



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

triglav

www.triglav.eu
www.triglav.si

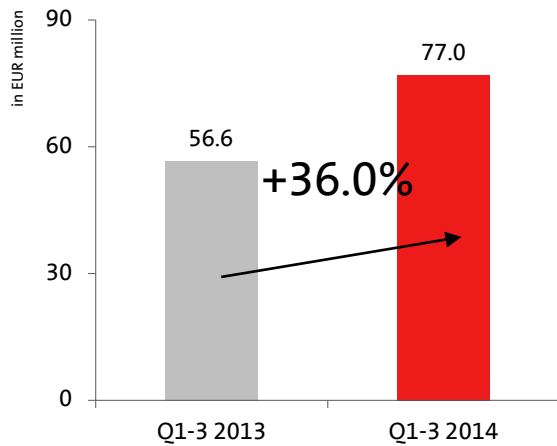
Unaudited Interim Report of Zavarovalnica Triglav d.d. and the Triglav Group for the period from 1 January 2014 to 30 September 2014



Ljubljana, November 2014

PERFORMANCE OF THE TRIGLAV GROUP IN THE FIRST NINE MONTHS OF 2014

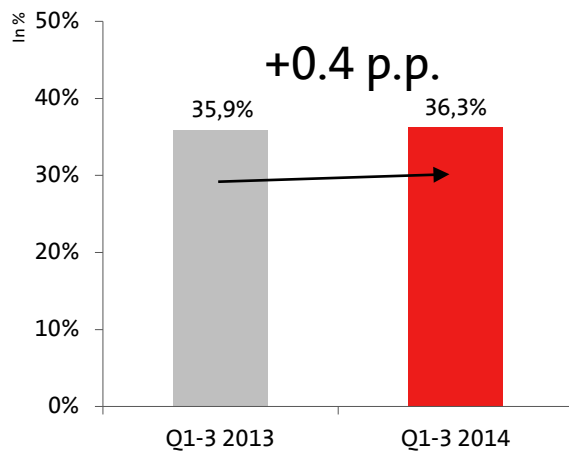
Net profit



Consistent implementation of strategic guidelines and high return on investments is reflected in higher profit.

For additional information see page 46.

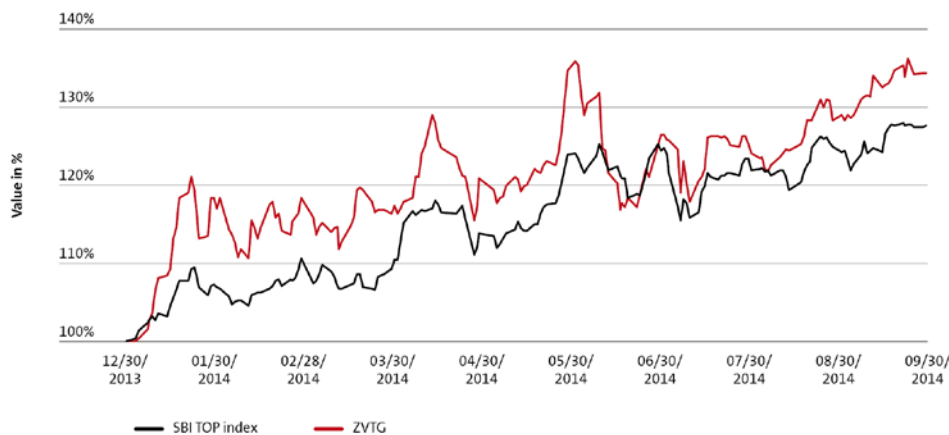
Market share



The market share of the Triglav Group in Slovenia stood at 36.3%, having increased by 0.4 percentage point over the corresponding period of 2013.

For additional information see page 19.

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



The ZVTG share price increased by 34%.

For additional information see page 15.



Dear shareholders, business partner and colleagues!

In 2014, the Triglav Group continues to implement its strategy, adopted in December 2013, placing focus on the core insurance business in combination with the maximisation of profitability and safety of operations. Despite unfavourable operating conditions and extraordinary loss events we estimate that in the first nine months of 2014 the Triglav Group and the parent company performed well as confirmed by the results achieved. In the reporting period, we earned **EUR 77.0 million in net profit**, which represents a 36% growth compared to the corresponding period of 2013.

We maintained profitability and financial stability at high levels. This was confirmed by the credit rating agencies Standard & Poor's and A.M. Best, which both reassigned us an »A-« credit rating. A stable medium-term outlook was assigned by Standard & Poor's, whilst A.M. Best upgraded the Company's medium-term outlook from "stable" to "positive". Credit ratings reflect solid risk-adjusted capitalisation, good business results and dominant competitive position of the Triglav Group in the Slovene market.

Key financial indicators also point to the Group's high financial stability. As at 30 September 2014, **the total balance sheet assets** of the Triglav Group stood at **EUR 3,311.9 million**, representing an 8% increase over the 2013 year-end. **Insurance technical provisions**, which are the basis for balanced operations and ensure long-term safety to policyholders, as at the reporting date grew by 6% to **EUR 2,396.4 million** compared to 31 December 2013. Compared to 2013 year-end, **total equity capital, which is crucial for safe insurance operations**, went up by 16% or **EUR 684.0 million** in nominal terms.

Activities related to the portfolio selection were continued along with the focus on relation building with quality clients. **The combined ratio of the Group** – a measure of profitability in core insurance operations – reached **95.4%** as at the reporting date, which was close to the target value. Compared to the respective period of 2013, it increased by 3.1 percentage points, mainly as a result of extraordinary loss events.

We made important steps to partially ease the pressure on premium income. The reasons behind a **2% decrease in gross written premium of the Triglav Group** may be mainly attributed to a challenging business environment. The Group and Zavarovalnica Triglav have responded to aggressive competition and changed consumer behaviour by taking different sales measures, launching new products and redesigning the existing ones. The insurance market was demanding on all participations, as it was further affected by reduced purchasing power of households, greater prudence of policyholders, lower insurance density, higher unemployment, corporate bankruptcies, reduction in bank lending and lower sales of motor vehicles.

The performance was additionally encumbered by **extraordinary loss events**, mainly by snow and ice storms affecting the whole Slovenia in early 2014, flood events in Croatia, Serbia and Bosnia and Herzegovina in May and September floods in Slovenia.

The Group's business results are heavily influenced by the situation on capital markets, as diverse financial investments represent the majority of total assets Company and/or the Group. **Financial investment return** amounted to **EUR 140.0 million** and was as much as 208% higher over the same period last year. The high increase was primarily a result of higher profit from sales in trading with debt securities and significantly lower permanent impairments of financial investments in the corresponding period of the preceding year.

In the first nine months of 2014, **Zavarovalnica Triglav's shares (ZVTG)**, listed on the Ljubljana Stock Exchange, experienced price growth and maintained high liquidity of the ZVTG share. **From 31 December 2013 to 30 September 2014**, the closing price of Zavarovalnica Triglav's shares **increased by 34%** and equalled EUR 25.55 as at the reporting date. The average daily trading volume of ZVTG shares was EUR 181,999, which was 6% more than the 2013 average.

According to forecasts, conditions in the markets in which Triglav operates will remain uncertain throughout the year. The implementation of the Triglav Group's strategy will be supported by active operating cost management, careful selection of the existing portfolio by redesigning and developing the insurance products, greater emphasis on risk assessment and underwriting, as well as a prudent investment policy with focus on a stable and profitable portfolio. As a Group we want to remain the market leader in Slovenia and consolidate its position in the target markets of South-East Europe, we will actively pursue these objectives.

Andrej Slapar

President of the Management Board of Zavarovalnica Triglav

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1. FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP IN THE FIRST NINE MONTHS OF 2014

1.1 Performance of the Triglav Group

in EUR million			
	Q1-3 2014	Q1-3 2013	Index 2014/2013
Gross written premium from insurance and co-insurance contracts	688.6	702.8	98
Net premium earned	611.7	629.7	97
Gross claims paid	440.8	470.5	94
Net claims incurred	438.3	443.4	99
Gross operating costs*	170.7	166.5	103
Profit before tax	89.7	65.4	137
Net profit	77.0	56.6	136
Net profit attributable to the controlling company	76.6	56.0	137
	30 September 2014	31 December 2013	Index 2014/2013
Insurance technical provisions as at	2,396.4	2,261.4	106
Equity as at	684.0	590.5	116
Equity attributable to the controlling company as at	677.2	584.3	116
Number of employees as at	5,368	5,351	100

* Insurance business gross operating costs

Key performance indicators of the Triglav Group

	Q1-3 2014	Q1-3 2013
ROE annualised	16.5%	13.4%
Claims ratio	66.7%	64.3%
Expense ratio	28.7%	28.1%
Combined ratio	95.4%	92.3%
Ratio between gross operating costs and gross premium written	24.8%	23.7%

1.2 Performance of Zavarovalnica Triglav (hereinafter: Zavarovalnica Triglav)

in EUR million			
	Q1-3 2014	Q1-3 2013	Index 2014/2013
Gross written premium from insurance and co-insurance contracts	463.7	478.2	97
Net premium earned	395.6	414.2	96
Gross claims paid	296.3	312.6	95
Net claims incurred	289.3	292.0	99
Gross operating costs	119.1	117.0	102
Profit before tax	65.9	57.9	114
Net profit	56.1	50.5	111
	30 September 2014	31 December 2013	Index 2014/2013
Insurance technical provisions as at	2,084.9	1,959.3	106
Equity as at	559.7	499.8	112
Number of employees as at	2,383	2,373	100

Key performance indicators of Zavarovalnica Triglav

	Q1-3 2014	Q1-3 2013
ROE annualised	14.4%	13.6%
Claims ratio	64.7%	59.7%
Expense ratio	29.6%	28.1%
Combined ratio	94.3%	87.8%
Ratio between gross operating costs and gross premium written	25.7%	24.5%

1.3 Activities and position of the Triglav Group

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

The Group's key business pillars are:

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

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

The insurance-oriented part of the Group encompasses:

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

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

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

	Insurance	Asset management	Other
Slovenia	<ul style="list-style-type: none"> ▪ Zavarovalnica Triglav d.d. ▪ Pozavarovalnica Triglav Re d.d. ▪ Triglav, Zdravstvena zavarovalnica d.d. ▪ Skupna pokojninska družba d.d. 	<ul style="list-style-type: none"> ▪ Triglav Skladi d.o.o. ▪ Triglav Naložbe d.d. ▪ Triglav nepremičnine d.o.o. ▪ Triglav, Upravljanje nepremičnin d.d. ▪ Slovenijales d.d. 	<ul style="list-style-type: none"> ▪ Triglav INT d.d. ▪ Triglav Svetovanje d.o.o. ▪ Triglav Avtoservis d.o.o. ▪ TriglavKo d.o.o.
Croatia	<ul style="list-style-type: none"> ▪ Triglav Osiguranje d.d., Zagreb 		
Bosnia and Herzegovina	<ul style="list-style-type: none"> ▪ Triglav Osiguranje d.d., Sarajevo ▪ Triglav Osiguranje a.d., Banja Luka 	<ul style="list-style-type: none"> ▪ Polara Invest d.d. ▪ PROF-IN d.o.o. 	<ul style="list-style-type: none"> ▪ TRI-PRO BH d.o.o. ▪ Triglav Auto d.o.o. ▪ Autocentar BH d.o.o. ▪ Unis automobili i dijelovi d.o.o.
Serbia	<ul style="list-style-type: none"> ▪ Triglav Osiguranje a.d.o., Beograd 	<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 		
Czech Republic	<ul style="list-style-type: none"> ▪ Triglav Pojišťovna a.s., Brno 		

1.4 Composition and markets of the Triglav Group



The Triglav Group as at 30 September 2014:

Controlling company:

- Zavarovalnica Triglav d.d.

Subsidiaries of the Triglav Group:

- Pozavarovalnica Triglav Re d.d.
- Triglav, Zdravstvena zavarovalnica d.d.
 - Zdravstveni center morje d.o.o.
- Triglav INT, holdinška družba d.d.
 - Triglav Osiguranje d.d., Zagreb
 - Triglav Osiguranje d.d., Sarajevo
 - Autocentar BH d.o.o.
 - Unis automobili i dijelovi d.o.o.
 - Sarajevostan d.d.
 - Triglav Pojišt'ovna a.s., Brno
 - Lovćen Osiguranje a.d., Podgorica
 - Lovćen životna osiguranja a.d.
 - Lovćen Auto a.d.
 - Triglav Osiguranje a.d.o., Belgrade
 - Triglav Osiguranje a.d., Banja Luka
 - Triglav Auto d.o.o.
 - Triglav Osiguruvanje a.d., Skopje
- Triglav Skladi, družba za upravljanje d.o.o.
 - PROF-IN d.o.o.
- Triglav Naložbe, finančna družba d.d.
 - Golf Arboretum d.o.o.
 - Salnal d.o.o.
 - Avrigo, družba za avtobusni promet in turizem d.d.

Associated companies of the Triglav Group:

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

- Integral Notranjska d.o.o.
- Alptours d.o.o.
- Integral Zagorje d.o.o.
- Integral Stojna Kočevje d.o.o.
- Triglav Svetovanje, zavarovalno zastopanje d.o.o.
 - TRI-PRO BH d.o.o.
- Triglav Avtoservis, družba za storitve in trgovino d.o.o.
- Triglav nepremičnine, upravljanje, svetovanje in trgovanje z lastnimi nepremičninami d.o.o.
 - Pista d.o.o.
- Slovenijales, d.d.
 - Slovenijales trgovina d.o.o.
- Triglav, Upravljanje nepremičnin d.d.
- Hotel Grad Podvin d.d.
- Vse bo v redu, Zavod Zavarovalnice Triglav za družbeno odgovorne aktivnosti

Changes in the Triglav Group in the first nine months of 2014:

- Gradis IPGI d.d. changed its name to Triglav Upravljanje nepremičnin d.d.
- AS Triglav - servis in trgovina d.o.o. changed its name to Triglav Avtoservis, družba za storitve in trgovino d.o.o. abbreviated to Triglav Avtoservis d.o.o.
- In April 2014, the Merger by Acquisition Agreement between Triglav nepremičnine, upravljanje, svetovanje in trgovanje z lastnimi nepremičninami d.o.o., Ljubljana and Zavarovalnica Triglav was signed. The merger of this 100%-owned subsidiary and the parent company is in line with optimising the management of the real property owned by Zavarovalnica Triglav. On 1 September 2014, Zavarovalnica Triglav was granted an authorisation of the Insurance Supervision Agency to merge Triglav nepremičnine, upravljanje, svetovanje in trgovanje z lastnimi nepremičninami d.o.o. with the parent company. On 30 September 2014, the Company filed an application to enter the merger into the Companies Register with the Ljubljana District Court.

1.5 Significant events in the reporting period

Significant events in the reporting period were the following:

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

- According to an assessment of claims related to frost in January and February 2014, Zavarovalnica Triglav expects the insured loss to amount to approximately EUR 10 million, which equals slightly more than a quarter of total annual losses paid on average for natural disasters in the period between 2008 and 2012. Electrical grid and telecommunication networks suffered the greatest damage.
- In the reporting period, the capital of the Triglav Group subsidiary Triglav Pojišt'ovna, Brno was increased. The capital was increased through an issue of 685 new shares with a nominal value of CZK 100,000. The total share capital increase amounted to CZK 68,500,000 or EUR 2,489,280. All newly issued shares were purchased by Triglav INT d.d., whereby Triglav Pojišt'ovna a.s. remained its 100%-owned subsidiary.
- Zavarovalnica Triglav considers its future presence in the Czech market, on which its subsidiary Triglav Pojišt'ovna, Brno operates, in line with the adopted strategy as well as in the context of focusing its business activities on increasing the value of the Triglav Group and efficient corporate governance of the Group's subsidiaries.
- In April 2014, additional capital to Triglav Osiguranje, Belgrade was provided. The capital was increased through an issue of 993,918 new shares with a nominal value of 700 Serbian dinars. The capital increase totalled 695,742,600 Serbian dinars or EUR 6,060,475.61. This amount was paid by Triglav INT d.d., as a result of which its equity stake in Triglav Osiguranje a.d., Belgrade grew from 99.15% to 99.8%.
- On 15 May 2014, Stanislav Vrtunski, member of the Management Board of Zavarovalnica Triglav, submitted to the Chairman of the Supervisory Board his final resignation as a member of the Management Board of Zavarovalnica Triglav. At its session on 22 May 2014, the Supervisory Board took note of the resignation of Stanislav Vrtunski, and approved the termination of his term of office. The Supervisory Board approved the draft resolution tabled by the President of the Management Board to expand the Management Board of Zavarovalnica Triglav and appointed Uroš Ivanc and Tadej Čoroli new members for a five-year term of office. Uroš Ivanc took office of a Management Board member on 14 July 2014, while Tadej Čoroli joined the Management Board as a member on 29 July 2014. The term of office of Stanislav Vrtunski expired on 14 July 2014.
- The 39th General Meeting of Shareholders of Zavarovalnica Triglav was held on 10 June 2014. At the meeting, the shareholders:
 - adopted a resolution on the distribution of accumulated profits;
 - granted a discharge for 2013 to both the Management and the Supervisory Boards of Zavarovalnica Triglav;
 - appointed the auditing company ERNST & YOUNG Revizija, poslovno svetovanje d.o.o. as auditors;
 - adopted amendments to the Articles of Association and harmonisation of business activities.

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

- In July 2014, the Tax Administration of the Republic of Slovenia carried out a tax audit of Zavarovalnica Triglav. No irregularities were identified in this audit.
- On 5 September 2014, Zavarovalnica Triglav d.d. as a member of the consortium of sellers signed a sales agreement whereby it sold 161,909 ordinary shares of Aerodrom Ljubljana d.d. to Fraport AG Frankfurt Airport Services Worldwide, at EUR 61.75 per share which totalled EUR 9,997,881.
- September 2014 saw the second round of recapitalisation of Triglav Osiguranje, Belgrade. The capital was increased through an issue of 72,207 shares with a nominal value of 700 Serbian dinars. The capital increase totalled 50,544,900 Serbian dinars or EUR 439,521.

This amount was paid by Triglav INT d.d., as a result of which its equity stake in Triglav Osiguranje a.d., Belgrade grew to 99.81%.

