	0	0	0	0	0
Other financial liabilities	76,338,594	12,029,485	88,368,079	-16,042,507	72,325,572
Operating liabilities	67,556,276	13,747,005	81,303,281	-26,374,364	54,928,917
- liabilities from direct insurance operations	13,739,235	2,571,542	16,310,777	-511,795	15,798,982
- liabilities from reinsurance and co-insurance operations	50,915,008	11,144,395	62,059,403	-25,862,569	36,196,834
- current tax liabilities	2,902,033	31,068	2,933,101	0	2,933,101
Other liabilities	60,285,039	26,054,861	86,339,900	-21,207,746	65,132,154
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0

in EUR

STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA - CONTINUED	31 December 2014				
	Slovenia	Other	TOTAL NON-CONSOLIDATED	Eliminations	TOTAL CONSOLIDATED
ASSETS	3,271,522,874	380,985,059	3,652,507,933	-377,079,929	3,275,428,004
Intangible assets	59,479,415	12,957,253	72,436,668	-666,200	71,770,468
Property, plant and equipment	89,096,874	34,756,671	123,853,545	-185,000	123,668,545
Deferred tax receivables	19,461,412	1,010,782	20,472,194	0	20,472,194
Investment property	72,360,293	21,522,038	93,882,331	10,979,148	104,861,479
Investments in subsidiaries	217,660,943	5,385,104	223,046,047	-223,046,047	0
Investments in associates	10,371,335	0	10,371,335	0	10,371,335
Financial assets	2,482,842,591	217,483,740	2,700,326,331	-80,950,002	2,619,376,329
Financial investments:	2,033,039,820	201,498,772	2,234,538,592	-80,950,002	2,153,588,590
- loans and deposits	121,707,366	60,740,613	182,447,979	-52,410,556	130,037,423
- held to maturity	186,136,258	24,467,870	210,604,128	0	210,604,128
- available for sale	1,524,569,885	112,634,556	1,637,204,441	-28,539,446	1,608,664,995
- recognised at fair value through profit and loss	200,626,311	3,655,733	204,282,044	0	204,282,044
Unit-linked insurance assets	449,802,771	15,984,968	465,787,739	0	465,787,739
Reinsurers' share of technical provisions	124,802,715	24,193,193	148,995,908	-77,848,191	71,147,717
Assets from investment contracts	0	0	0	0	0
Receivables	170,001,525	54,693,528	224,695,053	-42,884,543	181,810,510
- receivables from direct insurance operations	65,242,212	31,166,523	96,408,735	-9,994,217	86,414,518
- receivables from reinsurance and co-insurance operations	61,898,332	5,495,026	67,393,358	-25,931,435	41,461,923
- current tax receivables	9,395	1,809,620	1,819,015	0	1,819,015
- other receivables	42,851,586	16,222,359	59,073,945	-6,958,891	52,115,054
Other assets	6,991,615	2,752,257	9,743,872	-1,274,407	8,469,465
Cash and cash equivalents	16,743,561	6,230,493	22,974,054	-115,666	22,858,388
Non-current assets held for sale	1,710,595	0	1,710,595	38,910,979	40,621,574
EQUITY AND LIABILITIES	3,271,522,874	380,985,059	3,652,507,933	-377,079,929	3,275,428,004
Equity	810,807,290	88,690,058	899,497,348	-211,356,577	688,140,771
Controlling interests	810,807,290	88,690,058	899,497,348	-218,085,187	681,412,161
- share capital	254,679,701	87,654,624	342,334,325	-268,632,933	73,701,392
- share premium	74,445,480	1,455,549	75,901,029	-18,992,813	56,908,216
- reserves from profit	288,648,721	16,332,476	304,981,197	-5,250,158	299,731,039
- fair value reserve	101,629,435	5,635,474	107,264,909	-12,324,880	94,940,029
- net profit brought forward	59,387,387	-17,170,479	42,216,908	54,489,075	96,705,983
- net profit for the year	32,016,566	-822,245	31,194,321	31,575,480	62,769,801
- currency translation differences	0	-4,395,341	-4,395,341	-163,216	-4,558,557
- reserve of disposal group held for sale	0	0	0	1,214,258	1,214,258
Non-controlling interests	0	0	0	6,728,610	6,728,610
Subordinated liabilities	31,458,540	1,365,749	32,824,289	-4,758,873	28,065,416
Insurance technical provisions	1,767,894,790	214,006,088	1,981,900,878	-107,144,864	1,874,756,014
- unearned premiums	205,535,342	61,482,611	267,017,953	-21,022,220	245,995,733
- mathematical provisions	904,858,200	49,214,739	954,072,939	0	954,072,939
- claims provisions	635,261,399	99,464,691	734,726,090	-85,898,631	648,827,459
- other insurance technical provisions	22,239,849	3,844,047	26,083,896	-224,013	25,859,883
Insurance technical provisions for unit-linked insurance contracts	442,952,449	15,946,711	458,899,160	0	458,899,160
Employee benefits	10,868,146	1,411,750	12,279,896	-14,314	12,265,582
Other provisions	3,161,259	4,221,490	7,382,749	-3,435,875	3,946,874
Deferred tax liabilities	29,730,023	1,022,172	30,752,195	0	30,752,195
Liabilities from investment contracts	0	0	0	0	0
Other financial liabilities	41,809,598	11,881,648	53,691,246	-38,607,227	15,084,019
Operating liabilities	73,568,447	15,993,474	89,561,921	-31,028,698	58,533,223
- liabilities from direct insurance operations	14,159,185	5,945,819	20,105,004	-4,460,620	15,644,384
- liabilities from reinsurance and co-insurance operations	53,050,495	9,859,254	62,909,749	-26,568,078	36,341,671
- current tax liabilities	6,358,767	188,401	6,547,168	0	6,547,168
Other liabilities	59,272,332	26,445,919	85,718,251	-20,076,532	65,641,719
Non-current liabilities held for sale and discontinued operations	0	0	0	39,343,031	39,343,031