- In the reporting period, Triglav Osiguranje d.d., Sarajevo acquired a 13.17% equity stake in Unis automobili i dijelovi d.o.o., Sarajevo from non-controlling interest holders. For an acquisition price of BAM 322,828, the participation of Triglav Osiguranje d.d., Sarajevo in Unis automobili i dijelovi d.o.o., Sarajevo increasing to 95.02%. The acquisition of a non-controlling interest stake is recognized in consolidated financial statements as a decrease in share premium, totalling EUR 42,794.
- Triglav, Upravljanje nepremičnin d.d., a subsidiary of Zavarovalnica Triglav, and IKEA are engaged in negotiations on the sale of a land plot on BTC site in Ljubljana.
- On 26 September 2014, the Standard & Poor's Ratings Services confirmed a current »A-« (excellent) long-term credit rating and an »A-« (excellent) financial strength rating of Zavarovalnica Triglav together with its subsidiary Pozavarovalnica Triglav Re d.d., and thereby the Triglav Group. The medium-term outlook for both ratings remains stable. Credit rating is discussed in greater detail in Section 3.3 *Credit rating*.

2. GOVERNANCE OF THE TRIGLAV GROUP

2.1 Governance of Zavarovalnica Triglav

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

2.2 General Meeting of Shareholders in 2014

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

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

2.2.1 General Meeting of Shareholders in 2014

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

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

2.3 Management Board

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

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

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

2.3.1 Introducing of the Management Board

As at 30 September 2014, 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.

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

2.4 Supervisory Board

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

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

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

2.4.1 Composition of the Supervisory Board

Composition of the Supervisory Board as at 30 September 2014:

- Shareholder representatives:

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

3. SHARE CAPITAL AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV

3.1 Equity

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

3.2 The share of Zavarovalnica Triglav

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

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

Table: Key figures for the shares of Zavarovalnica Triglav

Items	30 September 2014	31 December 2013
Number of shares	22,735,148	22,735,148
Book value per share (in EUR)	24.62	21.98
Share market value (in EUR) - closing price	25.55	19.00
Market capitalisation (in EUR) - closing price	580,883,031	431,967,812
Net earnings/loss per share** (in EUR)	2.47	2.12
Ticker symbol	ZVTG	
ISIN	SI0021111651	
Traded on	Ljubljanska borza - LJSE	
Credit rating	<ul style="list-style-type: none">■ Standard & Poor's; »A-«, stable medium term outlook■ AM Best; »A-«, positive medium term outlook	
Bloomberg	ZVTG SV	
Reuters	ZVTG.LJ	

*In calculating the book value per share and net earnings/loss per share, the number of shares excluding the treasury shares was taken into account.

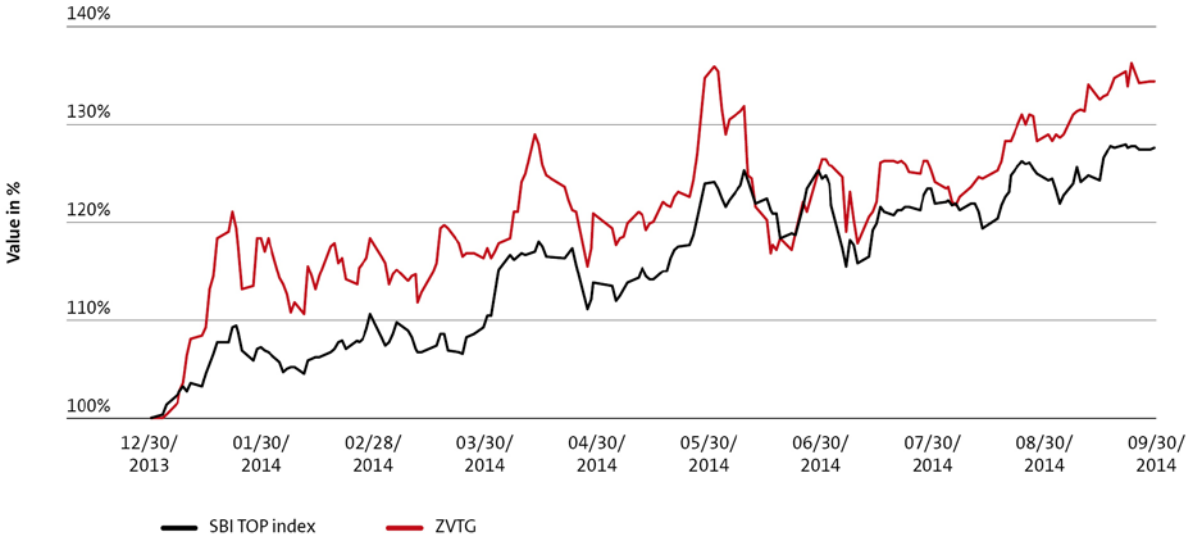
**In calculating net earnings/loss per share, net profit or loss of Zavarovalnica Triglav and weighted average number of ordinary shares were taken into account.

3.2.1 Trading on the Ljubljana Stock Exchange – LJSE Trgovanje na Ljubljanski Borzi - LJSE

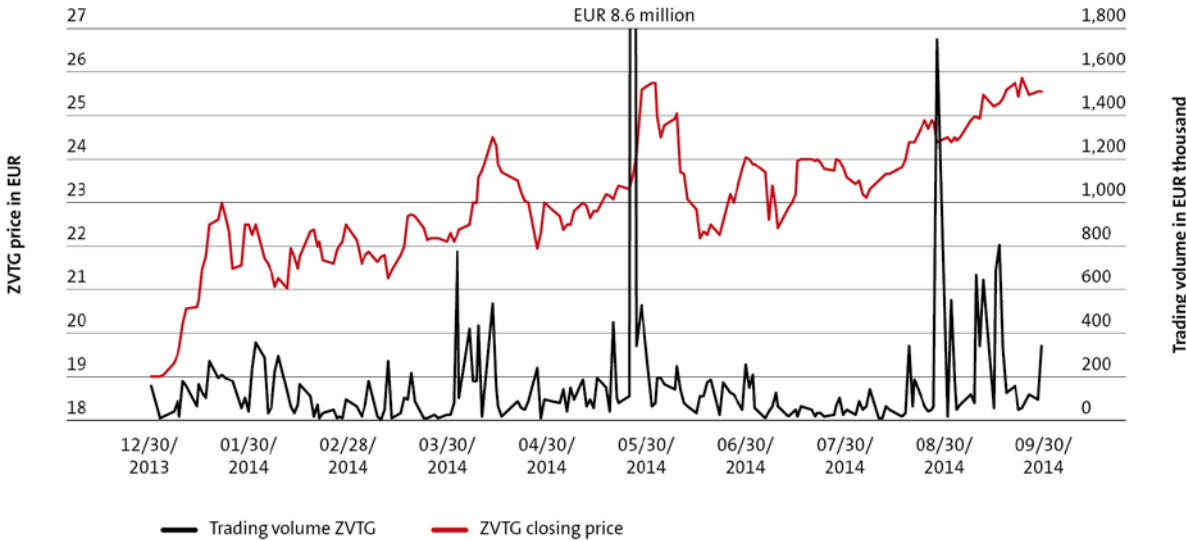
The first nine months of 2014 saw a growing price and further high liquidity of the ZVTG share, which increased by over 34%. Starting at EUR 19 on the first trading day, the share peaked to its highest price of EUR 25.89 on 24 September 2014. As at the reporting date, the closing price reached EUR 25.55.

The average daily trading volume of ZVTG shares was EUR 181,999, which was 6% less than the 2013 average of EUR 193,355.

Graph: Movements in the closing price (left axis) and trading volume in EUR (right axis) of the ZVTG share in the first nine months of 2014



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



The ZVTG share price recorded movement similar to the trends of the SBI TOP Index, however its value increased more. The SBI TOP Index climbed 28%, whilst the ZVTG share 34% above its starting price.

3.2.2 Shareholder structure

As at 30 September 2014, Zavarovalnica Triglav had 28,753 shareholders, 106 more over the end of 2013.

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

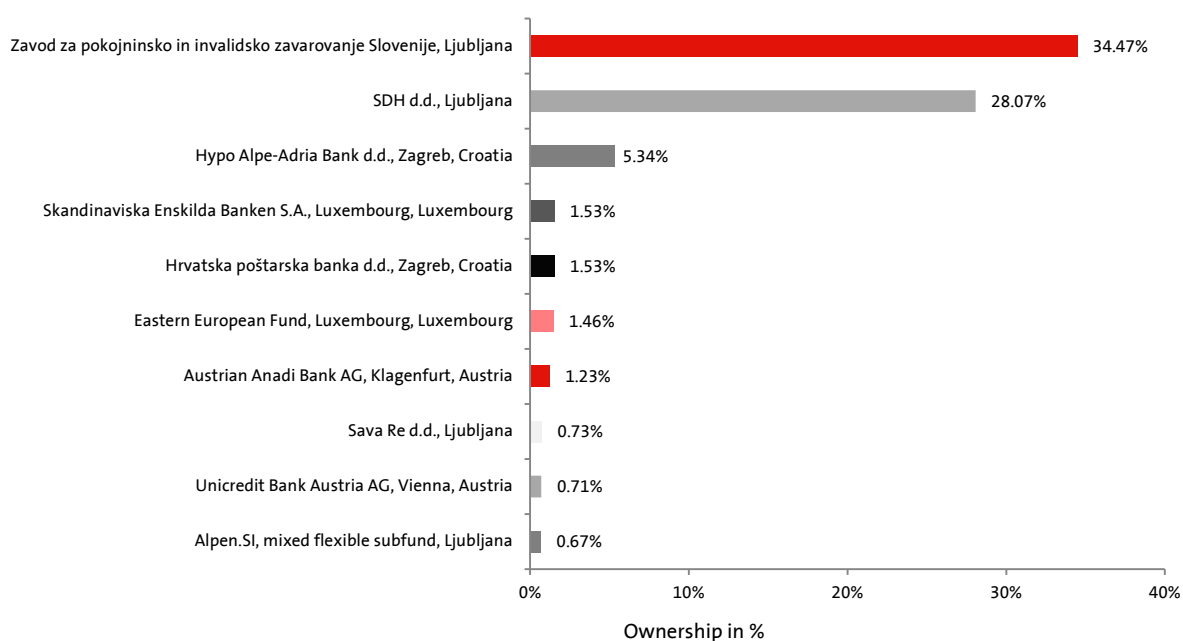
	Total	Domestic	Foreign	Legal entities	Natural persons
Number of shares	22,735,148	18,852,691	3,882,457	20,718,394	2,016,754
Number of shareholders	28,753	28,265	488	670	28,083
Number of shares - percentage	100.00%	82.92%	17.08%	91.13%	8.87%
Number of shareholders - percentage	100.00%	98.30%	1.70%	2.33%	97.67%

The ratio between foreign and domestic shareholders and natural persons and legal entities in the shareholder structure remained at the level similar to the 2013 year-end. The percentage of international investors, accounting for only 1.70% of the total number of shareholders, was 17.08% as at the reporting date. The shareholder structure of Zavarovalnica Triglav was still dominated by domestic natural persons. As at the reporting date, natural persons accounted for 28,083 shareholders or 97.67% of all shareholders, holding only less than 9% of all shares of Zavarovalnica Triglav.

The number of shares held by the Management and Supervisory Boards equalled 1,684 as at the end of reporting period. Compared to the 2013 year-end, the total number of shares increased by 80, held by Uroš Ivanc, who started to serve as a Management Board member on 14 July 2014.

Ownership concentration measured by equity stakes of the top ten shareholders remained at a similar level as at the 2013 year-end. Almost 76% of shares were held by ten companies. In the first nine months of 2014, however, there were some changes among the top ten shareholders. The largest and unchanged equity stakes are maintained by ZPIZ and SDH (restructuring of Slovenska odškodninska družba). Claycroft Limited and Poteza Naložbe d.o.o. – in bankruptcy proceedings, are no longer among the top ten shareholders. Alpen.SI, a mixed flexible subfund, made its way among the top ten shareholders, as well as Sava Re which slightly increased its shareholding. Hypo Alpe-Adria Bank, Austria, which changed its name to Austrian Anadi Bank, also remains among the top ten shareholders.

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



3.3 Credit rating

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

On 26 September 2014, the Standard & Poor's Ratings Services (hereinafter S&P) confirmed a current »A-« (excellent) long-term credit rating and an »A-« (excellent) financial strength rating of Zavarovalnica Triglav together with its subsidiary Pozavarovalnica Triglav Re d.d., and thereby the Triglav Group. The medium-term outlook for both ratings remains stable. The strong competitive position of the Triglav Group in both, Slovenia and the Adria region, high capital adequacy and profitability are once again confirmed by the latest outstanding S&P credit rating. Furthermore, the credit rating agency states that Zavarovalnica Triglav and Pozavarovalnica Triglav Re have a clear corporate governance set-up with an independent management that makes autonomous business decisions and follows the set strategy of the Triglav Group.

According to the stable medium-term outlook in the S&P's report, the Triglav Group will in the future maintain its strong competitive position, high capital adequacy, balanced investment portfolio and high profitability. On the other hand, any potential further deterioration of the macroeconomic environment in Slovenia may have a negative impact on the Triglav Group's credit rating.

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

Following its regular annual revision on 3 October 2014, the A.M. Best credit rating agency reaffirmed the financial strength rating of »A-« (Excellent) and issuer credit rating of »A-« (Excellent) of Zavarovalnica Triglav. Both credit ratings reflect solid risk-adjusted capitalisation, good business results and dominant competitive position in the Slovene market.

A.M. Best revised the Company's medium-term outlook from »stable« to »positive«. Despite challenging conditions in the insurance market in Slovenia, 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 planned actions towards further growth. In line with its strategic objectives in the period to 2017, the Triglav Group will focus on the core insurance business, profitability and safety of operations as well as measured growth and development in the future.

Moreover, the A.M. Best reaffirmed the two credit ratings of Triglav's subsidiary Pozavarovalnica Triglav Re, thereby confirming its key role and important contribution to the implementation of the Triglav Group's strategic objectives. Both credit ratings have a stable medium-term outlook.

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

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

In the first nine months of 2014, the performance of Zavarovalnica Triglav and the Triglav Group were marked by the continuation of the economic and financial crisis. Falling purchasing power of households resulted in lower insurance density and changed consumer behaviour. The reaction of competitors to the exacerbated conditions of economic operation is strong, particularly affecting the operations of Zavarovalnica Triglav and the Triglav Group by reducing their premiums. Zavarovalnica Triglav and the Triglav Group are responding to tight conditions by introducing new sales approaches, bonus programmes and promotional offers, by launching new products, and by changing and adjusting the insurance terms and conditions, which consequently decrease the volume of written premiums. An additional loss of planned premium income resulted from the insurance portfolio selection and the intense measures taken to mitigate poorer insurance technical results in non-life insurance, manifested in a good claims ratio for both the parent company and the Group.

The profit level was also affected by extraordinary loss events. In early 2014, a snow and glaze storm affected the entire territory of Slovenia, resulting in claims worth over EUR 10 million. In mid-May, the stormy wind in Slovenia caused claims worth EUR 1.5 million, whilst the September floods in East Slovenia caused claims totalling approximately EUR 6 million. Operations of insurance companies in Croatia, Serbia and Bosnia and Herzegovina were also affected by devastating floods in mid-May.

The situation on capital markets had a significant impact on the results of the first nine months of 2014. Financial investment return amounted to EUR 140.0 million and was as much as 208% higher compared the respective period last year. The high increase was primarily a result of higher profit from sales in trading with debt securities and significantly lower permanent impairments of financial investments in the corresponding period of the preceding year.

With consistent implementation of its business policy measures, designed to mitigate the adverse effects of the financial crisis, and an adequate portfolio management investment policy, the Triglav Group ended the third quarter of 2014 with a high net profit of EUR 77.0 million (index 136), while Zavarovalnica Triglav generated a profit of EUR 56.1 million EUR (index 111).

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

There were 14 insurance companies and 4 foreign branch offices active in the Slovene insurance market in the first nine months of 2014. Together they recorded gross written premiums of EUR 1,502.2 million, which was 2.8% less than in the same period of 2013.

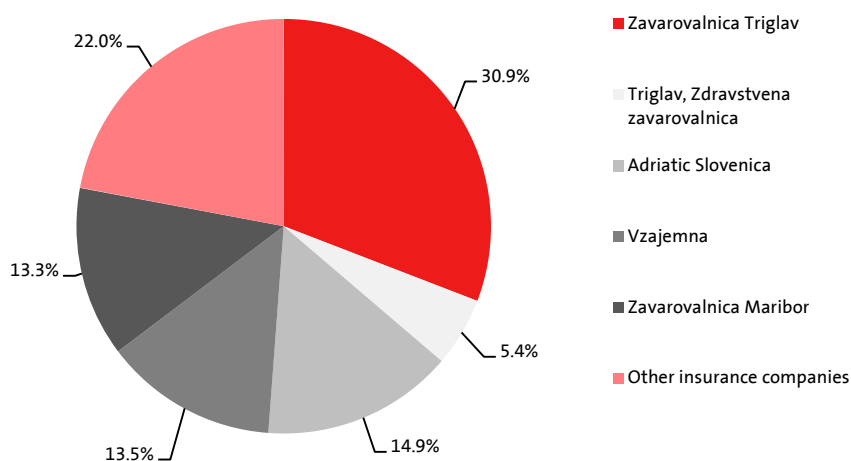
Traditional insurance companies (17) booked a total of EUR 1,499.8 million in premiums, of which 73.6% stemmed from non-life insurance and the remainder from life insurance. Life insurance premium went down by 5.1%, while non-life insurance premium recorded a decrease of 2.0%.

The market is characterised by a high degree of concentration. The four largest insurers controlled 72.6% of the traditional insurance market, which was the same as in 2013. With a 30.9% share, Zavarovalnica Triglav remains the market leader, the same as a year ago. The second largest market share was held by Adriatic Slovenica, a company 2.1 times smaller. At the end of Q3 2014, Zavarovalnica Triglav and Triglav Zdravstvena zavarovalnica had a combined market share of 36.3%, which was 0.4 percentage point more than in 2013.

The market share of the Triglav Group in Slovenia stood at 36.3%, having increased by 0.4 percentage point over the corresponding period of 2013.