in EUR

CONSOLIDATED INCOME STATEMENT BY SEGMENT	H1 2015				
	Non-life	Life	Health	Other	TOTAL
NET PREMIUM INCOME	254,938,964	108,915,256	54,307,635	0	418,161,855
- gross written premium	344,068,722	108,976,547	54,742,883	0	507,788,152
- ceded written premium	-46,668,214	-2,065	0	0	-46,670,279
- change in unearned premium reserve	-42,461,544	-59,226	-435,248	0	-42,956,018
INCOME FROM FINANCIAL ASSETS	31,710,512	117,128,097	954,025	3,151,777	152,944,411
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	-191,412	2,453,242	0	1,179,853	3,441,683
- profit on equity investments accounted for using the equity method	0	0	0	988,440	988,440
- interest income	1	-1	0	0	0
- dividends	0	0	0	0	0
- fair value gains	0	0	0	0	0
- realised gains on disposals	-191,413	0	0	191,413	0
- other financial income	0	2,453,243	0	0	2,453,243
INCOME FROM OTHER FINANCIAL ASSETS	31,901,924	62,071,223	954,025	1,971,924	96,899,096
- interest income	15,832,138	19,439,956	429,517	76,267	35,777,878
- dividends	333,194	388,712	0	567,626	1,289,532
- fair value gains	1,771,423	17,417,220	0	747,102	19,935,745
- realised gains on disposals	8,863,706	23,094,525	524,505	368,942	32,851,678
- other financial income	5,101,463	1,730,810	3	211,987	7,044,263
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	52,603,632	0	0	52,603,632
OTHER INCOME FROM INSURANCE OPERATIONS	4,391,513	177,736	30,051	0	4,599,300
- fees and commission income	1,987,102	65,229	0	0	2,052,331
- other income from insurance operations	2,404,411	112,507	30,051	0	2,546,969
OTHER INCOME	2,211,966	46,775	25,498	36,699,582	38,983,821
NET CLAIMS INCURRED	150,798,543	96,776,613	47,642,434	0	295,217,590
- gross claims settled	158,446,926	97,142,112	43,152,337	0	298,741,375
- reinsurers' share	-9,483,387	0	0	0	-9,483,387
- changes in claims provisions	1,835,004	-365,499	602,024	0	2,071,529
- equalisation scheme expenses for supplementary health insurance	0	0	3,888,073	0	3,888,073
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	512,335	20,511,638	-209,394	0	20,814,579
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	18,978,766	0	0	18,978,766
EXPENSES FOR BONUSES AND DISCOUNTS	3,361,580	1,676	0	0	3,363,256
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0	0
OPERATING EXPENSES	78,669,189	16,168,959	4,696,307	0	99,534,455
- acquisition costs	55,917,866	9,718,148	1,343,964	0	66,979,978
- other operating costs	22,751,323	6,450,811	3,352,343	0	32,554,477
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	11,830,890	54,013,460	164,385	2,252,307	68,261,042
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	0	87,598	0	920,205	1,007,803
- loss on investments accounted for using the equity method	0	87,598	0	55,052	142,650
- interest expense	0	0	0	0	0
- fair value losses	0	0	0	0	0
- realised loss on disposals	0	0	0	865,153	865,153
- loss on impairment of financial assets	0	0	0	0	0
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	11,830,890	33,023,980	164,385	1,332,102	46,351,357
- interest expense	524,415	331,038	0	224,798	1,080,251
- fair value losses	507,975	26,033,018	0	741,146	27,282,139
- realised loss on disposals	1,204,537	4,305,684	145,488	364,609	6,020,318
- loss on impairment of financial assets	2,462,165	925	0	0	2,463,090
- other expenses from financial assets and liabilities	7,131,798	2,353,315	18,897	1,549	9,505,559
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	20,901,882	0	0	20,901,882
OTHER INSURANCE EXPENSES	8,101,770	233,658	179,798	0	8,515,226
OTHER EXPENSES	1,940,192	73,325	805	32,431,309	34,445,631
PROFIT BEFORE TAX	38,038,456	19,509,769	2,842,874	5,167,743	65,558,842
Income tax expense	9,687,285	1,778,177	119,089	393,224	11,977,775
NET PROFIT FOR THE PERIOD	28,351,171	17,731,592	2,723,785	4,774,519	53,581,068
Net profit/loss attributable to the controlling company	28,190,928	17,485,974	2,723,785	4,774,607	53,175,295
Net profit/loss attributable to the non-controlling interest holders	160,242	245,618	0	-88	405,772

in EUR

CONSOLIDATED INCOME STATEMENT BY SEGMENT - CONTINUED	H1 2014				
	Non-life	Life	Health	Other	TOTAL
NET PREMIUM INCOME	259,990,995	92,377,712	54,292,477	0	406,661,184
- gross written premium	340,615,109	92,421,739	54,718,300	0	487,755,148
- ceded written premium	-44,564,229	-633	0	0	-44,564,862
- change in unearned premium reserve	-36,059,885	-43,394	-425,823	0	-36,529,102
INCOME FROM FINANCIAL ASSETS	30,522,993	88,349,076	1,026,699	1,445,250	121,344,018
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	0	3,314	0	213,978	217,292
- profit on equity investments accounted for using the equity method	0	3,314	0	213,978	217,292
- 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
INCOME FROM OTHER FINANCIAL ASSETS	30,522,993	56,575,278	1,026,699	1,231,272	89,356,242
- interest income	16,532,566	20,790,552	432,771	127,031	37,882,920
- dividends	1,686,848	453,372	0	729,716	2,869,936
- fair value gains	932,258	14,405,368	0	121,296	15,458,922
- realised gains on disposals	9,179,457	19,866,990	593,928	226	29,640,601
- other financial income	2,191,864	1,058,996	0	253,003	3,503,863
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	31,770,484	0	0	31,770,484
OTHER INCOME FROM INSURANCE OPERATIONS	5,859,357	46,870	17,052	0	5,923,279
- fees and commission income	3,355,724	40,340	0	0	3,396,064
- other income from insurance operations	2,503,633	6,530	17,052	0	2,527,215
OTHER INCOME	2,653,475	121,932	5,566	36,571,676	39,352,649
NET CLAIMS INCURRED	166,469,190	83,775,958	43,853,962	0	294,099,110
- gross claims settled	171,202,818	83,982,621	40,529,040	0	295,714,479
- reinsurers' share	-10,085,543	-1,797	0	0	-10,087,340
- changes in claims provisions	5,351,915	-204,866	-497,989	0	4,649,060
- equalisation scheme expenses for supplementary health insurance	0	0	3,822,911	0	3,822,911
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	-444,795	24,526,401	-317,677	0	23,763,929
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	15,364,398	0	0	15,364,398
EXPENSES FOR BONUSES AND DISCOUNTS	4,024,076	1,074	0	0	4,025,150
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0	0
OPERATING EXPENSES	78,871,068	15,709,529	3,891,751	0	98,472,348
- acquisition costs	56,444,303	10,178,901	955,533	0	67,578,737
- other operating costs	22,426,765	5,530,628	2,936,218	0	30,893,611
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	5,105,114	21,987,952	25,775	645,587	27,764,428
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	0	917,285	0	50,284	967,569
- loss on investments accounted for using the equity method	0	917,285	0	50,284	967,569
- interest expense	0	0	0	0	0
- fair value losses	0	0	0	0	0
- realised loss on disposals	0	0	0	0	0
- loss on impairment of financial assets	0	0	0	0	0
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	5,105,114	10,453,679	25,775	595,303	16,179,871
- interest expense	644,538	370,214	0	473,723	1,488,475
- fair value losses	362,014	3,309,067	0	58,623	3,729,704
- realised loss on disposals	858,680	4,560,621	1,731	0	5,421,032
- loss on impairment of financial assets	67,578	14,304	0	0	81,882
- other expenses from financial assets and liabilities	3,172,304	2,199,473	24,044	62,957	5,458,778
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	10,616,988	0	0	10,616,988
OTHER INSURANCE EXPENSES	9,986,509	200,589	461,621	0	10,648,719
OTHER EXPENSES	1,431,166	90,413	3,753	32,220,555	33,745,887
PROFIT BEFORE TAX	33,584,491	19,239,276	7,422,609	5,150,784	65,397,161
Income tax expense	3,759,773	4,415,834	586,810	355,964	9,118,381
NET PROFIT FOR THE PERIOD	29,824,718	14,823,442	6,835,799	4,794,820	56,278,780
Net profit/loss attributable to the controlling company	29,699,661	14,772,363	6,835,799	4,746,685	56,054,509
Net profit/loss attributable to the non-controlling interest holders	125,057	51,079	0	48,135	224,271

in EUR

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA	H1 2015		
	Slovenia	Other	TOTAL
NET PREMIUM INCOME	349,094,157	69,067,698	418,161,855
- gross written premium	420,506,222	87,281,930	507,788,152
- ceded written premium	-36,799,277	-9,871,002	-46,670,279
- change in unearned premium reserve	-34,612,788	-8,343,230	-42,956,018
INCOME FROM FINANCIAL ASSETS	143,468,611	9,475,800	152,944,411
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	3,441,683	0	3,441,683
- profit on equity investments accounted for using the equity method	988,440	0	988,440
- 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	2,453,243	0	2,453,243
INCOME FROM OTHER FINANCIAL ASSETS	89,992,468	6,906,628	96,899,096
- interest income	31,308,031	4,469,847	35,777,878
- dividends	1,253,752	35,780	1,289,532
- fair value gains	19,333,560	602,185	19,935,745
- realised gains on disposals	31,957,594	894,084	32,851,678
- other financial income	6,139,531	904,732	7,044,263
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	50,034,460	2,569,172	52,603,632
OTHER INCOME FROM INSURANCE OPERATIONS	2,826,143	1,773,157	4,599,300
- fees and commission income	1,480,395	571,936	2,052,331
- other income from insurance operations	1,345,748	1,201,221	2,546,969
OTHER INCOME	35,582,287	3,401,534	38,983,821
NET CLAIMS INCURRED	257,492,579	37,725,011	295,217,590
- gross claims settled	258,255,401	40,485,974	298,741,375
- reinsurers' share	-6,863,031	-2,620,356	-9,483,387
- changes in claims provisions	2,212,136	-140,607	2,071,529
- equalisation scheme expenses for supplementary health insurance	3,888,073	0	3,888,073
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	21,078,295	-263,716	20,814,579
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	16,924,922	2,053,844	18,978,766
EXPENSES FOR BONUSES AND DISCOUNTS	2,398,216	965,040	3,363,256
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0
OPERATING EXPENSES	74,080,519	25,453,936	99,534,455
- acquisition costs	50,199,207	16,780,771	66,979,978
- other operating costs	23,881,312	8,673,165	32,554,477
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	64,850,181	3,410,860	68,261,042
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	1,007,803	0	1,007,803
- loss on investments accounted for using the equity method	142,650	0	142,650
- interest expense	0	0	0
- fair value losses	0	0	0
- realised loss on disposals	865,153	0	865,153
- loss on impairment of financial assets	0	0	0
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	43,933,744	2,417,612	46,351,357
- interest expense	997,384	82,867	1,080,251
- fair value losses	27,151,084	131,055	27,282,139
- realised loss on disposals	5,563,327	456,991	6,020,318
- loss on impairment of financial assets	2,410,514	52,576	2,463,090
- other expenses from financial assets and liabilities	7,811,435	1,694,123	9,505,559
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	19,908,634	993,248	20,901,882
OTHER INSURANCE EXPENSES	4,037,035	4,478,191	8,515,226
OTHER EXPENSES	29,807,065	4,638,566	34,445,631
PROFIT BEFORE TAX	60,302,386	5,256,457	65,558,842
Income tax expense	11,977,775	0	11,977,775
NET PROFIT FOR THE PERIOD	48,324,611	5,256,457	53,581,068
Net profit/loss attributable to the controlling company	48,100,585	5,074,710	53,175,295
Net profit/loss attributable to the non-controlling interest holders	224,026	181,746	405,772

in EUR

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA – CONTINUED	H1 2014		
	Slovenia	Other	TOTAL
NET PREMIUM INCOME	337,279,578	69,381,606	406,661,184
- gross written premium	406,671,910	81,083,238	487,755,148
- ceded written premium	-35,724,108	-8,840,754	-44,564,862
- change in unearned premium reserve	-33,668,224	-2,860,878	-36,529,102
INCOME FROM FINANCIAL ASSETS	114,078,360	7,265,658	121,344,018
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	217,292	0	217,292
- profit on equity investments accounted for using the equity method	217,292	0	217,292
INCOME FROM OTHER FINANCIAL ASSETS	82,983,542	6,372,700	89,356,242
- interest income	33,150,679	4,732,241	37,882,920
- dividends	2,830,407	39,529	2,869,936
- fair value gains	15,397,495	61,427	15,458,922
- realised gains on disposals	29,069,297	571,304	29,640,601
- other financial income	2,535,664	968,199	3,503,863
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	30,877,526	892,958	31,770,484
OTHER INCOME FROM INSURANCE OPERATIONS	3,764,058	2,159,221	5,923,279
- fees and commission income	2,457,541	938,523	3,396,064
- other income from insurance operations	1,306,517	1,220,698	2,527,215
OTHER INCOME	35,575,552	3,777,097	39,352,649
NET CLAIMS INCURRED	253,207,394	40,891,716	294,099,110
- gross claims settled	250,809,903	44,904,576	295,714,479
- reinsurers' share	-7,013,656	-3,073,684	-10,087,340
- changes in claims provisions	5,588,236	-939,176	4,649,060
- equalisation scheme expenses for supplementary health insurance	3,822,911	0	3,822,911
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	23,579,315	184,614	23,763,929
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	14,682,714	681,684	15,364,398
EXPENSES FOR BONUSES AND DISCOUNTS	3,468,195	556,955	4,025,150
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0
OPERATING EXPENSES	72,950,018	25,522,330	98,472,348
- acquisition costs	50,533,498	17,045,239	67,578,737
- other operating costs	22,416,520	8,477,091	30,893,611
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	25,709,334	2,055,094	27,764,428
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	967,569	0	967,569
- loss on investments accounted for using the equity method	967,569	0	967,569
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	14,691,094	1,488,777	16,179,871
- interest expense	1,305,691	182,784	1,488,475
- fair value losses	3,700,632	29,072	3,729,704
- realised loss on disposals	5,387,915	33,117	5,421,032
- loss on impairment of financial assets	0	81,882	81,882
- other expenses from financial assets and liabilities	4,296,856	1,161,922	5,458,778
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	10,050,671	566,317	10,616,988
OTHER INSURANCE EXPENSES	5,668,027	4,980,692	10,648,719
OTHER EXPENSES	29,456,446	4,289,441	33,745,887
PROFIT BEFORE TAX	61,976,105	3,421,056	65,397,161
Income tax expense	9,118,381	0	9,118,381
NET PROFIT FOR THE PERIOD	52,857,724	3,421,056	56,278,780
Net profit/loss attributable to the controlling company	52,846,743	3,207,766	56,054,509
Net profit/loss attributable to the non-controlling interest holders	10,981	213,290	224,271