The Company held 30.3% of the non-life insurance market, which is 0.1 percentage point less compared to the previous year, whilst its life insurance market share came to 32.3% which is at the same level as in the respective period of 2013. Maintaining the leading position in the market is becoming increasingly challenging, as the fierce price competition is additionally aggravated by a difficult economic situation. In the conditions of high market concentration, the competition is directed at the existing clients. Therefore, maintaining the market position will greatly depend on the speed of responses to market changes.

Graph: The market share of traditional insurance companies in Slovenia at the end of Q3 2014



Source: Slovenian Insurance Association

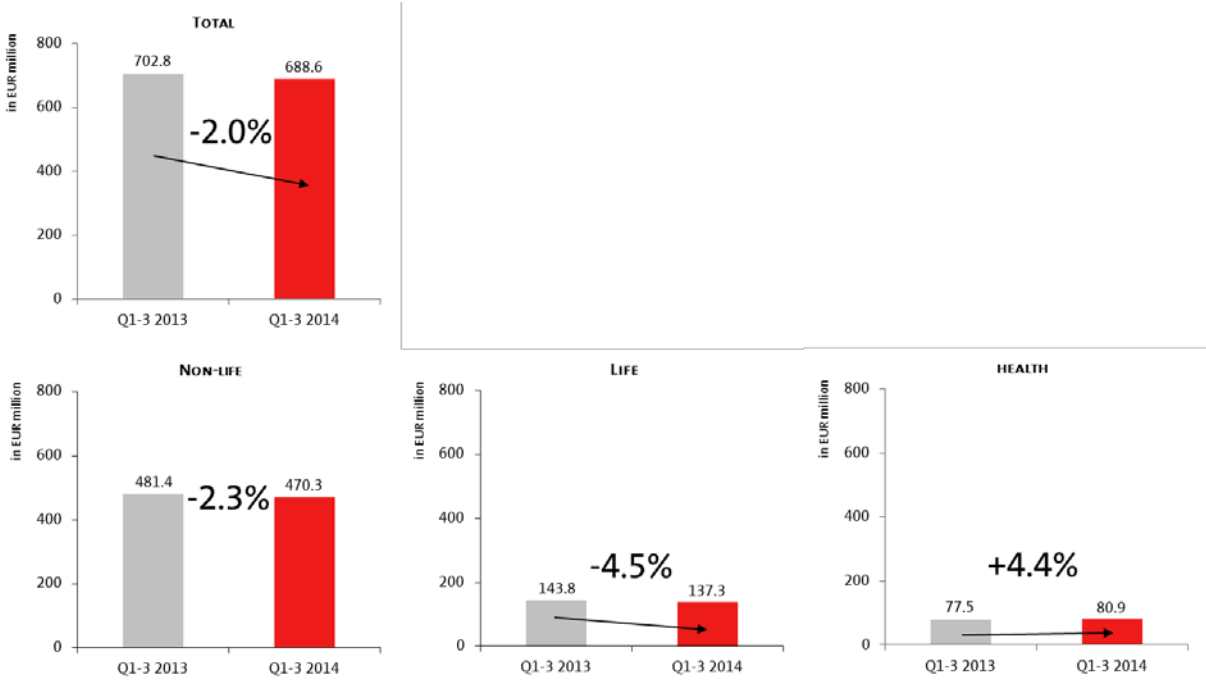
4.3 Performance of the Triglav Group

4.3.1 Gross written premiums from insurance and co-insurance contracts

In the reporting period, the Triglav Group posted a total of EUR 688.6 million in consolidated gross insurance and co-insurance premium or 2% less than in the respective period of 2013. **Non-life insurance** total was EUR 470.3 million (index 98), **life insurance** reached EUR 137.3 million (index 95) and **health insurance** EUR 80.9 million (index 104).

From January to September 2014, EUR 688.6 million in gross insurance and co-insurance premium was charged.

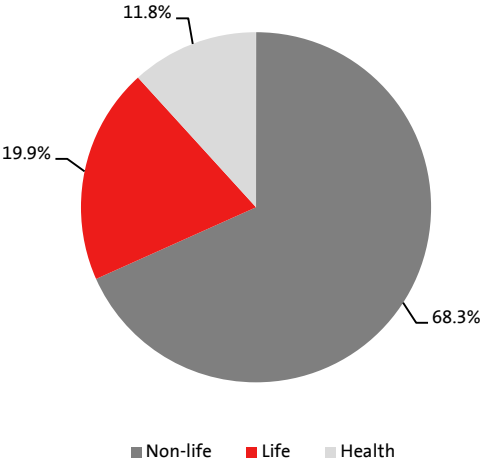
Graph: Gross written premiums from insurance and co-insurance contracts in Q1–3 2014 compared to Q1–3 2013



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

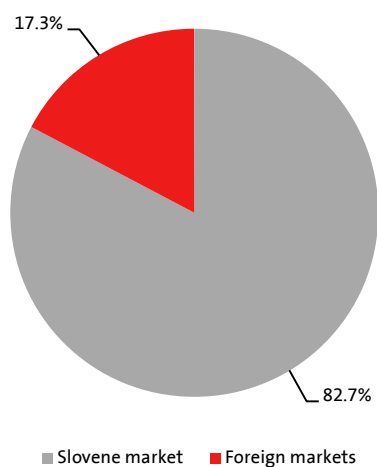
- non-life insurance accounted for 68.3% (Q1–3 2013: 68.5%);
- life insurance accounted for 19.9% (Q1–3 2013: 20.5%); and
- health insurance for 11.8% (Q1–3 2013: 11.0%).

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



A total of 82.7% of consolidated gross written premiums was charged in the Slovene insurance market, representing a 0.3 percentage point increase over 2013.

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



The Triglav Group insurance companies (excluding Pozavarovalnica Triglav Re) booked EUR 663.7 million in unconsolidated gross insurance and co-insurance premiums, which was 2% less than in the same period last year. Trends varied depending on subsidiary and market. In Slovenia, the insurance premium of Zavarovalnica Triglav was lower by 3%, whilst that of Triglav Zdravstvena zavarovalnica was higher by 4%. Gross written premiums grew in Triglav Osiguranje, Belgrade by 28% and Triglav Osiguranje, Banja Luka by 13%, in Triglav Osiguruvanje, Skopje by 9% and in Triglav Osiguranje, Sarajevo by 4%. Gross written premiums were lower in Triglav Pojišt'ovna by 19%, Triglav Osiguranje, Zagreb by 11%, Lovćen Osiguranje, Podgorica by 7% and Lovćen životna osiguranja by 6%.

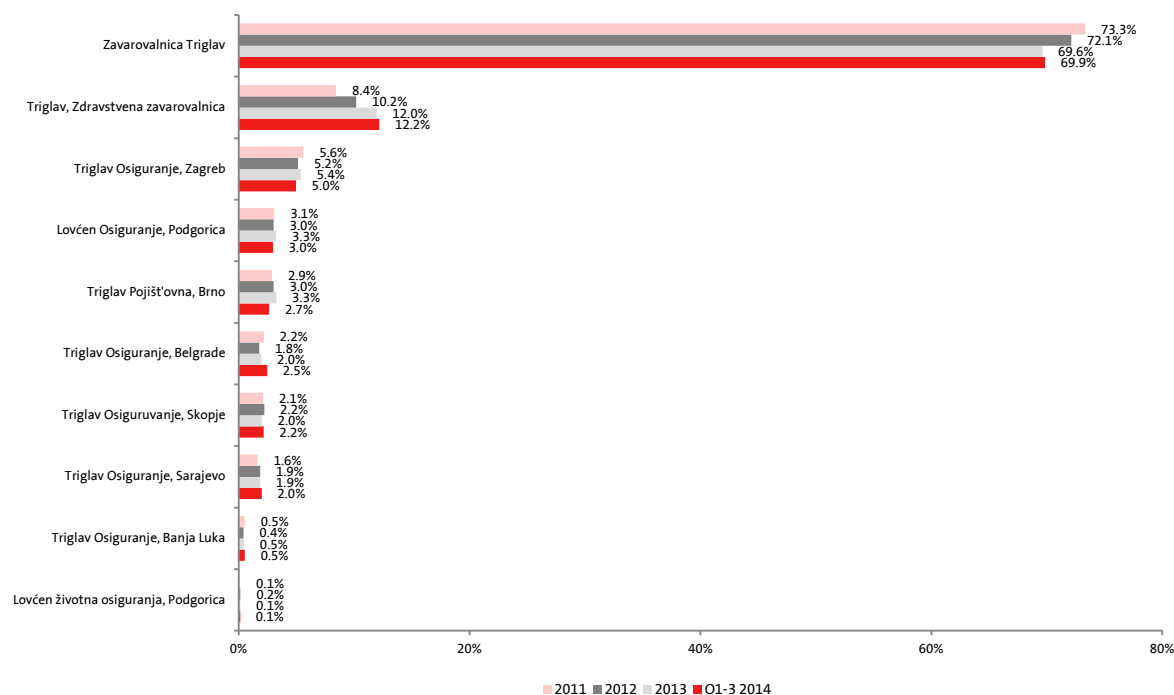
Pozavarovalnica Triglav Re booked a total of EUR 82.2 million in gross reinsurance premiums, which is approximately the same as in the respective period of 2013 (index 100). Premiums from optional business with the Triglav Group was lower by 3%, whilst insurance premiums earned outside the Triglav Group went up by 6%. The highest decrease in premiums was experienced by goods in transit insurance due to a contract cancellation on a larger transport abroad and in premiums from motor vehicle liability insurance in operations within the Triglav Group. On the other hand, Pozavarovalnica recorded high growth in accident insurance, general liability insurance, marine insurance and aircraft insurance.

Table: Gross written premium from insurance and co-insurance contracts in Q1–3 2014 by the Triglav Group insurance company

Insurance company	Gross written premium			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1–3 2014
Zavarovalnica Triglav	335,849,964	127,837,081	463,687,045	98	95	97	69.9%
Triglav, Zdravstvena zavarovalnica	80,929,416	0	80,929,416	104	0	104	12.2%
Triglav Osiguranje, Zagreb	27,017,037	6,011,908	33,028,945	88	93	89	5.0%
Triglav Osiguranje, Sarajevo	10,711,351	2,512,266	13,223,617	98	145	104	2.0%
Triglav Pojišt'ovna, Brno	17,632,271	0	17,632,271	81	0	81	2.7%
Lovćen Osiguranje, Podgorica	19,784,602	0	19,784,602	93	0	93	3.0%
Triglav Osiguranje, Belgrade	15,960,325	438,937	16,399,262	129	92	128	2.5%
Triglav Osiguranje, Banja Luka	3,639,653	0	3,639,653	113	0	113	0.5%
Triglav Osiguruvanje, Skopje	14,502,786	0	14,502,786	109	0	109	2.2%
Lovćen životna osiguranja, Podgorica	0	894,404	894,404	0	94	94	0.1%
Total	526,027,405	137,694,596	663,722,001	98	96	98	100.0%
Pozavarovalnica Triglav Re	82,249,282	0	82,249,282	100	0	100	
Consolidation eliminations	-57,015,875	-374,316	-57,390,191	98	117	98	
Total consolidated	551,260,812	137,320,280	688,581,092	99	95	98	

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

Graph: Gross written premium from insurance and co-insurance contracts in Q1–3 2014 compared to 2011–2013 by insurance company



4.3.1.1 Non-life insurance

In non-life insurance, the Triglav Group insurance companies charged EUR 526.0 million in unconsolidated insurance and co-insurance premiums, which represents a 2% decrease compared to the respective period of 2013.

Motor vehicle insurance remains the largest insurance class, accounting for 32.9% of total written premiums. In **comprehensive car insurance**, insurance companies of the Group collected EUR 91.1 million in written premiums, or 4% less compared to the same period in 2013. Growth was recorded only by Triglav Osiguranje, Banja Luka (21%) and Triglav Osiguranje, Sarajevo (2%). Other insurance companies recorded a drop in premiums, the largest in Triglav Osiguruvanje, Skopje and Triglav Pojišt'ovna (index 83). The Group collected EUR 127.2 million in **motor liability insurance** premiums, which was 5% less than in Q1–3 2013. A decrease in premiums was seen in the parent company (index 94), whose share in total premiums from motor vehicle liability insurance represents almost 60%, in Triglav Pojišt'ovna (index 79), Triglav Osiguranje, Zagreb (index 87) and Lovćen Osiguranje, Podgorica (index 90). Other insurance companies recorded premium growth, the largest, 34%, by Triglav Osiguranje, Belgrade followed by Triglav Osiguranje, Banja Luka (16%).

Motor vehicle insurance is the most important segment, accounting for 32.9% of total premium earned.

The main reasons for a decrease in the motor vehicle insurance premiums were the aggressive price competition among insurance companies, lower premiums due to several sales promotion activities, the introduction of discounts (a bonus programme) and the economic crisis. The effects of the economic crisis are widespread and manifested in lower insurance density of natural persons and legal entities, failure to renew comprehensive car insurance for older vehicles, for vehicles after the expiration of leasing contracts or after loan repayment, stricter borrowing terms and conditions, corporate bankruptcies and in lower sales of motor vehicles in most of the countries where the Triglav Group operates. Apart from that, Triglav

Pojišt'ovna's drop in premiums was a result of tighter underwriting conditions and changes in the pricing policy, liberalisation of the motor liability insurance market in Croatia, which resulted in aggressive price competition among insurers in this insurance segment. A decrease in premium in Montenegro was a result of closing down the business of some road worthiness test providers (a major sales channel for the conclusion of motor vehicle insurance), which had to make adjustments to their premises in compliance with the new regulations on roadworthiness tests.

A growth of 4% was recorded in **health insurance**, where the Triglav Group wrote EUR 81.3 million in premiums. Triglav Zdravstvena zavarovalnica collected the majority of premiums, i.e. EUR 80.9 million in insurance premiums, which is 4% more than in the respective period last year. The growth of written premiums stems from successful marketing of supplemental health insurance products and insurance for health-resort treatment of traffic injuries policies.

A premium growth of 4% was achieved in health insurance.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance) a premium of EUR 123.1 million was booked, representing a decrease of 1% compared to Q1–3 2013. In fire and natural disaster insurance, a drop of 5% was recorded, while other damage to property insurance experienced a 3% premium growth. The strongest increase in premiums written was observed in Triglav Osiguranje, Skopje (index 132), Triglav Osiguranje, Belgrade (index 128) and Triglav Osiguranje, Banja Luka (index 113) due to acquiring new policyholders. Zavarovalnica Triglav, accounting for 81% of total premiums, saw a 1% decrease in written premiums (for more information see *Section 4.4.1*). On the contrary, a significant drop in written premiums was recorded in Triglav Pojišt'ovna (index 79), Triglav Osiguranje, Sarajevo (index 91) and Triglav Osiguranje, Zagreb (index 91). The main reasons for significantly lower premiums in Triglav Pojišt'ovna are the transition to a new IT system, making it difficult to provide this type of insurance, the transformation of these insurance products into the products of other insurance classes and policyholders portfolio clean-up. Less premium in Triglav Osiguranje, Sarajevo was generated due to the discontinuation of cooperation and a reduced scope of insurance coverage of some large policyholders. In Triglav Osiguranje, Zagreb the main reason for the drop in premiums is non-renewal of insurance contracts of some major clients, primarily due to poor insurance technical results, financial problems of policyholders and/or lower fronting premiums. A 4% decrease in premiums in Lovćen Osiguranje is a result of partial charging of premiums of some policyholders already in December 2013 for the year 2014 and/or non-renewal of insurance contracts of some major clients.

Accident insurance represented 5.0% of total written premiums or EUR 33.0 million in nominal terms. They were 2% lower than in the previous year. A decrease in premiums was posted by Zavarovalnica Triglav, Triglav Osiguranje, Zagreb, Triglav Osiguranje, Banja Luka and Triglav Pojišt'ovna, whose combined share in total premiums from accident insurance represented 77%. Other insurance companies recorded premium increases. A decrease in group accident insurance premiums was the consequence of an increasing number of corporate bankruptcies and reduced operating expenses of companies. Triglav Osiguranje, Banja Luka experienced a decrease in accident insurance premium, caused by tighter underwriting conditions. The drop in accident insurance premiums was also a result of the situation in the motor vehicle insurance market, as almost a half of premiums in this insurance group arises from two insurance sub-classes taken out simultaneously with car insurance (AO-plus insurance and driver and passenger accident insurance).

In **general liability insurance**, the Triglav Group recorded EUR 30.0 million, having decreased by 2% compared to the respective period in 2013, representing 4.5% of total premiums. Zavarovalnica Triglav, accounting for almost 83% of total premiums, saw a 1% drop in written

premiums compared to the preceding year (for more information see *Section 4.4.1*). A drop in premiums was posted by Triglav Osiguranje, Banja Luka, Triglav Pojišt'ovna, Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Zagreb. The main reason for this decline is non-renewal of insurance policies or a reduced scope of insurance coverage of some large policyholders. A high increase in premiums was recorded in insurance subsidiaries Triglav Osiguranje, Belgrade and Triglav Osiguruvanje, Skopje due to increased volume of policies of existing clients and acquiring new policyholders. The premium by Lovćen Osiguranje remained at the same level as the year before (index 100).

Credit insurance accounted for a 2.6% share of total premiums. The written premiums amounted to EUR 17.3 million, which increased by 11% compared to the preceding year. Zavarovalnica Triglav (accounting for 99.7% of total premiums) recorded an 11% growth in written premiums, mainly as a result of high growth in consumer loan insurance, the largest insurance sub-class of credit insurance (see *Section 4.4.1* for details). Apart from the parent company, credit insurance is also sold by Triglav Osiguranje, Sarajevo where the premiums decreased due to a reduced scope of business operations with one of the banks.

Premiums from **other non-life insurance** (accounting for 3.5% of total premiums) decreased by 2% to EUR 22.9 million, mainly as a result of lower aircraft insurance premiums in Lovćen Osiguranje and goods in transit insurance in Triglav Osiguranje, Zagreb. Zavarovalnica Triglav, accounting for almost 75% of total premiums, saw a 1% decline in written premiums compared to the preceding year (for more information see *Section 4.4.1*). Other insurance companies of the Group recorded high growth in premiums, the highest rates in Triglav Pojišt'ovna, Triglav Osiguruvanje, Skopje and Triglav Osiguranje, Belgrade. Among insurance sub-classes high growth was seen in aircraft liability insurance, miscellaneous financial loss insurance and assistance insurance.