2.5 Segmental analysis of Zavarovalnica Triglav's operations

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

in EUR

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT	30 June 2015			31 December 2014		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
ASSETS	1,289,761,988	1,526,384,197	2,816,146,185	1,227,775,291	1,514,954,061	2,742,729,352
Intangible assets	59,183,571	1,669,210	60,852,781	52,399,202	1,974,521	54,373,723
Property, plant and equipment	55,029,026	9,755,321	64,784,347	55,023,599	10,119,416	65,143,015
Deferred tax receivables	8,087,103	733,318	8,820,421	13,687,399	1,326,197	15,013,596
Investment property	54,569,820	1,308,733	55,878,553	36,650,566	1,321,892	37,972,458
Investments in subsidiaries	143,006,009	8,545,998	151,552,007	132,284,491	1,514,671	133,799,162
Investments in associates	0	7,072,548	7,072,548	0	10,427,235	10,427,235
Financial assets	735,215,000	1,486,379,295	2,221,594,295	766,880,684	1,473,503,610	2,240,384,294
Financial investments:	735,215,000	1,025,070,624	1,760,285,624	766,880,684	1,023,700,839	1,790,581,523
- loans and deposits	73,630,769	42,020,149	115,650,917	73,297,578	31,233,604	104,531,182
- held to maturity	0	182,110,369	182,110,369	0	186,136,258	186,136,258
- available for sale	654,114,748	632,097,713	1,286,212,462	682,592,871	616,822,203	1,299,415,074
- recognised at fair value through profit and loss	7,469,484	168,842,393	176,311,876	10,990,235	189,508,774	200,499,009
Unit-linked insurance assets	0	461,308,671	461,308,671	0	449,802,771	449,802,771
Reinsurers' share of technical provisions	89,482,576	22,927	89,505,503	75,232,980	92,371	75,325,351
Assets from investment contracts	0	0	0	0	0	0
Receivables	121,297,469	3,487,751	124,785,220	89,481,822	11,699,435	101,181,257
- receivables from direct insurance operations	88,708,029	499,039	89,207,068	61,078,223	449,516	61,527,739
- receivables from reinsurance and co-insurance operations	7,540,411	0	7,540,411	6,678,668	10,957	6,689,625
- current tax receivables	0	0	0	0	0	0
- other receivables	25,049,029	2,988,712	28,037,741	21,724,931	11,238,962	32,963,893
Other assets	3,261,268	3,044	3,264,312	3,455,548	3,044	3,458,592
Cash and cash equivalents	20,630,146	7,406,052	28,036,198	2,679,000	2,971,669	5,650,669
Non-current assets held for sale	0	0	0	0	0	0
EQUITY AND LIABILITIES	1,289,761,988	1,526,384,197	2,816,146,185	1,227,775,291	1,514,954,061	2,742,729,352
Equity	398,968,349	109,594,953	508,563,302	436,494,943	107,505,525	544,000,468
Controlling interests	398,968,349	109,594,953	508,563,302	436,494,943	107,505,525	544,000,468
- 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	53,412,885	40,344,978	13,067,907	53,412,885
- reserves from profit	236,464,034	45,513,891	281,977,925	236,464,034	45,513,891	281,977,925
- treasury share reserves	0	0	0	0	0	0
- treasury shares	0	0	0	0	0	0
- fair value reserve	40,681,474	11,701,746	52,383,220	53,067,784	20,153,445	73,221,229
- net profit brought forward	4,849,167	2,386,983	7,236,150	38,565,461	0	38,565,461
- net profit for the year	25,288,156	14,563,574	39,851,730	16,712,146	6,409,430	23,121,576
- currency translation differences	0	0	0	0	0	0
- reserve of disposal group held for sale	0	0	0	0	0	0
Non-controlling interests	0	0	0	0	0	0
Subordinated liabilities	17,977,486	11,984,986	29,962,472	17,975,127	11,983,413	29,958,540
Insurance technical provisions	745,196,809	919,838,811	1,665,035,620	691,696,303	925,394,092	1,617,090,395
- unearned premiums	229,812,270	465,413	230,277,683	182,489,705	412,831	182,902,536
- mathematical provisions	0	899,857,018	899,857,018	0	904,858,200	904,858,200
- claims provisions	494,767,520	18,639,744	513,407,264	489,862,786	19,136,346	508,999,132
- other insurance technical provisions	20,617,019	876,636	21,493,655	19,343,812	986,715	20,330,527
Insurance technical provisions for unit-linked insurance contracts	0	459,877,371	459,877,371	0	442,952,449	442,952,449
Employee benefits	7,897,335	1,698,905	9,596,240	7,742,113	1,666,541	9,408,654
Other provisions	413,890	0	413,890	399,080	0	399,080
Deferred tax liabilities	13,633,316	7,337,827	20,971,143	16,170,272	11,816,365	27,986,637
Liabilities from investment contracts	0	0	0	0	0	0
Other financial liabilities	58,557,173	0	58,557,173	1,693,909	0	1,693,909
Operating liabilities	18,170,770	5,738,563	23,909,333	19,659,271	6,174,096	25,833,367
- liabilities from direct insurance operations	4,454,342	5,738,563	10,192,905	4,457,704	6,174,096	10,631,800
- liabilities from reinsurance and co-insurance operations	11,524,919	0	11,524,919	10,406,511	0	10,406,511
- current tax liabilities	2,191,509	0	2,191,509	4,795,056	0	4,795,056
Other liabilities	28,946,860	10,312,781	39,259,641	35,944,273	7,461,580	43,405,853
Non-current liabilities held for sale and discontinued operations	0	0	0	0	0	0

in EUR

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT	H1 2015			H1 2014		
	Non-life	Life	TOTAL	Non-life	Life	TOTAL
NET PREMIUM INCOME	170,995,129	90,187,481	261,182,610	178,920,874	85,925,137	264,846,011
- gross written premium	243,420,940	90,446,168	333,867,108	249,657,422	86,158,076	335,815,498
- ceded written premium	-43,503,247	-206,105	-43,709,352	-40,763,030	-187,318	-40,950,348
- change in unearned premium reserve	-28,922,564	-52,582	-28,975,146	-29,973,518	-45,621	-30,019,139
INCOME FROM FINANCIAL ASSETS	39,766,391	99,595,477	139,361,868	23,847,040	85,144,028	108,991,068
INCOME FROM FINANCIAL ASSETS IN SUBSIDIARIES AND ASSOCIATES	19,359,986	0	19,359,986	1,314,342	60,541	1,374,883
- profit on equity investments accounted for using the equity method	0	0	0	0	0	0
- interest income	1,285,442	0	1,285,442	1,310,302	0	1,310,302
- dividends	18,057,864	0	18,057,864	0	60,541	60,541
- fair value gains	0	0	0	0	0	0
- realised gains on disposals	15,848	0	15,848	0	0	0
- other financial income	832	0	832	4,040	0	4,040
INCOME FROM OTHER FINANCIAL ASSETS	20,406,405	49,561,017	69,967,422	22,532,698	54,205,961	76,738,659
- interest income	10,427,807	13,302,807	23,730,614	11,530,151	19,066,657	30,596,808
- dividends	293,655	367,036	660,691	1,645,425	453,372	2,098,797
- fair value gains	1,534,179	12,092,861	13,627,040	802,297	14,372,397	15,174,694
- realised gains on disposals	6,336,774	22,501,805	28,838,579	7,646,647	19,488,750	27,135,397
- other financial income	1,813,990	1,296,508	3,110,498	908,178	824,785	1,732,963
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	50,034,460	50,034,460	0	30,877,526	30,877,526
OTHER INCOME FROM INSURANCE OPERATIONS	9,824,037	77,360	9,901,397	9,724,984	120,953	9,845,937
- fees and commission income	7,283,071	77,360	7,360,431	7,567,108	120,953	7,688,061
- other income from insurance operations	2,540,966	0	2,540,966	2,157,876	0	2,157,876
OTHER INCOME	1,632,298	2,010,351	3,642,649	1,868,513	1,678,346	3,546,859
NET CLAIMS INCURRED	100,582,720	85,841,185	186,423,905	115,367,478	80,017,546	195,385,024
- gross claims settled	108,204,294	86,865,894	195,070,188	116,922,874	80,293,286	197,216,160
- reinsurers' share	-9,809,619	-597,551	-10,407,170	-10,267,989	-33,818	-10,301,807
- changes in claims provisions	2,188,045	-427,158	1,760,887	8,712,593	-241,922	8,470,671
- equalisation scheme expenses for supplementary health insurance	0	0	0	0	0	0
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding ULI)	1,273,207	9,616,610	10,889,817	265,945	23,631,047	23,896,992
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	16,924,922	16,924,922	0	14,682,714	14,682,714
EXPENSES FOR BONUSES AND DISCOUNTS	2,331,001	0	2,331,001	3,473,244	0	3,473,244
CHANGE IN FINANCIAL CONTRACT LIABILITIES	0	0	0	0	0	0
OPERATING EXPENSES	54,200,551	14,975,409	69,175,960	54,498,583	15,608,816	70,107,399
- acquisition costs	39,801,886	10,324,406	50,126,292	40,025,865	10,778,870	50,804,735
- other operating costs	14,398,665	4,651,003	19,049,668	14,472,718	4,829,946	19,302,664
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	25,395,646	47,978,427	73,374,073	3,782,455	19,775,036	23,557,491
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN SUBSIDIARIES AND ASSOCIATES	20,504,703	0	20,504,703	2,585	0	2,585
- loss on investments accounted for using the equity method	0	0	0	0	0	0
- interest expense	0	0	0	0	0	0
- fair value losses	0	0	0	0	0	0
- realised loss on disposals	0	0	0	0	0	0
- loss on impairment of financial assets	20,468,378	0	20,468,378	0	0	0
- other expenses from financial assets and liabilities	36,325	0	36,325	2,585	0	2,585
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	4,890,943	28,069,793	32,960,736	3,779,870	9,724,365	13,504,235
- interest expense	553,874	353,526	907,400	588,650	355,964	944,614
- fair value losses	408,290	22,897,653	23,305,943	358,914	3,283,095	3,642,009
- realised loss on disposals	1,092,863	3,806,072	4,898,935	802,717	4,552,691	5,355,408
- loss on impairment of financial assets	0	0	0	0	0	0
- other expenses from financial assets and liabilities	2,835,916	1,012,542	3,848,458	2,029,589	1,532,615	3,562,204
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	19,908,634	19,908,634	0	10,050,671	10,050,671
OTHER INSURANCE EXPENSES	3,660,037	136,657	3,796,694	5,016,475	133,767	5,150,242
OTHER EXPENSES	882,106	55,708	937,814	537,205	64,425	601,630
PROFIT BEFORE TAX	33,892,587	16,341,751	50,234,338	31,420,026	18,955,113	50,375,139
Income tax expense	8,604,431	1,778,177	10,382,608	3,098,570	4,415,834	7,514,404
NET PROFIT FOR THE PERIOD	25,288,156	14,563,574	39,851,730	28,321,456	14,539,279	42,860,735

2.6 Significant items of the statement of financial position

Intangible assets

In the reporting period, the carrying amount of intangible assets of the Triglav Group increased by EUR 7.2 million, mainly as the result of the increase in the long-term deferred acquisition costs amounting to EUR 8.1 million. In the reporting period, new purchases of intangible assets equalled EUR 2.1 million. In the first six months of 2015, accumulated amortisation reached EUR 3 million.

In the reporting period, the carrying amount of intangible assets of Zavarovalnica Triglav increased by EUR 6.5 million. Even in the separate financial statements, the change mainly refers to the increase in long-term deferred acquisition costs. New purchases of other intangible assets in the amount of EUR 1.7 million primarily relate to the purchase of licences and software. In the first half of 2015, amortisation of intangible assets of Zavarovalnica Triglav amounted to EUR 2.1 million.

Property, plant and equipment

In the first six months of 2015, the carrying amount of property, plant and equipment of the Triglav Group decreased by EUR 77 thousand and the carrying amount of investment property by EUR 9.3 million. This decrease was mainly a result of transferring the value of the land plot to the non-current assets held for sale.

At the Group level, acquisition costs of property, plant and equipment and investment property totalled EUR 4.9 million in the first half of 2015. In the reporting period, accumulated depreciation of property, plant and equipment and investment property at the Group level amounted to EUR 5.4 million.

In the first six months of 2015, the carrying amount of property, plant and equipment of Zavarovalnica Triglav decreased by EUR 359 thousand, whilst that of investment property went up by EUR 17.9 million. This increase resulted mainly from the purchase of the commercial building that Zavarovalnica Triglav acquired from its subsidiary for EUR 18.8 million. With this purchase, no gains or losses from the sale were realised at the level of consolidated financial statements. At the Company level, accumulated depreciation of property, plant and equipment and investment property totalled EUR 2.2 million in the first half of 2015.

Financial assets

The tables below show the carrying amount and fair value of financial assets as at 30 June 2015 and the respective values at the 2014 year-end.

Values as at 30 June 2015	Triglav Group		Zavarovalnica Triglav	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits	187,744,487	187,744,487	115,650,918	115,650,918
Held to maturity	258,941,203	304,002,264	182,110,369	219,764,065
Available for sale	1,612,591,834	1,612,591,834	1,286,212,460	1,286,212,460
Investments recognised at fair value	333,713,066	333,713,066	176,311,877	176,311,877
Unit-linked insurance assets	479,492,010	479,492,010	461,308,671	461,308,671
TOTAL	2,872,482,600	2,917,543,661	2,221,594,295	2,259,247,991

in EUR

in EUR

Values as at 31 December 2014	Triglav Group		Zavarovalnica Triglav	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits	130,037,423	130,037,423	104,531,182	104,531,182
Held to maturity	210,604,128	258,617,374	186,136,258	231,246,180
Available for sale	1,608,664,995	1,608,664,995	1,299,415,074	1,299,415,074
Investments recognised at fair value	204,282,044	204,282,044	200,499,009	200,499,009
Unit-linked insurance assets	465,787,739	465,787,739	449,802,771	449,802,771
TOTAL	2,619,376,329	2,667,389,575	2,240,384,294	2,285,494,216

Tables below show financial assets of Zavarovalnica Triglav and Triglav Group by different groups of financial assets.