4.3.1.2 Life insurance

In total, the Triglav Group insurance companies charged EUR 137.7 million in unconsolidated gross written premium from **life insurance** contracts or 4% less than in the first nine months of 2013. This accounted for 20.7% of total gross written premium, which was 0.5 percentage point less than in the corresponding period of 2013. The main reasons for this decrease can be found in the persistent adverse financial and economic conditions, as clients are more prudent when purchasing long-term life insurance policies, in larger number of surrenders and withdrawals and in the ageing of the life insurance portfolio (an increased number of maturities).

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

Premiums from **life insurance** (traditional life, pension, annuity pension, voluntary pension insurance and tontine) amounted to EUR 70.7 million or 51.3% of the life insurance class total. Life insurance generated 3% less premium than in the same period of 2013. Significant growth in premiums was recorded in Triglav Osiguranje, Sarajevo, achieved as a result of sales via agencies and banking sales channels.

The premium generated by **unit-linked life insurance** totalled EUR 56.8 million or 41.2% of gross written premium in the life insurance class. They were 6% lower than in the previous year. Unit-linked life insurance policies are available from Zavarovalnica Triglav (a 6% decline compared to 2013) and Triglav Osiguranje, Zagreb (compared to 2013 a 12% decline), which booked EUR 54.5 million and EUR 2.3 million in written premiums respectively.

Supplemental voluntary pension insurance (capital redemption insurance) generated EUR 10.2 million or 7.4% of total life insurance premiums. Compared to the respective period of 2013 premiums decreased by 4%.

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

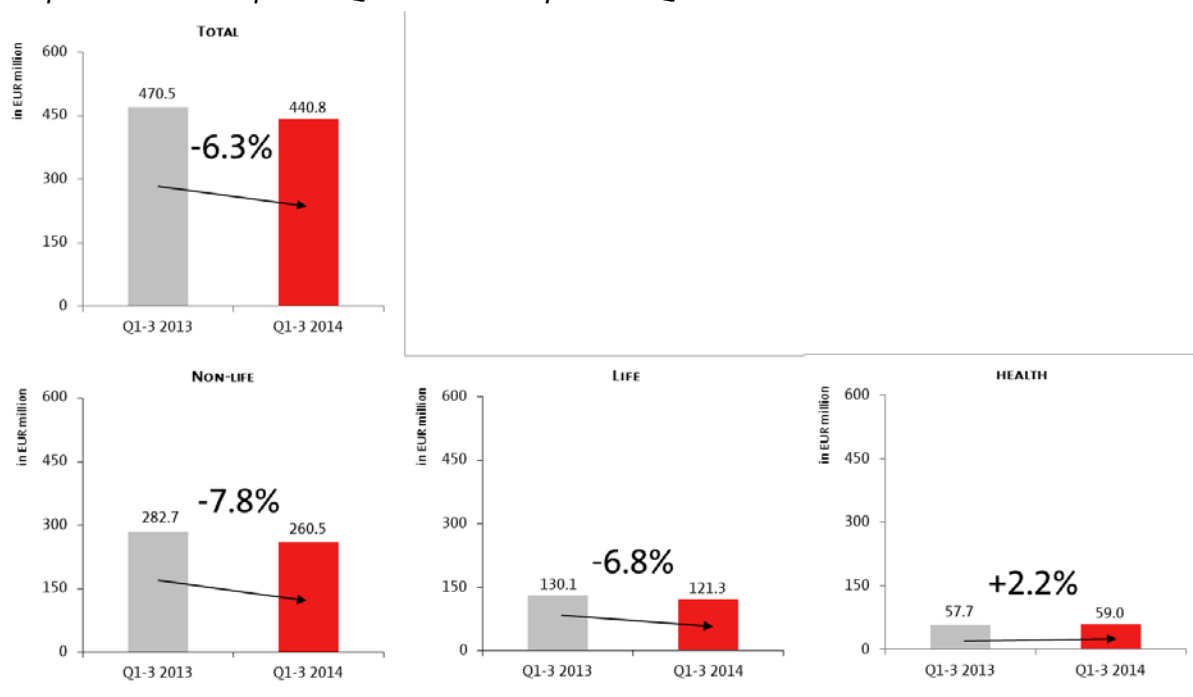
Insurance class	Gross written premium		Index	Structure
	Q1-3 2014	Q1-3 2013	Q1-3 2014/ Q1-3 2013	Q1-3 2014
Accident insurance	33,043,949	33,621,528	98	5.0%
Health insurance	81,339,182	77,995,203	104	12.3%
Comprehensive car insurance	91,074,694	95,328,823	96	13.7%
Real property insurance	123,119,285	124,230,804	99	18.5%
Motor liability insurance	127,215,861	134,088,115	95	19.2%
General liability insurance	30,006,382	30,731,546	98	4.5%
Credit insurance	17,286,783	15,606,735	111	2.6%
Other non-life insurance	22,941,269	23,370,321	98	3.5%
Non-life insurance	526,027,405	534,973,075	98	79.3%
Life insurance	70,696,058	73,237,023	97	10.7%
Unit-linked life insurance	56,798,424	60,308,103	94	8.6%
Capital redemption insurance	10,200,114	10,586,945	96	1.5%
Life insurance	137,694,596	144,132,071	96	20.7%
Total	663,722,001	679,105,146	98	100.0%

4.3.2 Gross claims paid

In the first nine months of 2014, the Triglav Group posted a total of EUR 440.8 million in consolidated gross claims paid (including claim handling costs and subrogation receivables) or 6% less than in the respective period of 2013. Gross claims paid in **non-life insurance** amounted to EUR 260.5 million (index 92), in the **life insurance** segment they came to EUR 121.3 million (index 93) and in **health insurance** they totalled EUR 59.0 million (index 102).

Gross claims paid decreased by 6% compared to the respective period of 2013.

Graph: Gross claims paid in Q1–3 2014 compared to Q1–3 2013



The Triglav Group insurance companies, excluding Pozavarovalnica Triglav Re, posted EUR 423.2 million in unconsolidated gross claims, which is 7% less compared to the previous year. The high growth rates in gross claims paid were posted by Triglav Osiguranje, Banja Luka (index 162) and Triglav Osiguranje, Sarajevo (index 132). A 6% increase in gross claims paid was recorded in Lovćen Osiguranje, Podgorica, while a 2% increase was observed by Triglav, Zdravstvena zavarovalnica and Lovćen životna osiguranja. A decrease in gross claims paid was recorded by Triglav Osiguranje, Belgrade (index 66), Triglav Pojišt'ovna, Brno (index 71), Triglav Osiguranje, Zagreb (index 73), Triglav Osiguruvanje, Skopje (index 79) and the parent company - Zavarovalnica Triglav (index 95).

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 39.4 million, or 17% less compared to the previous year. This drop was primarily caused by lower gross claims paid in general liability insurance (index 16) because of a large claim payment in 2013, credit insurance (index 72), in fire and natural disaster insurance (index 77), the largest insurance class. Gross claims paid in business in the Triglav Group declined by 27% and in operations outside the Triglav Group by 4%.

Table: Gross claims paid in Q1–3 2014 by the Triglav Group insurance company

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1–3 2014
Zavarovalnica Triglav	180,586,992	115,707,025	296,294,017	96	92	95	70.0%
Triglav, Zdravstvena zavarovalnica	58,952,052	0	58,952,052	102	0	102	13.9%
Triglav Osiguranje, Zagreb	15,664,748	3,338,205	19,002,953	68	118	73	4.5%
Triglav Osiguranje, Sarajevo	7,128,489	965,042	8,093,531	130	150	132	1.9%
Triglav Pojišt'ovna, Brno	14,071,987	0	14,071,987	71	0	71	3.3%
Lovćen Osiguranje, Podgorica	11,439,154	0	11,439,154	106	0	106	2.7%
Triglav Osiguranje, Belgrade	6,045,866	205,808	6,251,674	66	107	66	1.5%
Triglav Osiguranje, Banja Luka	1,604,340	0	1,604,340	162	0	162	0.4%
Triglav Osiguruvanje, Skopje	6,408,926	0	6,408,926	79	0	79	1.5%
Lovćen životna osiguranja, Podgorica	0	1,077,361	1,077,361	0	102	102	0.3%
Total	301,902,554	121,293,441	423,195,995	94	93	93	100.0%
Pozavarovalnica Triglav Re	39,431,779	0	39,431,779	83	0	83	
Consolidation eliminations	-21,865,834	-538	-21,866,372	73	0	73	
Total - consolidated	319,468,499	121,292,903	440,761,402	94	93	94	

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

4.3.2.1 Non-life insurance

Unconsolidated gross claims in **non-life insurance** amounted to EUR 301.9 million, which was 6% less than in the corresponding period of 2013.

Claims related to **motor liability insurance** represented 15.3% of total gross claims settled by the Triglav Group. Total claims paid amounted to EUR 64.9 million, which was 13% less than in the first nine months of 2013. All the Group's insurance companies recorded a drop in gross claims in this insurance class. Less premiums were booked primarily by Zavarovalnica Triglav, Triglav Osiguruvanje, Skopje, Triglav Pojišt'ovna, Triglav Osiguranje, Banja Luka and Triglav Osiguranje, Sarajevo. In the parent company, which accounts for 63% of the total, claims settled in motor vehicle liability insurance went down by 16%. The decrease was a result of fewer reported claims.

An 8% decrease in gross claims paid was recorded in the **comprehensive car insurance** class. Gross claims paid amounted to EUR 64.1 million, which represented 15.2% of all claims settled. In this insurance class, the majority of the Triglav Group insurance subsidiaries posted a decrease in gross claims paid mainly due to a lower number of reported claims. Highest growth in gross claims paid was recorded by Triglav Osiguranje, Banja Luka (index 146) due to a large payment of a claim in court ruling and the payment of claims as a result of flood damage. Lovćen Osiguranje recorded a 5% increase in gross claims paid. In the parent company, which accounts for 84% of the total, gross claims settled in this insurance class experienced an 8% decrease.

In **real property insurance**, total claims paid amounted to EUR 68.2 million, having decreased by 7% compared to the year before, accounting for 16.1% of total gross claims paid. In fire and natural disaster insurance, a 28% decrease in gross claims was recorded, whilst other damage to property insurance increased by 15%. A significant drop in claims was recorded by Triglav Osiguranje, Zagreb, Triglav Pojišt'ovna and Triglav Osiguranje, Belgrade, mostly due to substantial individual claims paid in the respective period of 2013. On the contrary, growth rates were high in Triglav Osiguranje, Banja Luka, Triglav Osiguranje, Sarajevo, Lovćen Osiguranje, Podgorica and Zavarovalnica Triglav. In Triglav Osiguranje, Banja Luka, high growth in gross claims was a result of payment of three substantial individual claims, which were largely reinsured. High growth in claims in Lovćen Osiguranje was a result of substantial claim payments due to damage on the electrical grid caused by storms in January 2013. High growth

in Triglav Osiguranje, Sarajevo was affected by high claims and claims due to floods. Zavarovalnica Triglav, holding more than 76% share of this insurance class, recorded a 17% increase in claims. High growth was mainly as a result of frost, which caused the greatest damage to the electrical grid and telecommunication networks. High growth was also recorded in combined non-life insurance products, fire insurance in industry (due to substantial individual claims paid) and in crop and fruit insurance (due to damage in fruit growing caused by hail, hops affected by storms and individual flood events in horticulture).

In **health insurance** gross claims increased by 2%, accounting for 14.0% of the total gross claims, primarily due to insurance portfolio growth in Triglav, Zdravstvena zavarovalnica. Equalisation scheme expenses totalled EUR 5.7 million, which was approximately at the same level as in the same period last year (index 100).

Accident insurance decreased by 2% to EUR 16.9 million. A substantial decrease in gross written claims was recorded by Triglav Osiguranje, Skopje and Triglav Osiguranje, Sarajevo due to fewer reported claims. The decrease in claims in this insurance class was mostly due to the drop in claims paid in the largest insurance sub-class: group accident insurance in Zavarovalnica Triglav (index 98). The parent company's share in the Group's accident insurance accounts for 60% of the total.

Gross claims paid in **general liability insurance** were lower by as much as 19%. A high drop was primarily a consequence of a 24% decrease in gross claims paid by Zavarovalnica Triglav (accounting for 87% of total claims in this insurance class) because a large payment of a product liability insurance claim was made in the respective period last year. A decline in claims settled was also posted by Lovćen Osiguranje and Triglav Osiguranje, Skopje, whilst other insurance companies recorded a growth in gross claims settled.

Gross claims paid in **credit insurance** decreased by 7%, amounting to EUR 3.0 million. Gross claims paid by the Triglav Group, accounting for the majority of total claims (94%) in this insurance class, went down by 5%. This drop was mainly caused by decreased claims in domestic trade insurance and export credit insurance. A significant decrease in gross claims paid was also recorded in Triglav Osiguranje, Zagreb.

A 26% growth in gross claims paid was recorded in **other non-life insurance**, primarily owing to high growth in Triglav Osiguranje, Zagreb and the parent company. A high growth in Triglav Osiguranje, Zagreb is mostly due to high claims paid arising from marine insurance and due to increased gross claims paid in suretyship insurance. Main reasons of a high growth in the parent company lay mainly in higher gross claims paid in railway insurance (an increase in loss events), goods in transit insurance (more claims by one policyholder) and assistance insurance (more claims in roadside assistance insurance). On the other hand, aircraft liability insurance experienced decrease in claims paid.

4.3.2.2 Life insurance

Gross claims paid in **life insurance** decreased by 7% to EUR 121.3 million compared to the respective period last year. This class accounts for 28.7% of all claims settled, the same as in the respective period of 2013.

Gross claims paid in life insurance declined by 7% compared to the year before.

The bulk of all claims settled was accounted for by the **life insurance** class (traditional life, annuity, annuity pension and voluntary pension insurance), which totalled EUR 69.3 million, or 4% less compared to the previous year, due to a decreased number of surrenders, a decrease in sums paid out on the maturity and fewer withdrawals. Due to an increase in sums paid out on the maturity the gross claims in **unit-linked life insurance** paid grew by 11% or EUR 44.0 million

in nominal terms. Gross claims paid in **supplemental voluntary pension insurance** decreased by 56% as a result of lower payments due to withdrawals from insurance contracts and transfers to another pension insurance provider.

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

Insurance class	Gross claims paid		Index	Structure
	Q1-3 2014	Q1-3 2013	Q1-3 2014/ Q1-3 2013	Q1-3 2014
Accident insurance	16,857,128	17,160,786	98	4.0%
Health insurance	59,381,975	58,276,530	102	14.0%
Comprehensive car insurance	64,128,611	69,809,357	92	15.2%
Real property insurance	68,205,842	73,476,176	93	16.1%
Motor liability insurance	64,917,480	74,996,921	87	15.3%
General liability insurance	12,260,140	15,102,202	81	2.9%
Credit insurance	2,990,922	3,224,274	93	0.7%
Other non-life insurance	13,160,456	10,478,973	126	3.1%
Non-life insurance	301,902,554	322,525,219	94	71.3%
Life insurance	69,297,057	72,096,357	96	16.4%
Unit-linked life insurance	43,998,072	39,784,115	111	10.4%
Capital redemption insurance	7,998,312	18,225,671	44	1.9%
Life insurance	121,293,441	130,106,143	93	28.7%
Total	423,195,995	452,631,362	93	100.0%

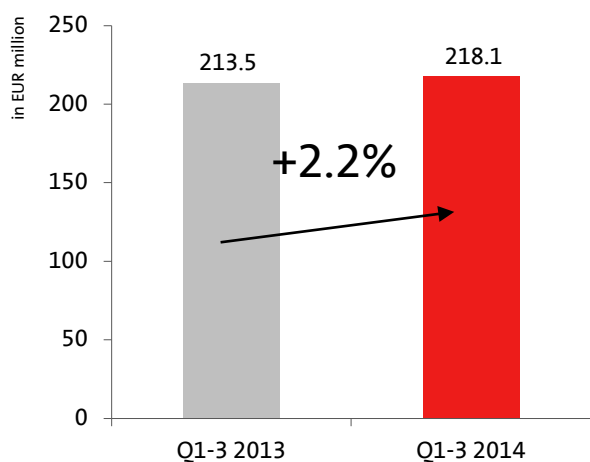
4.3.3 Gross operating expenses

Gross consolidated operating expenses of the Triglav Group totalled EUR 218.1 million, increasing 2% over the preceding year. **Insurance business expenses** increased by 3% to EUR 170.7 million. **Expenses of non-insurance business** grew by 1% and amounted to EUR 47.4 million.

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

Insurance business operating expenses accounted for 24.8% of gross written premiums, which was 1.1 percentage points more than in the corresponding period of the preceding year. Gross operating expenses in **non-life insurance** equalled EUR 136.2 million (index 100), in the **life-insurance** segment they amounted to EUR 28.3 million (index 110) and in **health insurance** they totalled EUR 6.2 million (index 121).

Graph: Gross operating expenses in Q1-3 2014 compared to the same period of 2013



Acquisition costs (fees and charges) increased by 13% mainly due to sales campaigns and totalled EUR 28.8 million. The costs of acquisition of goods totalled EUR 13.9 million, which was 3% higher than in the respective period of 2013. Depreciation costs equalled EUR 12.7 million or 7% less compared to 2013. With 45.9%, labour costs accounted for the largest portion of total expenses and increased by 2% over 2013, totalling EUR 103.9 million. Costs of services provided by natural persons other than sole proprietors equalled EUR 1.8 million, having decreased by 18%. Other operating expenses decreased by 3% to EUR 65.2 million. The highest drop was seen in costs of services of professional training (index 64), costs of entertainment, advertising, trade shows (index 89) and payment transaction costs and banking services (index 90).

In total gross operating expenses, broken down by functional group, costs of insurance contract acquisition accounted for 59.9%, representing an increase of 4.4 percentage points. Claim handling costs accounted for 11.7% (2013: 12.1%) and asset management costs for 1.7% (2013: 1.5%). Other operating expenses represented 26.6% and decreased by 4.3 percentage points.