Triglav Group

in EUR

As at 30 June 2015	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	174,089,527	46,899,785	220,989,312
Debt instruments	23,809,804	258,941,203	1,437,629,393	285,520,338	2,005,900,738
Derivative financial instruments	0	0	0	1,292,942	1,292,942
Unit-linked financial assets	6,083,675	0	429,577	472,978,759	479,492,011
Loans	163,934,683	0	872,914	0	164,807,597
Total	193,828,162	258,941,203	1,613,021,411	806,691,824	2,872,482,600

in EUR

As at 31 December 2014	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	140,568,392	5,014,064	145,582,456
Debt instruments	22,242,405	210,604,128	1,468,096,607	198,569,359	1,899,512,499
Derivative financial instruments	0	0	0	698,620	698,620
Unit-linked financial assets	11,963,082	0	415,718	453,408,939	465,787,739
Loans	107,795,018	0	-3	0	107,795,015
Total	142,000,505	210,604,128	1,609,080,714	657,690,982	2,619,376,329

Zavarovalnica Triglav

in EUR

As at 30 June 2015	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	115,391,575	2,364,262	117,755,837
Debt instruments	0	182,110,369	1,169,947,967	172,654,672	1,524,713,008
Derivative financial instruments	0	0	0	1,292,942	1,292,942
Unit-linked financial assets	5,900,892	0	0	455,407,779	461,308,671
Loans	115,650,917	0	872,920	0	116,523,837
Total	121,551,809	182,110,369	1,286,212,462	631,719,655	2,221,594,295

in EUR

As at 31 December 2014	L&R	HTM	AFS	FVTPL	Total
Equity instruments	0	0	91,400,110	2,655,353	94,055,462
Debt instruments	0	186,136,258	1,206,536,701	197,145,036	1,589,817,995
Derivative financial instruments	0	0	0	698,620	698,620
Unit-linked financial assets	11,801,684	0	0	438,001,086	449,802,770
Loans	104,531,183	0	1,478,264	0	106,009,446
Total	116,332,867	186,136,258	1,299,415,074	638,500,095	2,240,384,294

Legend:

- L&R: Loans and receivables
- HTM: Held to maturity
- AFS: Available for sale
- FVTPL: Fair value through profit or loss

Overview of financial assets according to valuation levels

Tables below show financial assets of Triglav Group and Zavarovalnica Triglav, 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: value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (stock exchange quotations and listings provided by third parties, (e.g. Bloomberg), entirely based on observable market data relating to binding listings not older than one day);
- Level 2: value measurement less than entirely based on quoted prices for the asset or liability. Fair value measurements may be based on indirectly observable inputs, i.e. data derived from prices of comparable financial instruments, but only up to a strictly limited percentage;
- Level 3: value measurement based on prices that do not meet the standards for Level 1 or Level 2. The percentage of unobservable inputs used in value measurement models is considerable.

Triglav Group

in EUR				
As at 30 June 2015	Level 1	Level 2	Level 3	Total
Equity securities	196,568,225	28,150	24,392,937	220,989,312
Debt securities	428,014,854	1,294,985,638	149,239	1,723,149,731
Derivative financial instruments	0	1,292,942	0	1,292,942
Unit-linked financial assets	368,599,324	104,809,011	0	473,408,335
Total	993,182,403	1,401,115,741	24,542,176	2,418,840,320

in EUR				
As at 31 December 2014	Level 1	Level 2	Level 3	Total
Equity securities	118,936,045	6,876	25,063,177	144,006,098
Debt securities	1,037,735,308	628,779,902	150,756	1,666,665,966
Derivative financial instruments	0	698,620	0	698,620
Unit-linked financial assets	353,737,731	100,086,925	0	453,824,656
Total	1,510,409,084	729,572,323	25,213,933	2,265,195,340

Zavarovalnica Triglav

in EUR				
As at 30 June 2015	Level 1	Level 2	Level 3	Total
Equity securities	114,032,660	0	3,723,176	117,755,836
Debt securities	212,663,676	1,129,938,963	0	1,342,602,639
Derivative financial instruments	0	1,292,942	0	1,292,942
Unit-linked financial assets	351,028,345	104,379,434	0	455,407,779
Total	677,724,682	1,235,611,339	3,723,176	1,971,059,197

in EUR				
As at 31 December 2014	Level 1	Level 2	Level 3	Total
Equity securities	90,422,335	0	3,633,127	94,055,462
Debt securities	900,248,452	503,433,285	0	1,403,681,737
Derivative financial instruments	0	698,620	0	698,620
Unit-linked financial assets	338,338,690	99,662,396	0	438,001,086
Total	1,329,009,477	603,794,301	3,633,127	1,936,436,906

Value assessment techniques and inputs used for measurement purposes

Financial investment type	Value assessment method	Material parameters	Parameter weight applied	Fair value hierarchy
EXTERNAL APPRAISERS (market operator)				
Debt securities - composite	stochastic model, HW1f and HW2f network models	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, correlation matrix, volatility indices		level 2
Equity securities	stochastic model	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, interest rate volatility, volatility indices		level 2
Derivatives	Black-Scholes model	index volatility		level 2
BLOOMBERG BVAL				
Debt securities				
Debt securities - government	cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		level 2
Debt securities - companies and finan. institutions	cash flow discounting according to amortisation schedule	EUR SWAP interest rate curve, issuer credit spreads, comparable issuer credit spreads, indicative listings		level 2
INTERNAL APPRAISERS				
Debt securities				
Debt securities - government	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve	1y: 0.2995%, 2y: 0.4688%, 3y: 0.721%, 4y: 1.0552%, 5Y: 1.3655%, 6y: 1.6764%, 7Y: 1.9663, 8Y: 2.1597, 9y: 2.3569%, 10y: 2.4475%; credit spreads between 0% and 1%	level 2
Debt securities - companies and finan. institutions	cash flow discounting according to amortisation schedule	Republic of Slovenia interest rate yield curve, issuer credit spreads	1y: 0.2995%, 2y: 0.4688%, 3y: 0.721%, 4y: 1.0552%, 5Y: 1.3655%, 6y: 1.6764%, 7Y: 1.9663, 8Y: 2.1597, 9y: 2.3569%, 10y: 2.4475%; credit spreads between 0% and 1%	level 2
Equity securities				
	cash flow discounting	g (growth rate during constant growth period)	2.0%	level 3
		EBIT margin (constant growth period)	30.7%	level 3
		discount rate	13.4%	level 3
		lack of marketability discount	10.0%	level 3

Changes of Level 3 financial assets

	in EUR	
	Triglav Group	Zavarovalnica Triglav
Opening balance	25,213,933	3,633,127
Purchases	46,658	46,658
Disposals	-134,601	0
Revaluations through comprehensive income	-103,631	43,391
Transfers from Level 1 and Level 2	-488,484	0
Foreign exchange rate difference	8,301	0
Closing balance for the current period	24,542,176	3,723,176

In the first half-year of 2015, there were no reclassified assets from Level 1 to Level 2 and vice versa. This applies to the entire Triglav Group.

Impairment

In Zavarovalnica Triglav, a loss arising from impairment of financial assets amounting to EUR 20.5 million was recognised in the reporting period. No impairment loss on other assets was recognised in the reporting period. In the Triglav Group, no impairment losses on financial or other assets were recognised in the reporting period.

Subordinated debt instruments

In the reporting period, Zavarovalnica Triglav did not issue, buy back or redeem any debt securities.

Contingent liabilities

In the second quarter of 2015, Zavarovalnica Triglav issued a guarantee in the amount of CZK 247.7 million (EUR 9.1 million) for receivables from past due premium of Triglav Pojišť'ovna, a.s., arising from its operations in 2014 and 2013. As at 30 June 2015, a provision was made in the consolidated financial statements and financial expenses were recognised for this guarantee in the amount of EUR 2.3 million, while the rest was recognised in the off-balance-sheet items.

Distribution of accumulated profits

On 9 June 2015, the General Meeting of Shareholders of Zavarovalnica Triglav decided on the distribution of accumulated profits for 2014 of EUR 61,687,037 in total. A part of accumulated profit in the amount of EUR 56,837,870 was allocated for dividend payments, i.e. EUR 2.50 gross dividend per share. The distribution of the remaining part of the accumulated profit of EUR 4,849,167 shall be decided upon in the following years. The dividends were paid on 8 July 2015.

2.7 Changes in equity stakes in subsidiaries and business combinations

Gradual acquisition of Skupna pokojninska družba d.d.

Zavarovalnica Triglav acquired a 36.51% equity stake in Skupna pokojninska družba d.d., Ljubljana. Skupna pokojninska družba is a provider of supplemental voluntary pension insurance in accordance with the Pension and Disability Insurance Act. The purpose of the acquisition of a majority stake in this company was to gain synergy effects through cost rationalisation and, consequently, higher competitiveness, joint development of new products and services in the pension insurance segment, and the transfer of investment management to the parent company.

By this acquisition, Zavarovalnica Triglav has become the controlling company of Skupna pokojninska družba d.d. in which it already held a 30.14% equity stake immediately prior to the acquisition. This business combination took place in several stages. It was recognised using the acquisition method according to IFRS 3 – Business Combinations.

At the acquisition date on 9 January 2015, the following values of acquired identifiable assets and assumed liabilities were established.

	in EUR 9 January 2015
ACQUIRED ASSETS	244,812,544
Intangible assets	15,839
Property, plant and equipment	152,752
Financial assets	16,621,246
- loans and receivables	1,221,095
- held to maturity	1,482,587
- available for sale	13,917,564
Assets from investment contracts	224,841,286
Receivables and other assets	1,390,059
Cash and cash equivalents	1,791,362
ASSUMED LIABILITIES	230,681,868
Liabilities from investment contracts	224,841,286
Employee benefits	210,174
Other financial liabilities	4,518,680
Liabilities for dividends	1,111,728
Net value of acquired assets and assumed liabilities	14,130,676
Consideration for the acquisition of the 36.51% equity interest	4,064,016
Equity interest in the company held prior to the acquisition date	2,901,445
Revaluation of fair value of previously-held equity interest (30.14%) in the acquired company as at acquisition date	4,259,074
Non-controlling interest as at acquisition date (33.35%)	4,711,972
Sum of equity interest and non-controlling interests	13,035,063
DIFFERENCE between net value of acquired assets and assumed liabilities and the sum of equity interest and non-controlling interests (profit)	1,095,613
Consideration for the acquisition of the 5.2 % equity interest after the acquisition date	580,328
DIFFERENCE between the adjustment made to the non-controlling interests and the consideration received	164,260

At the acquisition date, the net value of assets acquired and liabilities assumed measured at fair value was established and equity stakes prior to the acquisition were calculated at fair value. A positive impact in the amount of EUR 1,357,627 million was recognised in the profit or loss. In the acquisition process, the non-controlling interests in the acquired company were restated at the proportionate share of equity stakes in the recognised amounts of identifiable net assets acquired. The difference between the net value of assets acquired and liabilities

assumed and the sum of the equity stake and the non-controlling interest holders' share is the profit in the amount of EUR 1,095,613, which was recognised in profit or loss.

After the acquisition date, Zavarovalnica Triglav also acquired a 5.2% equity stake from non-controlling interest holders. The difference between the amount by which the non-controlling interest is adjusted and the compensation received, equalling EUR 164,260, was recognised directly in equity as share premium. Zavarovalnica Triglav held a 71.87% equity stake and an equal share of voting rights as at the reporting date.

Capital increase of Triglav INT, holdinška družba d.d., Ljubljana

In the first half of 2015, Zavarovalnica Triglav provided two tranches of additional capital to its subsidiary Triglav INT. The first capital increase was raised by in-cash contribution of EUR 1 million. The second capital increase was financed through a debt to equity swap transaction of EUR 19,733,017 by the parent company and an equity stake in Pista d.o.o., Belgrade as an in-kind contribution, amounting to EUR 3,266,983.

For this capital raise, Triglav INT issued 24,000,000 new shares at a nominal value of EUR 1 each – increasing its share capital by EUR 24 million.

With the capital increase performed, Zavarovalnica Triglav remains a 100% owner of Triglav INT.

Capital increase and sale of Triglav Pojišť'ovna a.s., Brno

The capital of the subsidiary Triglav Pojišť'ovna a.s., Brno was increased by Triglav INT in January 2015 through the issue of 220 shares at a nominal value of CZK 100,000, totalling CZK 22 million or EUR 797,015. Following this share capital increase, Triglav INT remained the 100% owner of the company.

In May 2015, Triglav INT sold its stake in the subsidiary. Total price stood at CZK 177.5 million or EUR 6,462,300. With the sale of its subsidiary, Triglav INT generated a profit of EUR 1,451,295.

The sale of the Czech company had a negative impact on consolidated financial statements. In the consolidated statements, a loss of EUR 865,153 was recognised under the item Net realised losses on financial assets.

Capital increase of Triglav, Upravljanje nepremičnin d.d., Ljubljana

In the first three months of 2015, the capital increase of the company took place by issuing 95,602 shares in the total amount of EUR 6,195,010, fully paid in by Zavarovalnica Triglav. As a result of the capital increase, the share capital rose by EUR 398,938 and share premium grew by EUR 5,796,072. As a result, the equity stake of Zavarovalnica Triglav in Triglav, Upravljanje nepremičnin increased by 14.32% to 71.27% as at 31 March 2015. The Triglav Group thus increased its stake in the said company by 4.77% to 90.43% as at 31 March 2015.

In the second quarter of 2015, Zavarovalnica Triglav also acquired a 9.57% equity stake from non-controlling interest holders of Triglav, Upravljanje nepremičnin, thereby becoming an 80.84% owner of the company. Following this acquisition, the Triglav Group became a 100% owner of the said company.

The purchase price equalled EUR 1,835,507. The acquisition of a non-controlling interest stake is recognized in consolidated financial statements as a decrease in share premium, totalling EUR 2,142,441.

Acquisition of equity stake from non-controlling interest holders in Unis automobili i dijelovi d.o.o., Sarajevo

Triglav Osiguranje d.d., Sarajevo acquired a 4.82% equity stake in Unis automobili i dijelovi d.o.o., Sarajevo from non-controlling interest holders, thereby becoming its 100% owner. The acquisition price was BAM 117,980. The acquisition of a non-controlling interest stake is recognized in the consolidated financial statements as a decrease in share premium, totalling EUR 24,278.

Purchase of an equity stake in Izletnik Celje d.d.

In the reporting period, Avrigo d.o.o. purchased shares of Izletnik Celje d.d. and thus became a 49.49% owner of the company. In the consolidated financial statements, Izletnik Celje is valued under the equity method.

2.8 Related party transactions

Revenues of the Management and Supervisory Board

In the first six-months of 2015, the Management Board members 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	76,585	867	36,478	41,222	27,003	2,526	955
Makoter Marica	73,109	791	36,010	38,537	19,309	2,371	269
Jošar Benjamin	73,109	820	24,007	33,176	18,904	3,918	709
Ivanc Uroš	73,109	791	10,803	29,594	19,338	932	834
Čoroli Tadej	73,109	791	9,002	29,274	19,314	335	392
Vrtunski Stanislav	0	0	21,606	12,623	0	0	0
TOTAL	369,021	4,060	137,906	184,426	103,868	10,082	3,159

* Other additional payments include holiday allowances.