Table: Gross operating expenses by nature in Q1–3 2014

Expenses by nature	Gross operating expenses		Index	Structure
	Q1–3 2014	Q1–3 2013	2014/2013	Q1–3 2014
Acquisition costs (fees and charges)	28,827,079	25,616,036	113	12.7%
Cost of goods sold	13,939,681	13,525,521	103	6.2%
Depreciation of operating assets	12,651,707	13,584,313	93	5.6%
Labour costs	103,918,611	102,180,839	102	45.9%
- wages and salaries	74,562,550	74,623,702	100	32.9%
- social security and pension insurance costs	16,542,152	15,344,541	108	7.3%
- other labour costs	12,813,909	12,212,596	105	5.7%
Costs of services provided by natural persons other than SPs together with pertaining taxes	1,807,871	2,203,193	82	0.8%
Other operating expenses	65,237,198	67,439,196	97	28.8%
- costs of entertainment, advertising, trade shows	9,407,374	10,612,750	89	4.2%
- costs of material and energy	9,933,705	10,519,856	94	4.4%
- maintenance costs	7,266,988	7,143,360	102	3.2%
- reimbursement of labour-related costs	3,304,845	3,305,501	100	1.5%
- costs of intellectual and personal services	2,581,634	2,707,491	95	1.1%
- non-income-related costs, excluding insurance	1,731,138	1,856,203	93	0.8%
- costs of transport and communication services	3,540,639	3,501,941	101	1.6%
- costs for insurance premiums	907,527	962,626	94	0.4%
- payment transaction costs and banking services	1,964,986	2,184,150	90	0.9%
- rents	4,562,068	4,715,269	97	2.0%
- costs of professional training services	477,944	749,285	64	0.2%
- other costs of services	19,558,350	18,923,285	103	8.6%
- long-term employee benefits	0	257,479	0	0.0%
Total	226,382,147	224,549,098	101	100.0%
Consolidation eliminations	-8,257,144	-11,048,150	75	
Total consolidated	218,125,003	213,500,948	102	

4.3.4 Reinsurance

In the first nine months of 2014, the Triglav Group allocated EUR 57.2 million of reinsurance and coinsurance premiums to external equalisation, which is 1% more than in the corresponding period of the preceding year. Reinsurance premiums accounted for 8.3% total gross written insurance and coinsurance premiums. An amount of EUR 16.6 million was received from reinsurance (index 58).

4.3.5 Insurance technical provisions

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured parties. As at 30 September 2014, the Triglav Group allocated EUR 2,396.4 million to gross insurance technical provisions, a 6% increase over the 2013 year-end. In non-life insurance, the amount of gross insurance technical provisions increased by 5%, whereas in life insurance it grew by 7% and in health insurance it went down by 12%.

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

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

- **Gross provisions for unearned premiums** increased by 12% and reached EUR 288.4 million. Unearned premiums from non-life insurance amounted to EUR 285.8 million (index 112), unearned premiums from life insurance totalled EUR 421 thousand (index 93), while those from health insurance increased by 8% or EUR 2.2 million nominally.
- **Gross claims provisions** increased by 2% and amounted to EUR 688.6 million. Gross provisions for outstanding claims in non-life insurance equalled EUR 660.4 million (index 102), in the life-insurance segment they amounted to EUR 20.9 million (index 104) and in health insurance they totalled EUR 7.3 million (index 90).
- **Mathematical provisions** stood at EUR 1,395.1 million, or 7% more than at the 2013 year-end. Of that amount, EUR 931.5 million arose from the guarantee fund backing traditional life and pension insurance (index 107), and the remaining EUR 463.6 million from the guarantee fund backing unit-linked life insurance (index 107).
- **Provisions for bonuses and discounts** increased by 3% to EUR 15.8 million.
- **Other insurance technical provisions** totalled EUR 8.4 million and increased by 10% compared to the 2013 year-end.

Table: Gross insurance technical provisions as at 30 September 2014

	Gross insurance technical provisions		Index
	30 September 2014	31 December 2013	2014/2013
Unearned premiums	288,431,313	258,066,669	112
Mathematical provisions	1,395,149,761	1,305,934,730	107
Claims provisions	688,618,317	674,436,244	102
Provisions for bonuses and discounts	15,844,596	15,399,739	103
Other insurance technical provisions	8,377,832	7,595,652	110
Total	2,396,421,819	2,261,433,034	106

4.3.6 Structure of financial investments

As at 30 September 2014, financial assets amounted to EUR 2,746.1 million or 8% more over the 2013 year-end. Their share in total assets increased by 0.4 percentage point and stood at 82.9%.

The tables show certain changes in investment grade structure of financial assets at the end of the reporting date, as the Triglav Group implemented its strategy of maintaining a high credit rating. With 67.9%, **debt and other fixed-return securities** accounted for the bulk of total financial assets. Their share in total assets grew by 1.7 percentage points compared to the end of 2013. As at 30 September 2014, they amounted to EUR 1,865.1 million (index 111).

Unit-linked insurance contract investments amounted to EUR 463.3 million as at the end of the first nine months of 2014. Compared to the 2013 year-end, they experienced a 6% increase and

accounted for 16.9% of total financial assets (0.4 percentage point less than as at 31 December 2013).

The largest increase was recorded in **investments in shares and other floating rate securities**, which rose by 39%, partly as a result of an active management policy and partly due to higher prices of these investments. They amounted to EUR 157.5 million, accounting for 5.7% of total financial assets, having increased by 1.3 percentage points over the 2013 year-end.

Investment property amounted to EUR 96.9 million and accounted for 3.5% of total financial assets, and remained approximately at the same level as at the 2013 year-end (index 100). **Deposits with banks** (which account for 3.2% of the total) declined by 21% to EUR 87.4 million. **Loans given** decreased by 40% over the previous year and amounted to EUR 32.3 million, accounting for 1.2% of the total. This decrease was primarily a result of the final maturity of the loan in the amount of EUR 20 million. **Other financial investments** stood at EUR 29.2 million (index 97), representing a 1.1% share of total financial assets.

Financial investments in associates went up by 4% (a 0.4% share of total financial investments), amounting to EUR 10.6 million.

Financial investments of reinsurance companies in reinsurance contracts with cedents were 12% lower than at the 2013 year-end, totalling EUR 3.7 million, and accounted for a 0.1% share of total financial assets.

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

	Financial investments			Structure
	30 September 2014	31 December 2013	Index	30 Sept. 2014
Investment property	96,903,275	97,245,384	100	3.5%
Shares in associates	10,645,256	10,204,674	104	0.4%
Shares and other floating rate securities	157,534,511	113,308,492	139	5.7%
Debt and other fixed return securities	1,865,081,468	1,682,058,225	111	67.9%
Loans given	32,253,727	53,739,807	60	1.2%
Deposits with banks	87,449,732	111,252,085	79	3.2%
Other financial investments	29,237,435	29,990,307	97	1.1%
Financial investments of reinsurance companies in reinsurance contracts with cedents	3,675,669	4,166,848	88	0.1%
Unit-linked insurance contracts	463,302,448	437,667,615	106	16.9%
Total	2,746,083,521	2,539,633,437	108	100.0%

Graph: Structure of financial assets of the Triglav Group



Government bonds representing 64.5% continued to account for the bulk of total fixed-return debt securities. Compared to the 2013 year-end, they increased by 29%, whereas their share in total financial assets grew by 9.1 percentage points. Financial bonds experienced an increase of 0.5 percentage point, representing 16.5% in total debt securities, whilst in total debt and other fixed-return securities, the shares of corporate bonds (16.4%) and structured bonds (2.7%) decreased.

Table: Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index	Structure	
	30 September 2014	31 December 2013		2014/2013	30 Sept. 2014
Government	1,202,235,291	931,508,835	129	64.5%	55.4%
Financial	306,870,665	268,514,593	114	16.5%	16.0%
Corporate	306,327,959	416,414,731	74	16.4%	24.8%
Structured	49,647,553	65,620,066	76	2.7%	3.9%
Total	1,865,081,468	1,682,058,225	111	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

With respect to the credit rating, bonds with a BBB credit rating hold the largest, 49.3% share. Their share increased by 7.9 percentage points (index 132) over the end of 2013. Higher exposure is a result of both new purchases made in this credit rating grade and extraordinary growth in bonds with BBB credit rating. The growth rate of BBB-rated bonds resulted primarily from the narrowing credit spreads of peripheral countries and Slovenia. Lower shares of AA-rated bonds stem not only from a lower return achieved in the reporting period by bonds with the highest credit ratings compared to BBB-rated bonds but also from the maturity of short-term positions in the BBB credit rating grade. A lower share of bonds in credit rating grades with no agency credit rating assigned resulted from the fact that certain securities fell due and sale of securities in these grades.

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

Credit rating	Debt securities		Index	Structure	
	30 September 2014	31 December 2013	2014/2013	30 Sept. 2014	31 Dec. 2013
AAA	312,940,573	319,807,623	98	16.8%	19.0%
AA	113,194,104	135,631,475	83	6.1%	8.1%
A	266,165,247	258,228,467	103	14.3%	15.4%
BBB	919,538,420	696,985,051	132	49.3%	41.4%
Below BBB	187,232,583	157,628,625	119	10.0%	9.4%
Not rated	66,010,541	113,776,984	58	3.5%	6.8%
Total	1,865,081,468	1,682,058,225	111	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

Changes in exposure of debt securities to individual countries are a result of price fluctuations and active trading. Most purchases were made in investments in peripheral countries, particularly in investments of Italian (index 248), Spanish (index 153) and Slovene issuers (index 130). Price changes contributed more than half of the increase in these positions. Lower exposure to countries with the highest credit ratings is a result of reservations to invest in securities with a relatively low return under the current conditions of record low interest rates.

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

Country of issuer	Debt securities		Index	Structure	
	30 September 2014	31 December 2013	2014/2013	30 Sept. 2014	31 Dec. 2013
Slovenia	510,391,988	392,777,070	130	27.4%	23.4%
Germany	226,837,733	296,233,281	77	12.2%	17.6%
France	123,606,539	160,156,601	77	6.6%	9.5%
Spain	121,492,262	79,665,521	153	6.5%	4.7%
Italy	113,041,835	45,664,085	248	6.1%	2.7%
Netherlands	101,098,119	116,296,851	87	5.4%	6.9%
Other	668,612,993	591,264,815	113	35.8%	35.2%
Total	1,865,081,468	1,682,058,225	111	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The proportion of shares in total assets increased mainly due to purchases of shares in developed markets and the growth rates of both the Slovene shares and the shares of developed markets. Exposure to shares of developing markets is lower as a result of sales made in early 2014.

Table: Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index	Structure	
	30 September 2014	31 December 2013	2014/2013	30 Sept. 2014	31 Dec. 2013
Slovenia	84,480,512	68,664,283	123	50.2%	55.6%
Developed markets	65,582,034	36,128,938	182	39.0%	29.3%
Developing markets	7,883,273	9,409,322	84	4.7%	7.6%
Balkans	10,233,948	9,310,624	110	6.1%	7.5%
Total	168,179,767	123,513,166	136	100.0%	100.0%

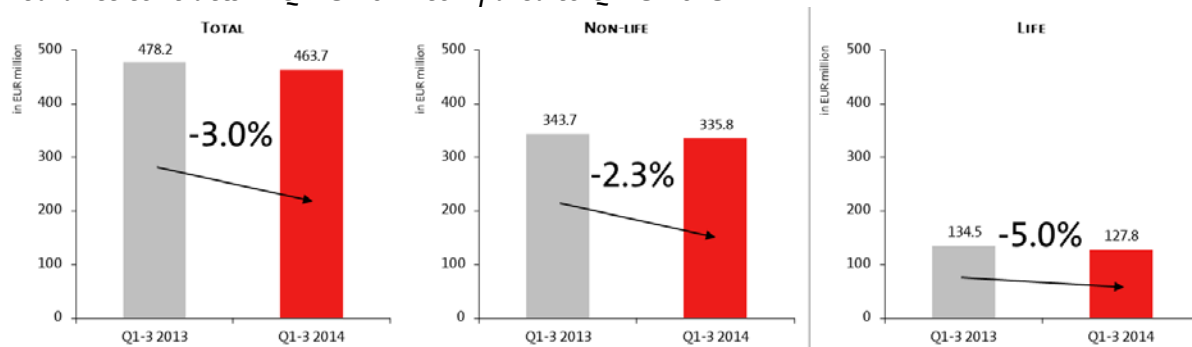
4.4 Performance of Zavarovalnica Triglav

4.4.1 Gross written premiums from insurance and co-insurance contracts

In the first nine months of 2014, Zavarovalnica Triglav booked a total of EUR 463.7 million of gross written premiums from insurance and co-insurance contracts or 3% less than in the same period of 2013.

Zavarovalnica Triglav booked a total of EUR 463,7 million of gross written premiums from insurance and co-insurance contracts.

Graph: Gross written premiums from insurance and co-insurance contracts in Q1–3 2014 compared to Q1–3 2013



The gross written premiums in non-life insurance totalled EUR 335.8 million or 2% less compared to the preceding year, whereas that of life insurance decreased by 5% or EUR 127.8 million in nominal terms.

In total written premiums, non-life insurance accounted for 72.4% and life insurance for 27.6%. The share of non-life insurance premiums in total gross written premiums increased by 0.6 percentage point compared to the same period of the previous year.

Table: Gross written premiums from insurance and co-insurance contracts for Zavarovalnica Triglav in Q1–3 2014 by insurance class

Insurance class	Gross written premium		Index	Structure
	Q1–3 2014	Q1–3 2013	Q1–3 2014/ Q1–3 2013	Q1–3 2014
Accident insurance	23,927,109	25,009,228	96	5.2%
Health insurance	0	0	0	0.0%
Comprehensive car insurance	77,197,728	79,820,672	97	16.6%
Real property insurance	99,734,574	100,749,001	99	21.5%
Motor liability insurance	75,815,849	80,324,907	94	16.4%
General liability insurance	24,774,828	25,002,330	99	5.3%
Credit insurance	17,228,993	15,502,537	111	3.7%
Other non-life insurance	17,167,838	17,266,151	99	3.7%
Non-life insurance	335,846,919	343,674,825	98	72.4%
Life insurance	63,161,331	66,255,634	95	13.6%
Unit-linked life insurance	54,476,526	57,670,805	94	11.7%
Capital redemption insurance	10,200,114	10,586,945	96	2.2%
Life insurance	127,837,972	134,513,384	95	27.6%
Total	463,684,890	478,188,210	97	100.0%

In **non-life insurance**, an 11% increase in written premiums was achieved in credit insurance, primarily as a result of high growth in consumer loan insurance, the largest insurance sub-class of credit insurance (65%), as banks more frequently decided to take out credit insurance. Good

sales results were achieved in financial gap insurance, insurance in the event of unemployment, disability and death, export credit insurance and domestic trade insurance.

In motor vehicle insurance, which accounts for the largest share (33.0%) in the portfolio, EUR 153.0 million in premiums was recorded; i.e. 4% less than in 2013. Motor liability insurance premiums and comprehensive car insurance premiums decreased by 6% and 3% respectively. The main reasons for this decrease are:

- a persisting aggressive price competition among insurance companies;
- lower premiums due to several sales promotion activities (Mercator Vinjeta, Mercator Pika) and continued inclusion of policyholders in the »Triglav komplet« bonus programme;
- greater prudence of policyholders and the economic crisis resulted in older and fewer vehicles owned by families, which is reflected in non-renewal, cancellation and reduced volume of purchased comprehensive car insurance.

In the real property insurance class (fire and natural disaster insurance, other damage to property insurance), a 1% premium decrease was recorded. This was mainly due to a decrease in premiums for earthquake insurance, crop insurance, property and interest in property insurance for natural persons (DOM insurance package), and fire insurance of industrial risks. Lower earthquake insurance premiums were a result of changes in the insurance coverage programme (the introduction of higher deductibles) and reduced sums insured, which serve as the basis for calculating the insurance premium, primarily due to the streamlining of operations and the sale or divestment of policyholders' assets. The crop insurance premiums dropped as a consequence of lower co-financing of crop insurance premiums from the state (from 50% to 40%), imposition of taxes on co-financed agricultural insurance premiums, decreased orchard insurance premiums (an increasing number of orchards are covered with anti-hail nets, which significantly lowers the premium for the risk of hail) and uninsured individual crops of several major policyholders in Prekmurje due to water retention in the spring months. Written premiums in the home insurance package for individuals (DOM) were lower due to additional discount as a result of continued inclusion of policyholders in the »Triglav komplet« bonus programme and decreased purchasing power of population, which is reflected in lower insurance density (policy degradation, non-renewal of insurance). On the other hand, high growth was achieved in travel insurance as a result of a sales campaign organised in April and May and in combined non-life insurance by attracting new clients (transfer of international programmes) and increasing the premium of insurance subsidiaries.

In general liability insurance, premiums dropped by 1%, predominantly as a result of lower written premiums for liability insurance of management and supervisory board members, since a premium of a large policyholder in 2013 was invoiced for 2013 and 2014 at the same time. The premium of general liability insurance, accounting for 75% of total premiums of this insurance class, remained at approximately the same level of the preceding year (index 100).

Accident insurance premiums dropped by 4%. Almost half of accident insurance premiums comes from two insurance sub-classes taken out simultaneously with car insurance (driver and passenger accident insurance and the driver's bodily injury insurance or AO-plus insurance), where the decrease in written premiums results from the developments in the motor vehicle insurance market. A decrease in group accident insurance premiums was primarily the consequence of an increasing number of corporate bankruptcies and reduced operating expenses of companies, as the largest insurance sub-class of accident insurance group (39%).

A 1% premium decrease was seen in other non-life insurance. This mainly resulted from lower premiums in miscellaneous financial loss insurance, aircraft insurance, marine insurance and suretyship insurance. In miscellaneous financial loss insurance, the largest drop was recorded in business interruption insurance as a part of fire insurance, where the premium is partly

covered by the premium of combined non-life insurance. The decrease in aircraft insurance premiums resulted from business operations and fleet restructuring of a large policyholder, the sale of policyholders' aircrafts and fierce competition, also of foreign brokers. Harsh economic conditions significantly affected this insurance class as the policyholders were returning the vessels funded through leasing or sold them. A lower premium of suretyship insurance is a result of guarantees issued at lower values, despite higher demand for this insurance. On the other hand, goods in transit insurance and aircraft liability insurance, experienced increases in premiums.

The 5% decrease in life insurance premiums mostly resulted from the aging of the life insurance portfolio (an increased number of maturities) as well as the unfavourable financial and economic environment, which was reflected in more prudent consumer behaviour when concluding long-term life insurance contracts and in an increased number of surrenders and withdrawals. For these reasons, an even bigger decline in life insurance premiums was planned, but as a result of increased sales activities the insurance premium periodic plan was exceeded.

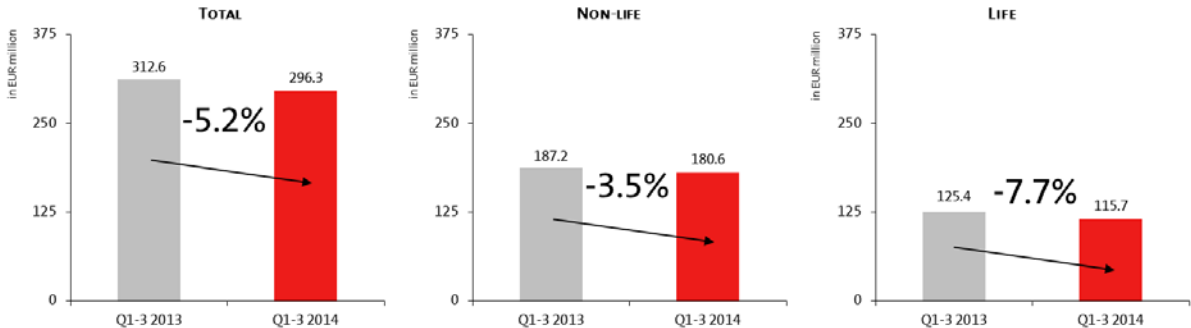
Premiums generated from life insurance (traditional life, pension, annuity pension and voluntary pension insurance) was 5% lower than in the respective period last year and accounted for 49% of the total life insurance premiums. The premium generated by unit-linked life insurance represented 43% of total written premiums in the life insurance class, which was 6% less compared to one year earlier. Supplemental voluntary pension insurance (capital redemption insurance), accounting for 8% of the life insurance class total, generated 4% less premiums than a year before.

4.4.2 Gross claims paid

In the first nine months of 2014, Zavarovalnica Triglav posted a total of EUR 296.3 million in gross claims paid (including claim handling costs and reduced by subrogation receivables) which is 5% less than in the respective period of 2013. In January and February, a snow and glaze storm affected the entire territory of Slovenia, resulting in claims worth over EUR 10 million. In mid-May, the stormy wind caused claims worth EUR 1.5 million, whilst the September floods in East Slovenia caused claims totalling approximately EUR 6 million.

The profit level was also affected by mass loss events.

Graph: Gross claims paid in Q1–3 2014 compared to the same period of 2013



In non-life insurance, total gross claims paid amounted to EUR 180.6 million or 4% less than the year before. Life insurance premium growth was higher by 2 index points than the growth of gross claims.

Life insurance premium growth was higher by 2 index points compared to the growth of gross claims.

The other non-life insurance class recorded 18% growth in gross claims paid, primarily as a result of higher gross claims paid in railway insurance (an increase in loss events), goods in transit insurance (more claims by one policyholder) and assistance insurance (more claims in roadside assistance insurance).

Gross claims in real property insurance recorded a 17% growth rate, mainly as a result of frost, which caused the greatest damage to the electrical grid and telecommunication networks (the insurance sub-classes fire insurance and machinery breakdown insurance – power industry). High growth was also recorded in combined non-life insurance products, fire insurance in industry and crop and fruit insurance. A high growth in combined non-life insurance products and fire insurance in industry is a result of individual large claims paid. High growth of claims settled in crop and fruit insurance was primarily due to damage in fruit growing caused by hail, hops affected by storms and individual flood events in horticulture.

Gross claims paid in other non-life insurance classes decreased compared to the respective period last year. The highest drop in gross claims paid was recorded in general liability insurance (index 76). In the largest non-life insurance class, i.e. comprehensive car insurance, representing almost 30% of all non-life insurance claims, gross claims decreased by 8%. A 16% drop in gross claims was seen in motor liability insurance. Gross claims paid in the credit insurance group decreased by 5%, while in accident insurance by 2%.

Gross claims paid in life insurance totalled EUR 115.7 million and were 8% lower than in the corresponding period of 2013. Claims in the life insurance group accounted for 39.1% of total claims paid, having decreased by 1.1 percentage points. The bulk of all claims settled was accounted for by the life insurance class (traditional life, annuity, annuity pension and voluntary pension insurance), which totalled EUR 64.7 million, or 5% less compared to the previous year, due to a decrease in surrenders, sums paid out on the maturity and fewer withdrawals. Gross claims paid in supplemental voluntary pension insurance decreased by 56% due to reduced payments arising from withdrawals from insurance contracts and the transfers to another pension insurance provider. Due to an increase in sums paid out on the maturity the gross claims in unit-linked life insurance paid grew by 11%.

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

Table: Gross claims paid by Zavarovalnica Triglav in Q1–3 2014 by insurance class

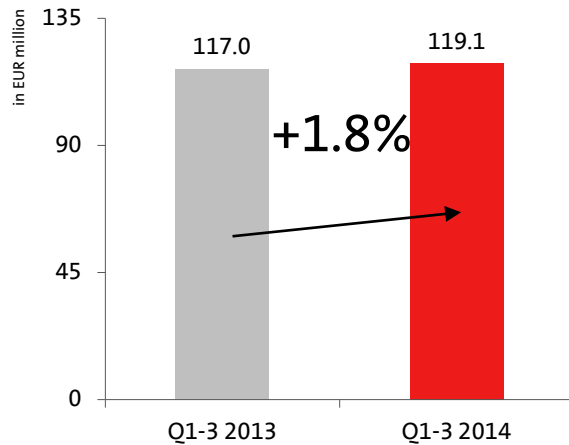
Insurance class	Gross claims paid		Index	Structure
	Q1–3 2014	Q1–3 2013	Q1–3 2014/ Q1–3 2013	Q1–3 2014
Accident insurance	10,167,368	10,404,582	98	3.4%
Health insurance	0	0	0	0.0%
Comprehensive car insurance	53,556,812	58,137,350	92	18.1%
Real property insurance	52,063,486	44,432,336	117	17.6%
Motor liability insurance	40,723,676	48,217,926	84	13.7%
General liability insurance	10,708,103	14,163,893	76	3.6%
Credit insurance	2,799,611	2,949,014	95	0.9%
Other non-life insurance	10,567,935	8,918,403	118	3.6%
Non-life insurance	180,586,990	187,223,504	96	60.9%
Life insurance	64,745,366	68,331,848	95	21.9%
Unit-linked life insurance	42,963,350	38,827,138	111	14.5%
Capital redemption insurance	7,998,312	18,225,671	44	2.7%
Life insurance	115,707,027	125,384,657	92	39.1%
Total	296,294,017	312,608,161	95	100.0%

4.4.3 Gross operating expenses

Gross operating expenses totalled EUR 119.1 million and were 2% higher compared to the previous year.

Gross operating expenses were 2% higher than in the respective period of 2013 primarily due to sales campaigns.

Graph: Gross operating expenses in Q1–3 2014 compared to the same period of 2013



Operating expenses accounted for 25.7% of gross written premiums and were 1.2 percentage points higher than in the same period of 2013.

Acquisition costs (fees and charges) increased by 24% mainly due to sales campaigns (Mercator Vinjeta, Mercator Pika, travel insurance coupon sales promotion and distribution of gift voucher for insurance for health-resort treatment of traffic injuries) and totalled EUR 16.4 million. Depreciation expenses equalled EUR 7.4 million or 5% less than in 2013. With 56.6%, labour costs accounted for the largest portion of total expenses and grew by 2% compared to 2013, totalling EUR 67.4 million. Labour costs primarily increased due to bonuses paid to most successful sales agents, new employees as a result of the merger of Triglav nepremičnine and the payment of extraordinary performance allowance to employees (payment of extra work time above 150 hours). Costs of services provided by natural persons other than sole proprietors equalled EUR 1.3 million, representing a decrease of 11% from the year before. In the reporting period, other operating expenses decreased by 7% to EUR 26.7 million.

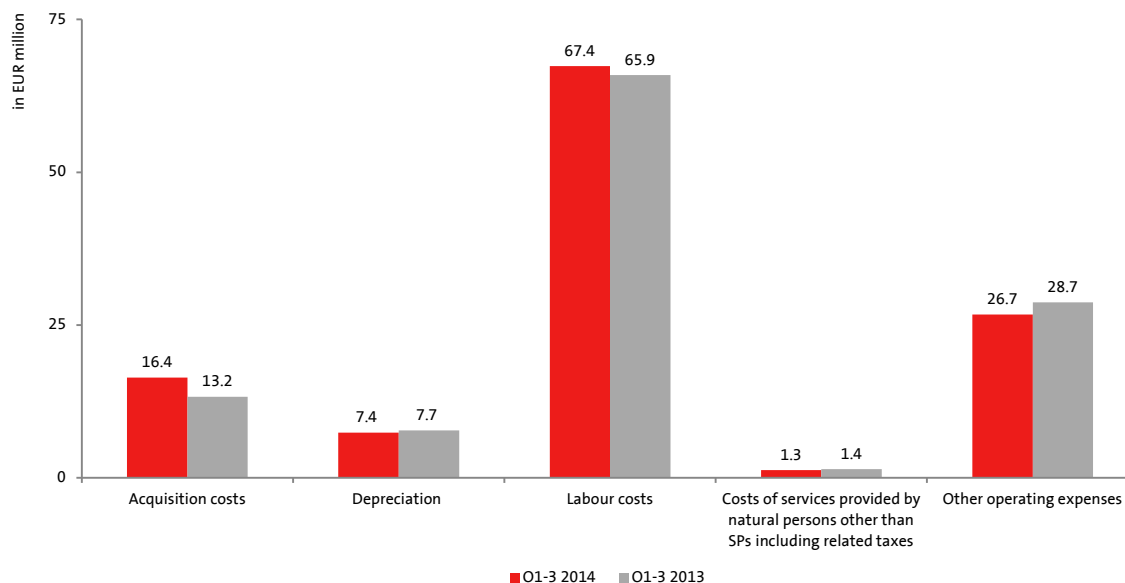
Operating costs for life insurance came to EUR 23.5 million and accounted for 18.4% of gross written premium or 0.1 percentage point more than in the respective period of 2013. Gross operating expenses in non-life insurance amounted to EUR 95.6 million, their share in gross written premiums being 28.5% or 1.6 percentage points more than in the same period last year.

In total gross operating expenses, broken down by functional group, costs of insurance contract acquisition accounted for 61.7%, which is higher by 2.1 percentage points compared to 2013. Claim handling costs accounted for 12.7% (the same as in 2013) and asset management costs for 2.2% (Q1–3 2013: 1.7%). Other operating expenses represented 23.4%, having decreased by 2.6 percentage points over the respective period in the preceding year.

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

Operating costs by nature	Gross operating costs		Index	Structure
	Q1–3 2014	Q1–3 2013	Q1–3 2014/ Q1–3 2013	Q1–3 2014
Acquisition costs (by nature)	16,404,420	13,232,746	124	13.8%
Depreciation of operating assets	7,387,048	7,744,753	95	6.2%
Labour costs	67,388,429	65,904,102	102	56.6%
- wages and salaries	49,892,493	48,691,615	102	41.9%
- social securities and pension insurance costs	8,125,074	8,182,165	99	6.8%
- other labour costs	9,370,862	9,030,322	104	7.9%
Costs of services provided by natural persons other than SPs including related taxes	1,255,357	1,414,008	89	1.1%
Other operating expenses	26,685,709	28,710,962	93	22.4%
- costs of entertainment, advertising, trade shows	5,195,344	7,086,019	73	4.4%
- costs of material and energy	3,199,761	3,323,507	96	2.7%
- maintenance costs	5,125,977	5,036,279	102	4.3%
- reimbursement of labour-related costs	2,612,089	2,666,064	98	2.2%
- costs of intellectual and personal services	1,435,765	1,358,954	106	1.2%
- non-income-related costs, excluding insurance	1,205,502	1,282,321	94	1.0%
- costs of transport and communication services	2,156,153	2,018,875	107	1.8%
- costs of insurance premiums	517,941	574,269	90	0.4%
- payment transaction costs and banking services	1,371,554	1,574,401	87	1.2%
- rents	2,174,573	2,156,918	101	1.8%
- costs of services of professional training	296,989	587,069	51	0.2%
- other costs of services	1,394,060	1,046,287	133	1.2%
Total	119,120,964	117,006,570	102	100.0%

Graph: Gross operating costs in Q1–3 2014 compared to Q1–3 2013



4.4.4 Reinsurance

In the first nine months of 2014, Zavarovalnica Triglav allocated EUR 53.4 million to external equalisation, which was 1% more than in the respective period of 2013. Reinsurance premium accounted for 11.5% of total gross written premium. The change in gross unearned premium related to reinsurance amounted to EUR 5.2 million, having increased by 3% over the previous year. In the reporting period, a reinsurers' and co-insurers' share of gross claims settled of EUR 16.3 million was received from reinsurance and coinsurance (index 93). The change in gross

claims provisions for the reinsurance portion equalled EUR -4.3 million (2013: EUR 4.5 million). The Company also received EUR 9.9 million in ceding commissions (index 116).

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 end of reporting period, the Company allocated EUR 2,084.9 million to gross insurance technical provisions. Compared to the 2013 year-end, the total amount of gross provisions increased by 6%; with provisions for non-life insurance rising by 5% and provisions for life insurance by 7%.

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

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

- **Gross provisions for unearned premium** increased by 13% and reached EUR 212.2 million. Unearned premiums from non-life insurance totalled EUR 211.8 million (index 113) and from life insurance EUR 397 thousand (index 93).
- **Gross claims provisions** grew by 3% to EUR 523.8 million. Claims provisions from non-life insurance totalled EUR 503.8 million (index 103) and those from life insurance EUR 20.0 million (index 103). They increased primarily as a result of extraordinary natural events to which the Company was exposed in 2014. The provisions were also higher on account of two major claims from fire insurance and product liability insurance and claim revaluation from liability of management and supervisory board insurance. Total claim revaluation is deducted from reinsurance.
- **Mathematical provisions** stood at EUR 1,330.8 million, representing a 7% increase over the previous year. Of the total amount of mathematical provisions, EUR 689.4 million originated from the guarantee fund backing life insurance, EUR 447.8 million from the guarantee fund backing unit-linked life insurance, EUR 169.4 million from the guarantee fund backing SVPI, and EUR 24.1 million from the guarantee fund backing SVPI during the annuity payout period.
- Compared to 31 December 2013, **provisions for bonuses and discounts** remained at the same level (index 100) and equalled EUR 15.0 million.
- **Other insurance technical provisions** totalled EUR 3.0 million, having increased by 75% mainly due to higher provisions for unexpired risks (index 258). This item includes provisions for unexpired risks, which as at 30 September 2014 amounted to EUR 2.2 million, and provisions for cancellations, which totalled EUR 849 thousand (index 96).

Table: Gross insurance technical provisions as at 30 September 2014

	Gross insurance technical provisions		Index
	30 September 2014	31 December 2013	2014/2013
Unearned premiums	212,219,734	188,286,777	113
Mathematical provisions	1,330,758,811	1,244,116,610	107
Claims provisions	523,800,443	510,090,992	103
Provisions for bonuses and discounts	15,040,488	15,040,488	100
Other insurance technical provisions	3,048,823	1,737,337	175
Total	2,084,868,299	1,959,272,204	106

4.4.6 Structure of financial investments

As at 30 September 2014, financial assets amounted to EUR 2,432.6 million or 8% more than at the 2013 year-end. Their share in total assets increased by 0.3 percentage point and stood at 88.5%.

The tables show certain changes in investment grade structure of financial assets that occurred at the end of the reporting date, as the Company implemented its strategy of maintaining a high credit rating. The largest, 63.6% share of total financial assets was maintained by **debt and other fixed-return securities**. As at the end of reporting period, they totalled EUR 1,547.9 million, which represented a 10% increase compared to the 2013 year-end.

Unit-linked insurance contract investments amounted to EUR 447.5 million as at the reporting date, which increased by 6%. They accounted for 18.4% of total financial assets.

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

The largest increase was recorded in **investment shares and other floating rate securities**. In the first nine months of 2014, in total assets their share grew by 1.5 percentage point and reached 4.9%, which totalled EUR 118.1 million (index 153).

Loans given increased by 1% compared to 2013, amounting to EUR 86.4 million and representing 3.6% of total financial assets. In total financial assets, **deposits with banks** decreased by 1.7% to EUR 41.7 million (index 58).

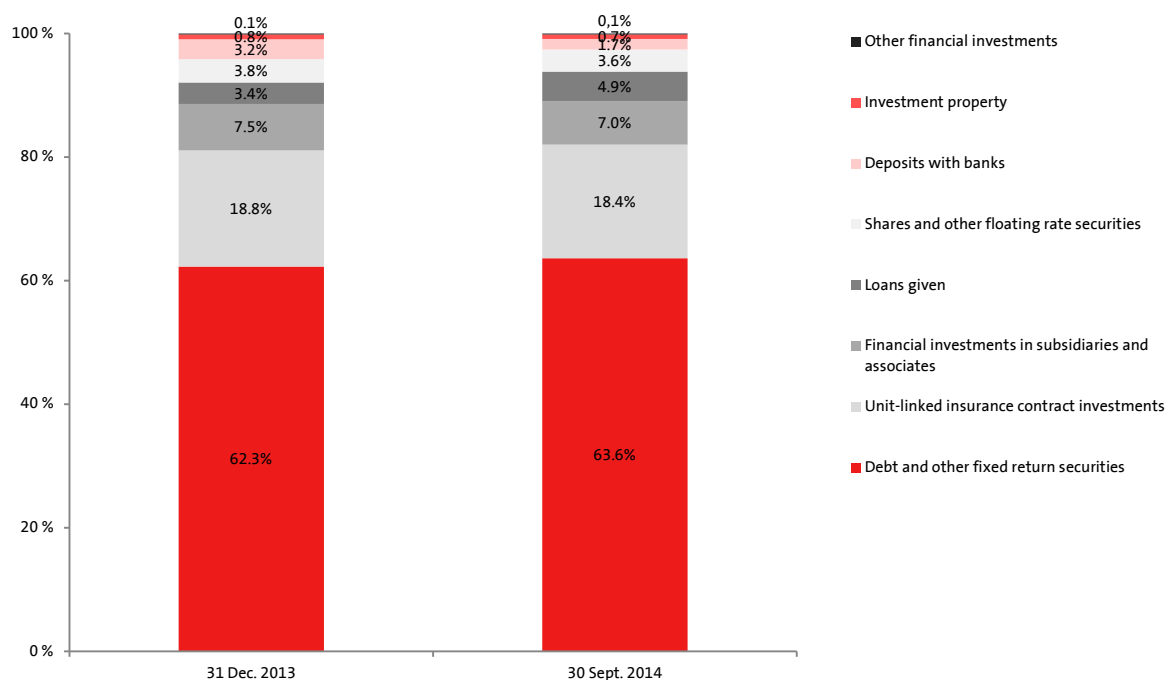
Investment property amounted to EUR 18.0 million and remained at the approximately same level as at the 2013 year-end (index 100). They accounted for 0.7% of total financial assets. **Other financial investments** stood at EUR 3.0 million, representing a 0.1% share of the total (index 101).