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

*** Other benefits include company cars.

In the first-six months of 2015, members of the Management Board did not receive any payments for their work in subsidiaries.

As at 30 June 2015, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

in EUR		
Surname and name	Receivables as at 30 June 2015	Liabilities as at 30 June 2015
Slapar Andrej	0	18,915
Makoter Marica	16	18,118
Jošar Benjamin	0	18,022
Ivanc Uroš	9,999	8,313
Čoroli Tadej	30	7,822
TOTAL	10,045	71,190

In the first six-months of 2015, the Supervisory Board members and members of Committees were paid the following amounts as compensation for their work:

in EUR					
Surname and name	Compensation	Attendance fee	Reimbursements	Total gross pay	Total net pay
Blažič Matija	5,417	1,100	589	7,106	5,168
Celar Peter	6,727	1,540	0	8,267	6,013
Gobbo Mario	8,125	2,420	13,390	23,935	15,767
Gorjan Branko	6,727	1,980	965	9,672	7,035
Kastelic Gregor	8,667	1,540	5,603	15,810	12,252
Krštinč Miran	6,727	1,760	243	8,730	6,349
Nose Barbara*	2,708	1,100	0	3,808	2,770
Runjak Matej	10,156	1,760	0	11,916	8,667
Stankovič Rajko	6,771	1,980	0	8,751	6,364
Total	62,025	15,180	20,790	97,995	70,385

* External committee member.

As at 30 June 2015, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

in EUR		
Surname and name	Net receivables as at 30 June 2015	Net liabilities as at 30 June 2015
Blažič Matija	0	1,071
Celar Peter	0	1,013
Gobbo Mario	0	4,217
Gorjan Branko	0	589
Kastelic Gregor	0	2,128
Krštinč Miran	0	419
Molan Boštjan	0	813
Nose Barbara*	0	594
Runjak Matej	0	1,837
Sotošek Ivan	0	813
Stankovič Rajko	0	1,345
Štimac Dubravko	157	0
TOTAL	157	14,839

*External committee member.

Transactions with subsidiaries

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

	in EUR	
ASSETS	30 June 2015	31 Dec 2014
Shares	151,552,007	133,799,162
Debt securities and loans	21,177,771	47,456,254
Other financial investments	872,919	1,478,265
Receivables from insurers	1,871,108	1,515,587
Premium receivable from co-insurance	20,556	7,888
Receivables from re-insurers' share in claim	5,899,431	5,529,833
Other short-term receivables from insurance operation	11,901	13,303
Short term receivables from financing	3,489,327	2,922,209
Other short-term receivables	1,438,143	2,224,578

	in EUR	
LIABILITIES	30 June 2015	31 Dec 2014
Liabilities to policy holders	243,866	608,278
Liabilities to agents and brokers	171,933	179,398
Liabilities from direct insurance operations	4,209	4,209
Liabilities for re-insurance premiums	9,640,918	9,286,094
Liabilities for co-insurer's share in claims	1,205	0
Other short-term liabilities from insurance operations	25,837	30,353
Other short-term liabilities	334,774	194,909

	in EUR	
INCOME AND EXPENSES	H1 2015	H1 2014
Gross written premium	6,010,745	2,696,884
Assumed co-insurance written premium	20,486	4,049
Outward re-insurance premium (-)	-38,746,673	-34,969,784
Income from re-insurance commissions	6,442,871	6,807,582
Other income from insurance business	2,331,845	1,812,232
Interest income	1,285,442	1,310,302
Income from land and buildings	79,320	79,709
Income from dividends	18,057,864	0
Other insurance income	1,332,491	868,411
Other income	101,328	384,229
TOTAL INCOME	-3,084,281	-21,006,386
Gross claims settled	838,749	994,244
Re-insurers' share	-8,595,056	-9,617,364
Co-insurers' share	1,205	0
Other expenses	16,878	0
TOTAL EXPENSES	-7,738,224	-8,623,120

Transactions with 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			
	Triglav Group		Zavarovalnica Triglav	
	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
Shares	9,746,932	10,371,335	7,072,548	10,427,235
Receivables from insurers	66,879	5,208	66,667	5,000
Short term receivables from financing	0	1,111,728	0	1,111,728
Other short-term receivables	10,242	26,121	0	16,121
LIABILITIES	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
Liabilities to agents and brokers	21,499	28,461	21,499	24,919
Other short-term liabilities	518	1,123	0	0
Accrued expenses	2,625	14	0	0

INCOME AND EXPENSES	in EUR			
	Triglav Group		Zavarovalnica Triglav	
	H1 2015	H1 2014	H1 2015	H1 2014
Gross written premium	652,855	109,002	89,125	109,002
Income from dividends	0	60,541	0	60,541
Other income	0	875	0	875
TOTAL INCOME	652,855	170,418	89,125	170,418
Gross claims settled	9,487	9,350	9,487	9,350
TOTAL EXPENSES	9,487	9,350	9,487	9,350

2.9 Significant events after the reporting date

No events occurring after the reporting date were material to the consolidated financial statements for the first six months of 2015.

Events after the reporting date that are important for operations in 2015 are the following:

- Following its regular revision in July 2015, the Standard & Poor's rating agency affirmed the current »A–« (excellent) long-term credit rating and the »A–« (excellent) financial strength rating of Zavarovalnica Triglav d.d. and its subsidiary Pozavarovalnica Triglav Re d.d., and thereby the Triglav Group. Moreover, the Agency revised its medium-term outlook for both companies from »stable« to »positive«.
- On 30 July 2015, Triglav Naložbe d.d., Ljubljana as one of the sellers and Merrill Lynch International and Wiltan Enterprises Limited as the buyers made an agreement on the sale and transfer of 25.0527% of share capital of Elan, proizvodnja športnih izdelkov, d.o.o. Moreover, the unlawful state aid from 2008 is expected to be recovered by the end of September 2015.
- On 6 August 2015, in the proceedings relating to the merger of Triglav Naložbe, Zavarovalnica Triglav was granted an authorisation of the Insurance Supervision Agency to merge Triglav Naložbe d.d., Slovenska cesta 54, Ljubljana, to the parent company. Upon issuing the said authorisation, the Merger by Acquisition Agreement on merging Triglav Naložbe d.d. to Zavarovalnica Triglav d.d. entered into force, which the two companies signed on 13 May 2015. The merger proceedings will be completed as soon as the merger by acquisition will be entered into the Companies Register.
- Based on the appeal lodged by Zavarovalnica Triglav against the Order issued on 10 June 2015 (the Order) by the Insurance Supervision Agency (hereinafter: ISA) related to a review of operations, in order to inspect whether the Company's operations are in compliance with the Insurance Act and other applicable acts and implementing regulations, regulating its operations and accounting activities of insurance companies, on 24 July 2015 Zavarovalnica Triglav was served a Decision by the ISA, rejecting the Company's appeal and establishing that the Company eliminated the violations pertaining to the evaluation of certain investments in due time. On 7 August 2015, Zavarovalnica Triglav brought legal proceedings before the Administrative Court of the Republic of Slovenia challenging the validity of the ISA Order, stating that the said violations were not mentioned in the issued Order.