Derivatives equalled EUR 574 thousand and accounted for merely 0.02% of total financial assets.

Table: Financial assets as at 30 September 2014

	Financial investments		Index	Structure
	30 September 2014	31 December 2013	2014/2013	30 Sept. 2014
Investment property	17,980,841	18,067,610	100	0.7%
Financial investments in subsidiaries and associates	169,416,049	169,416,049	100	7.0%
Shares and other floating rate securities	118,136,133	77,433,178	153	4.9%
Debt and other fixed return securities	1,547,910,782	1,403,101,609	110	63.6%
Loans given	86,411,700	85,517,221	101	3.6%
Deposits with banks	41,661,110	71,943,722	58	1.7%
Other financial investments	3,042,061	3,019,766	101	0.1%
Derivative financial instruments	573,719	665,166	86	0.0%
Unit-linked insurance contract investments	447,467,453	422,849,370	106	18.4%
Total	2,432,599,851	2,252,013,691	108	100.0%

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



Government bonds representing 62.3% continued to account for the bulk of total fixed-return debt securities. Compared to the 2013 year-end, government bonds went up by 34% and their share in total financial assets increased by 10.8 percentage points. Financial bonds saw an increase of 11%, representing 17.5% in total debt securities, whilst in total debt and other fixed-return securities, the shares of corporate bonds (representing 17.0%) and financial bonds (3.2%) decreased.

Table: Debt securities of Zavarovalnica Triglav by issuer sector

Issuer sector	Debt securities		Index	Structure	
	30 September 2014	31 December 2013		2014/2013	30 Sept. 2014
Corporate	263,078,251	371,624,542	71	17.0%	26.5%
Financial	270,204,281	243,868,429	111	17.5%	17.4%
Government	964,981,646	721,988,114	134	62.3%	51.5%
Structured	49,646,604	65,620,525	76	3.2%	4.7%
Total	1,547,910,782	1,403,101,609	110	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The share of bonds with a BBB credit rating increased by 9.3 percentage points (index 134) over the end of 2013. Higher exposure is a result of both new purchases made in this credit rating grade and of an extraordinary increase in BBB-rated bonds. The growth rate of BBB-rated bonds resulted primarily from the narrowing credit spreads of peripheral countries and Slovenia. Lower shares of AA-rated bonds stem not only from a lower return achieved in the reporting period by bonds with the highest credit ratings compared to BBB-rated bonds but also from the maturity of short-term positions in the BBB credit rating grade. A lower share of bonds in credit rating grades with no credit rating assigned resulted from the fact that certain securities fell due and sale of securities in these grades.

Table: Debt securities of Zavarovalnica Triglav by credit rating

Credit rating	Debt securities		Index	Structure	
	30 September 2014	31 December 2013	2014/2013	30 Sept. 2014	31 Dec. 2013
AAA	283,284,683	290,469,428	98	18.3%	20.7%
AA	87,261,121	106,148,478	82	5.6%	7.6%
A	243,054,169	240,865,854	101	15.7%	17.2%
BBB	817,231,879	610,556,569	134	52.8%	43.5%
Below BBB	69,942,349	68,937,714	101	4.5%	4.9%
Not rated	47,136,581	86,123,567	55	3.0%	6.1%
Total	1,547,910,782	1,403,101,609	110	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

Changes in exposure of debt securities to individual countries are a result of price fluctuations and active trading. Most purchasing transactions involved securities issued by peripheral countries, particularly of Italian (index 241), Spanish (index 153) and Slovene issuers, which increased by 31%. Price changes contributed more than half of the increase in these positions. Lower exposure to countries with the highest credit ratings is a result of reservations to invest in securities with a relatively low return under the current conditions of record low interest rates.

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

Country of issuer	Debt securities		Index	Structure	
	30 September 2014	31 December 2013	2014/2013	30 Sept. 2014	31 Dec. 2013
Slovenia	442,079,910	337,538,415	131	28.6%	24.1%
Germany	208,394,791	273,392,440	76	13.5%	19.5%
France	112,305,634	146,372,607	77	7.3%	10.4%
Spain	113,765,321	74,191,051	153	7.3%	5.3%
Italy	107,858,001	44,833,977	241	7.0%	3.2%
Netherlands	88,064,196	104,205,925	85	5.7%	7.4%
Other	475,442,928	422,567,193	113	30.7%	30.1%
Total	1,547,910,782	1,403,101,609	110	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

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

Table: Equity investments of Zavarovalnica Triglav by geographic area

Geographic area	Equity investments		Index	Structure	
	30 September 2014	31 December 2013	2014/2013	30 Sept. 2014	31 Dec. 2013
Slovenia	239.707.742	225.666.590	106	83,4%	91,4%
Developed markets	44.158.164	13.756.415	321	15,4%	5,6%
Developing markets	1.999.955	5.756.014	35	0,7%	2,3%
Balkans	1.686.321	1.670.208	101	0,6%	0,7%
Total	287.552.183	246.849.227	116	100,0%	100,0%

5. FINANCIAL RESULT AND FINANCIAL STANDING

5.1 The Triglav Group

5.1.1 Financial result

Despite tight conditions and extraordinary loss events in Slovenia and floods in Serbia, Bosnia and Herzegovina and in Croatia, the Triglav Group performed well and ended Q3 with a profit. Net profit before tax reached EUR 89.7 million, increasing by 37% over 2013. Net profit amounted to EUR 77.0 million and was 36% higher compared to the respective period of the preceding year. Net profit attributable to the shareholders of the controlling company amounted to EUR 76.6 million (index 137), whereas net profit attributable to minority shareholders totalled EUR 403 thousand (index 72). The Group achieved solid operating results by consistently realising its strategic guidelines focused on its core insurance business, by implementing a clear risk management policy, adequate underwriting and reinsurance policies, as well as by implementing business policy measures geared towards mitigating the negative impacts of the financial crisis. High return on financial investments additionally affected solid operating results.

Despite tight operating conditions and extraordinary loss events, the Triglav Group generated a net profit of EUR 77.0 million or 36% more than in the corresponding period of 2013.

The combined ratio in non-life insurance, which shows profitability of operations, was 95.4%. Any value of this ratio below 100 means, that the non-life insurance portfolio as the core business (excluding return on investments) is earning a profit. Compared to the respective period of 2013, it increased by 3.1 percentage points, primarily as a result of extraordinary loss events in 2014 and lower net premiums earned.

The financial crisis negatively affected demand for insurance products. Net premiums earned (calculated on the basis of gross written insurance and co-insurance premiums, reduced by the reinsurers' share and adjusted by the change in gross unearned premiums taking into account the reinsurers' share in unearned premiums) amounted to EUR 611.7 million or 3% less than in the respective period last year. Net premiums earned from health insurance increased by 5%, whilst net non-life and life premiums earned decreased by 4% and 5% respectively. Gross written premiums from reinsurance and co-insurance operations totalled EUR 57.2 million, representing a 1% increase over 2013. Net unearned premiums grew by 19% compared to the previous year or EUR 19.7 million in nominal terms.

Net claims incurred (gross claims increased by loss adjustment costs and reduced by the reinsurers' and co-insurers' shares and subrogated receivables, adjusted by the change in gross claims provisions taking into account the reinsurers' and co-insurers' shares in these provisions) decreased by 1% and totalled EUR 438.3 million. Net claims incurred from non-life insurance increased by 1% as a result of higher claims provisions. The latter grew due to extraordinary loss events incurred by the Triglav Group in the reporting year. Net claims incurred decreased by 6% in life insurance and in health insurance they remained at the approximately same level as in 2013 (index 100). The reinsurers' and co-insurers' shares of gross claims declined by 42% compared to 2013 and equalled EUR 16.6 million. The change in net claims provisions was EUR 8.5 million, compared with EUR -4.2 million in the same period of 2013. Equalisation scheme expenses for supplemental health insurance remained at the approximately same level as in 2013 and reached EUR 5.7 million.

Income from financial assets rose by 49% and totalled EUR 176.7 million. Financial expenses decreased by 50%, amounting to EUR 36.7 million. In the reporting period, investment return, i.e. the difference between investment income and expenses, totalled EUR 140.0 million and was as much as 208% higher compared to the corresponding period last year. The high increase was primarily a result of higher profit from sales in trading with debt securities (index 305), since almost 85% of realised gains arose from the bond sale. High growth in the change in fair value (index 243) was also recorded, because required returns reached record low levels, increasing the value of investments in bonds. Due to changes in the dividend policy of some Slovene public limited companies, high increase in dividend income was recorded (index 160). Interest income decreased by 3% as a result of lower interest rates. In the first nine months of 2014, Zavarovalnica Triglav's permanent impairments of financial investments amounted to EUR 123 thousand, significantly less than in the respective period of 2013, when they totalled EUR 17.3 million.

Changes in other insurance technical provisions summed up to EUR 42.0 million (2013: EUR -53 thousand), primarily due to increased mathematical provisions.

Change in insurance technical provisions for unit-linked insurance contracts equalled EUR 28.6 million (index 320) due to an increase in price of fund units. Expenses for bonuses and discounts totalled EUR 5.6 million, which was 46% more than in the same period last year.

Operating expenses (costs of insurance contract acquisitions and other operating expenses) remained approximately at the same level as the year before (index 100), reaching EUR 144.4 million. Acquisition costs totalled EUR 99.9 million (index 108), whereas other operating expenses amounted to EUR 44.6 million (index 86).

Other insurance income totalled EUR 6.9 million, having increased by 16%. Other income stood at EUR 56.8 million, representing a 4% increase over the respective period in the preceding year. Other insurance expenses totalled EUR 16.6 million (index 89), whilst other expenses amounted to EUR 50.1 million (index 97).

Table: Individual items in the consolidated income statement of the Triglav Group for Q1–3 2014

	in EUR		
	Q1–3 2014	Q1–3 2013	Index
Net premiums earned	611,673,457	629,658,791	97
Income from financial assets	176,694,133	118,536,552	149
Other income from insurance operations	6,892,496	5,953,612	116
Other income	56,764,277	54,586,665	104
Net claims incurred	438,270,474	443,371,231	99
Change in other insurance technical provisions	41,977,925	-53,034	
Change in insurance technical provisions for unit-linked insurance contracts	28,562,767	8,927,915	320
Expenses for bonuses and discounts	5,643,451	3,873,499	146
Operating expenses	144,428,843	143,957,324	100
Expenses from financial assets and liabilities	36,729,659	73,043,704	50
Other insurance expenses	16,581,808	18,564,484	89
Other expenses	50,131,246	51,648,598	97
Profit/loss before tax	89,698,190	65,401,899	137
Income tax expense	12,744,474	8,800,849	145
Net profit for the accounting period	76,953,716	56,601,050	136

5.1.2 Financial standing

As at 30 September 2014, the total balance sheet assets of the Triglav Group stood at EUR 3,311.9 million, which is 8% more over the 2013 year-end.

Compared to 31 December 2013, the total equity capital increased by 16% or EUR 684.0 million in nominal terms. The share of equity in total liabilities increased by 1.5 percentage points; from 19.2% to 20.7%. Equity attributable to the controlling company amounted to EUR 677.2 million, while non-controlling interest holders had EUR 6.7 million. The share capital of EUR 73.7 million was divided into 22,735,148 ordinary shares. Share premium amounted to EUR 56.9 million, whilst reserves from profit totalled EUR 277.2 million, remaining approximately at the same level as at the 2013 year-end (index 100). As a result of increased value of available-for-sale financial assets, revaluation surplus stood at EUR 99.9 million, having increased by 124% compared to 31 December 2013.

The total equity capital increased by 16% over the 2013 year-end.

Accumulated profit for the year totalled EUR 173.7 million (index 127), which included net profit for the year amounting to EUR 76.4 million and net profit brought forward of EUR 97.3 million.

As at the reporting date, subordinated liabilities reached EUR 28.1 million and were at a level approximately equal that of the 2013 year-end (index 100). Subordinated liabilities accounted for 0.8% of the balance sheet total.

Gross insurance technical provisions grew by 6% and amounted to EUR 2,396.4 million. In total liabilities, their share decreased by 1.1 percentage points, from 73.5% to 72.4%. As at the reporting date, mathematical provisions amounted to EUR 1,395.1 million, which was 7% higher than at the end of the previous year. Provisions for gross unearned premiums rose by 12%, whilst gross claims provisions and other insurance technical provisions grew by 2% and 5% respectively. Insurance technical provisions are discussed in greater detail under *Section 4.3.5*.

Financial liabilities as at the 30 September 2014 totalled EUR 21.2 million or 39% less than at the 2013 year-end. This decrease was caused by lower financial liabilities of subsidiaries to banks. In the balance sheet total, they accounted for 0.6%, which is 0.5 percentage point less than at 31 December 2013.

Other provisions decreased by 3%. As at the reporting date, they stood at EUR 26.7 million, representing a 0.8% share of total liabilities.

Deferred tax liabilities amounted to EUR 33.6 million, which was 82% more than at the 2013 year-end, and accounted for 1.0% of the balance sheet total.

Operating liabilities as at the 30 September 2014 totalled EUR 69.9 million, having increased by 24% over the 2013 year-end. They accounted for 2.1% of total balance sheet liabilities, a 0.3 percentage point increase over the 2013 year-end. Liabilities from direct insurance operations decreased by 7% to EUR 18.9 million. Liabilities from co-insurance and reinsurance operations dropped by 7% to EUR 32.8 million. Current tax liabilities equalled EUR 18.2 million (EUR 739 thousand as at 31 December 2013).

Other liabilities decreased by 13%. As at the reporting date, they stood at EUR 51.9 million and represented 1.6% of total liabilities.

As at 30 September 2014, financial assets stood at EUR 2,638.5 million or 8% more than at the 2013 year-end. In total assets, their share increased by 0.6 percentage point and reached 79.7%. Unit-linked insurance assets amounted to EUR 463.3 million (index 106) and financial investments to EUR 2,175.2 million (index 109). In total financial investments, EUR 151.7 million was accounted for by deposits and loans (index 76) and EUR 210.7 million by held-to-maturity assets (index 94). Available-for-sale assets totalled EUR 1,608.6 million (index 112) and assets measured at fair value through profit or loss (index 147) equalled EUR 204.3 million. The structure of financial assets is discussed in greater detail under *Section 4.3.6*.

The Triglav Group's financial investments in associates grew by 4%, totalling EUR 10.6 million and representing a 0.3% share of total assets.

Investment property stood at EUR 96.9 million and represented 2.9% of total assets, and remained approximately at the same level as at the 2013 year-end (index 100).

The Group's receivables as at the reporting date were 5% higher over the 2013 year-end and equalled EUR 205.2 million. They accounted for 6.2% of total assets. Receivables from direct insurance operations increased by 18% to EUR 113.6 million. Receivables from co-insurance and reinsurance operations reached EUR 41.9 million (index 97), other receivables stood at EUR 47.9 million (index 113) and current tax receivables at EUR 1.9 million (index 13). Deferred tax receivables decreased by EUR 30.3 million (index 128).

As at the reporting period, insurance technical provisions transferred to reinsurance contracts amounted to EUR 77.0 million, which was 19% more than at the 2013 year-end. Assets from reinsurance contracts from claim provisions totalled EUR 55.6 million, while unearned premium equalled EUR 21.4 million.

Property, plant and equipment amounted to EUR 120.5 million (index 98), representing 3.6% of total assets. Intangible assets increased by 3% to EUR 73.8 million, accounting for 2.2% of total assets.

Cash and cash equivalents and non-current assets held for sale equalled EUR 30.9 million (index 99), whilst other assets totalled EUR 28.1 million (index 104).

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

	in EUR		Index
	30 September 2014	31 December 2013	
Assets			
Intangible assets	73,764,652	71,724,243	103
Property, plant and equipment	120,546,788	122,850,884	98
Investment property	96,903,275	97,245,384	100
Investments in associates	10,645,256	10,204,674	104
Financial assets	2,638,534,991	2,432,183,379	108
Reinsurers' share of insurance technical provisions	77,041,383	64,707,528	119
Receivables and deferred tax receivables	235,495,819	220,025,580	107
Other assets	28,138,690	26,973,765	104
Cash and cash equivalents and no-current assets held for sale	30,878,713	31,191,907	99
Total assets	3,311,949,566	3,077,107,344	108
Equity and liabilities			
Equity	683,952,062	590,537,457	116
Subordinated liabilities	28,149,825	28,244,484	100
Insurance technical provisions	1,932,775,360	1,826,231,310	106
Insurance technical provisions for unit-linked insurance contracts	463,646,459	435,201,724	107
Other provisions	26,729,921	27,620,112	97
Deferred tax liabilities	33,633,659	18,465,042	182
Other financial liabilities	21,214,723	34,790,998	61
Operating liabilities	69,902,160	56,325,533	124
Other liabilities	51,945,397	59,690,684	87
Total equity and liabilities	3,311,949,566	3,077,107,344	108

5.2 Zavarovalnica Triglav

5.2.1 Financial result

In the first nine months of 2014, Zavarovalnica Triglav posted a net profit of EUR 56.1 million, which is 11% more than in the respective period last year. The Company's profit before tax grew by 14% to EUR 65.9 million.

Despite the economic crisis and extreme loss events, Zavarovalnica Triglav earned a net profit of EUR 56.1 million.

In the reporting period, net premiums earned amounted to EUR 395.6 million or 4% less compared to the same period of 2013. Net premium income from non-life insurance contracts and from life insurance contracts dropped by 4% and 5% respectively. Gross written premiums from reinsurance and co-insurance operations totalled EUR 53.4 million, representing a 1% increase. Net unearned premiums grew by EUR 14.6 million, which was 31% more compared to the previous year.

In the reporting period, net claims incurred are disclosed at EUR 289.3 million, which represents a 1% decrease compared to the preceding year. Net claims incurred from non-life insurance increased by 4% as a result of higher claims provisions. The latter grew due to extraordinary loss events incurred by the Company in the reporting year. Net claims incurred from life insurance went down by 7%. The reinsurers' and co-insurers' shares in gross claims decreased by 7% and totalled EUR 16.3 million. In the nine months of 2014, net claims provisions increased by EUR 9.4 million, whereas in the corresponding period of 2013 they decreased by EUR 3.0 million.

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 101.4 million and were 1% higher than in the respective period in 2013. Acquisition costs totalled EUR 73.5 million (index 105), whereas other operating expenses amounted to EUR 27.9 million (index 91).

Income from financial assets increased by 50% to EUR 156.7 million, of which non-life insurance accounted for EUR 35.5 million (index 109) and life insurance for EUR 121.2 million (index 169). Investment expenses decreased by 52% to EUR 31.4 million.

Return on financial investments increased by 222% over 2013.

Return on financial investments, which represents the difference between income and expenses from financial assets, grew by 222% compared to the corresponding period of 2013 or EUR 125.4 million in nominal terms. The high increase was primarily a result of higher profit from sales in trading with debt securities (index 301), since almost 85% of realised gains arose from the bond sale. High growth in the change in fair value (index 247) was also recorded, because required returns reached record low levels, increasing the value of investments in bonds. Due to changes in the dividend policy of some Slovene public limited companies, high increase in dividend income was recorded (index 185). Interest income decreased by 3% as a result of lower interest rates. A high growth of other financial income (index 492) may be attributed to exchange differences. In the first nine months of 2013, permanent impairments amounting to EUR 17.1 million were carried out, whereas there were no impairments in 2014.

Change in other insurance technical provisions amounted to EUR 40.2 million and change in insurance technical provisions for unit-linked insurance contracts equalled EUR 27.5 million. Expenses for bonuses and discounts totalled EUR 4.8 million (index 159).

Other income from insurance operations increased by 10% and totalled EUR 13.1 million, in which fee and commission income amounted to EUR 10.0 million (index 116). Other insurance expenses totalled EUR 9.0 million (index 89).

Table: Individual items in the unconsolidated income statement of Zavarovalnica Triglav for the period from 1 January to 30 September 2014

	in EUR		
	Q1-3 2014	Q1-3 2013	Index
Net premiums earned	395,648,855	414,174,286	96
Income from financial assets	156,731,940	104,258,603	150
Other income from insurance operations	13,057,454	11,838,401	110
Other income	5,325,268	5,692,522	94
Net claims incurred	289,347,473	292,038,224	99
Change in other insurance technical provisions	40,210,065	-1,071,064	
Change in insurance technical provisions for unit-linked insurance contracts	27,512,871	7,094,546	388
Expenses for bonuses and discounts	4,809,276	3,027,045	159
Operating expenses	101,406,717	100,179,453	101
Expenses from financial assets and liabilities	31,359,942	65,367,368	48
Other insurance expenses	8,955,206	10,037,656	89
Other expenses	1,214,619	1,418,719	86
Profit/loss before tax	65,947,350	57,871,863	114
Income tax expense	9,837,294	7,390,587	133
Net profit for the accounting period	56,110,056	50,481,277	111

5.2.2 Financial position

The total balance sheet of Zavarovalnica Triglav as at 30 September 2014 stood at EUR 2,747.4 million or 8% more compared to the 2013 year-end.

The total equity capital as at the end of reporting period amounted to EUR 559.7 million or 12% more than at the 2013 year-end. The portion of equity in the balance sheet total increased by 0.8 percentage point, totalling 20.4%. The share capital of EUR 73.7 million was divided into 22,735,148 ordinary registered no-par value shares. Share premium amounted to EUR 53.4 million and reserves from profit to EUR 259.5 million, which meant no change compared to the 2013 year-end. As a result of an increase in the value of available-for-sale financial assets, revaluation surplus increased by 120% and totalled EUR 77.8 million. Net profit brought forward amounted to EUR 39.2 million and was compared to 31 December 2014 lower by 26% due to the payment of dividends. Net profit for the year stood at EUR 56.1 million, which is 124% more than as at the 2013 year-end.

The total equity capital increased by 12% compared to the 2013 year-end.

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

On the liabilities side, gross insurance technical provisions increased by 6% to EUR 2,084.9 million as at the reporting date. In the balance sheet total, their share decreased by 0.9 percentage point compared to the 2013 year-end, from 76.8 to 75.9%. Gross insurance technical provisions are discussed in greater detail under *Section 4.4.5*.

Operating liabilities grew by 61% compared to the end of 2013, amounting to EUR 36.7 million and accounting for 1.3% of the balance sheet total. Liabilities from direct insurance operations went up by 5% and amounted to EUR 12.2 million, whilst liabilities from co-insurance and reinsurance operations dropped by 31% to EUR 7.7 million in nominal terms. Current tax liabilities equalled EUR 16.7 million.

As at the reporting date, financial liabilities amounted to EUR 3.5 million having increased by 161% over the 2013 year-end. The increase in liabilities was primarily the result of purchases of securities arising from cash settlements not yet executed in the accounting period. They accounted for 0.1% of the balance sheet total.

Other liabilities went down by 26% and stood at EUR 21.6 million, representing a 0.8% share of total liabilities. Deferred tax liabilities amounted to EUR 1.3 million.

As at 30 September 2014, financial assets equalled EUR 2,245.2 million, which represents a 9% increase compared to 31 December 2013. Their share in total assets grew by 0.8 percentage point and reached 81.7%. Unit-linked insurance assets amounted to EUR 447.5 million and financial investments to EUR 1,797.7 million. In total financial investments, EUR 134.8 million was accounted for by deposits and loans, EUR 186.4 million by investments held to maturity, EUR 1,287.5 million by investments available for sale and EUR 189.1 million by investments recognised at fair value through profit/loss. The structure of financial assets is discussed in greater detail under *Section 4.4.6*.

Financial investments in subsidiaries and associated companies remained unchanged compared to the 2013 year-end (index 100), totalling EUR 169.4 million and representing a 6.2% share of total assets. Financial investments in subsidiaries of the Group and associated companies amounted to EUR 159.8 million and 9.6 million, respectively.

Investment property stood at EUR 18.0 million, representing 0.7% of total assets, and remained at the approximately same level as at the 2013 year-end (index 100).

Receivables and deferred tax receivables totalled EUR 104.3 million or 3% less than at the end of 2013, with the largest portion of these assets represented by receivables from direct insurance operations, which amounted to EUR 77.3 million (index 122).

The insurance technical provisions transferred to reinsurance contracts stood at EUR 78.2 million, having increased by 14% compared to 31 December 2013. Assets from reinsurance contracts from claim provisions totalled EUR 58.3 million, while unearned premium equalled EUR 19.9 million.

Property, plant and equipment amounted to EUR 61.0 million (index 95) and accounted for 2.2% of total assets. Intangible assets equalled EUR 55.0 million, accounting for 2.0% of total assets (index 105).

Table: Individual items in the unconsolidated balance sheet of Zavarovalnica Triglav as at 30 September 2014

	in EUR		
	30 September 2014	31 December 2013	Index
Assets			
Intangible assets	55,008,631	52,638,444	105
Property, plant and equipment	61,005,394	64,302,130	95
Investment property	17,980,841	18,067,610	100
Financial assets and financial investments in subsidiaries and associated companies	169,416,049	169,416,049	100
Financial assets	2,245,202,960	2,064,530,031	109
Reinsurers' share of insurance technical provisions	78,176,328	68,643,350	114
Deferred tax receivables	104,335,211	107,057,508	97
Other assets	2,367,733	1,740,121	136
Cash and cash equivalents	13,943,339	5,000,081	279
Total assets	2,747,436,486	2,551,395,325	108
Equity and liabilities			
Equity	559,736,049	499,790,208	112
Subordinated liabilities	29,956,224	29,956,713	100
Insurance technical provisions	1,637,022,336	1,538,939,112	106
Insurance technical provisions for unit-linked insurance contracts	447,845,962	420,333,091	107
Other provisions	9,889,353	9,029,544	110
Deferred tax liabilities	1,258,735	0	0
Other financial liabilities	3,490,180	1,337,704	261
Operating liabilities	36,676,818	22,779,490	161
Other liabilities	21,560,830	29,229,462	74
Total equity and liabilities	2,747,436,486	2,551,395,325	108

6. RISK MANAGEMENT

6.1 Risk management in the first nine months of 2014

The debt crisis calmed down, impacting the growing stock exchange markets of the EU states and bond markets, where the required rate of return on EU bonds reached record low levels. Until recently, many indicators of the state of the economy have pointed to the recovery for quite some time. On the other hand, recapitalisation of the second largest Portuguese bank amounting to EUR 5 billion additionally eased the financial markets. This was mainly contributed by the actions taken by the European Central Bank but also the member states, which undertook or continue to undertake numerous reforms.

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

In the first three quarters of 2014, financial risks decreased, but new geopolitical risks emerged. At first, Russia was hit hard by the sanctions imposed against it, but eventually the countries imposing the sanctions also began to experience negative effects on their economic activity. As a result, the outlook for the economic activity of EU states is negative. Financial markets were also marked by a persisting fear of deflation in the EU states and the euro area.

In the reporting period, Slovenia experienced persisting political instability, the dissolution of the parliament and renewed preparations for elections. Furthermore, privatisation processes which were brought to a standstill with the dissolution of the parliament, continued in September, numerous reforms continued to be implemented and the banking system was further stabilised.

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

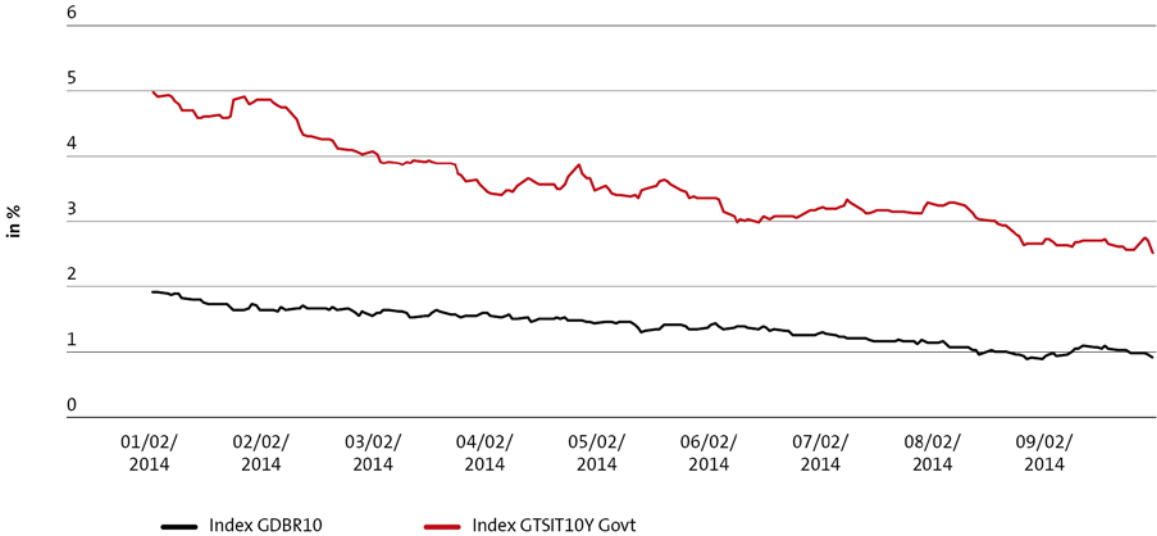
Being a major investor in the Slovene government debt market, the Triglav Group and Zavarovalnica Triglav in particular are primarily exposed to the pertaining financial risks of the Slovene economy. Therefore the main focus remains on credit risk exposure and on maintaining an adequate asset and liability structure. In 2014, the Company has continued to carefully monitor the exposure to debt securities of the problematic countries in the euro area. Despite the fact that the conditions on the markets stabilised, the Company continues to monitor their effects on the balanced asset and liability structure, adapting investment policies of individual guarantee funds and asset backing liabilities when needed. In doing so, the Company employs the results of different capital adequacy models and of the stress tests.

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 reporting, the relevant software was installed for risk monitoring and reporting in compliance with the Solvency II Directive. Other information detailed in the risk management section of the 2013 Annual Report remains accurate.

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

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

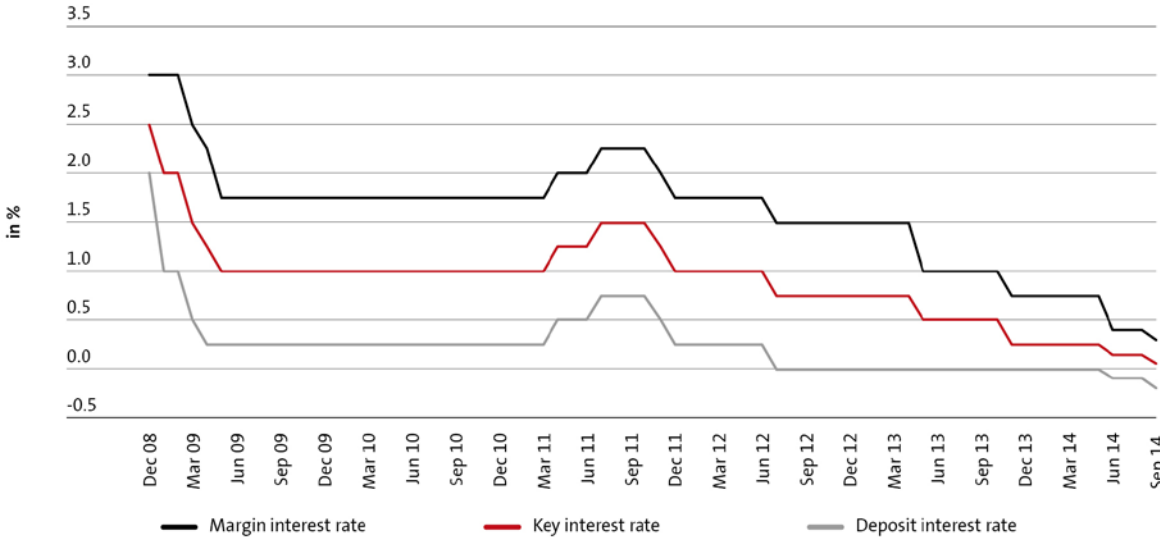
Graph: Generic indexes of required returns on ten-year Slovene bonds (GTSIT) and German bonds (GDBR) in Q1–3 2014



Source: Bloomberg

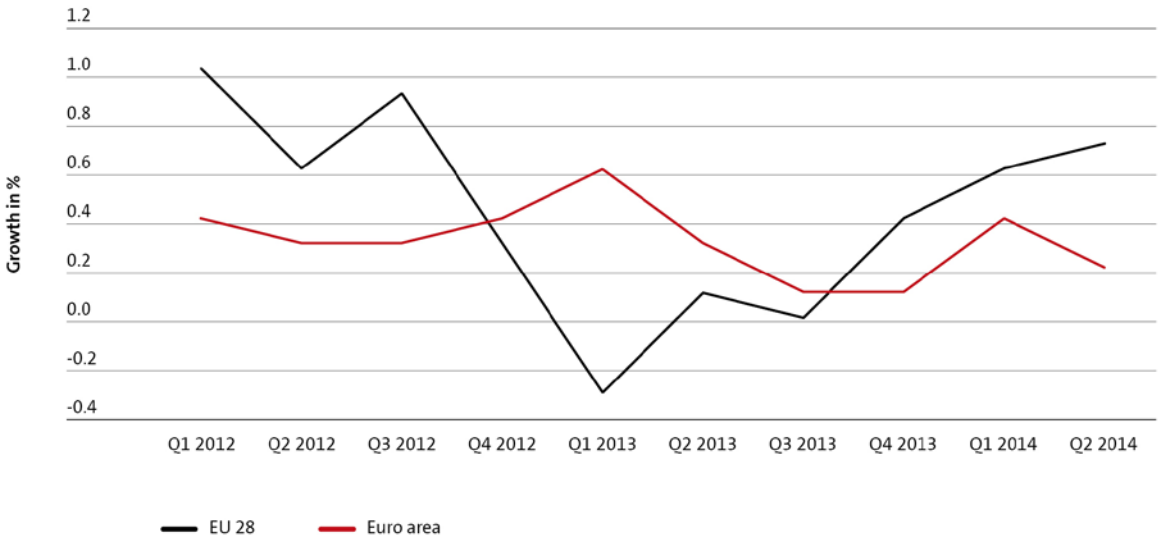
One of the key risks, to which the Company is exposed, is low interest rates. With the onset of the debt crisis, the prices of high-quality bonds rose sharply, consequently lowering the return on such securities, which represent the bulk of the portfolio of insurance companies. This means that under such conditions insurance companies generate investment return more difficult.

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



Source: ECB

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



Source: Eurostat

After bank restructuring, the investment risks in Slovenia decreased, while the formation of a new government reduced the political risks. However, the risks associated with the sustainability of Slovenia's fiscal policy and an alarming growth in government debt and budget deficit remain.

In Slovenia and at the EU level, recovery is expected in 2014, accompanied by the negative impact of economic sanctions. A risk of deflation and long-term slow economic growth in the EU states remains high. Apart from that, there are risks in the banking system. The publication of the asset quality review and stress test results in October 2014

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

will provide important information on the stability of the banking system and the possibility of the economic recovery in the near future.

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

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

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

6.3 Internal audit

In the first three quarters of 2014, the Internal Audit Department complied with its annual and operational work programme. It conducted 13 internal audits of various divisions in Zavarovalnica Triglav and 6 internal audits in subsidiaries. The findings have been/will be reported to the Management Board and to the management of the audited divisions.

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

7. HUMAN RESOURCE MANAGEMENT IN THE TRIGLAV GROUP

7.1 Number of employees

As at 30 September 2014, there were 5,368 employees in the Triglav Group, which is 17 more than as at the 2013 year-end.

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

Subsidiaries of the Triglav Group	Number of employees		Difference
	30 Sept. 2014	31 Dec. 2013	2014-2013
Zavarovalnica Triglav d.d., Ljubljana	2,383	2,373	10
Pozavarovalnica Triglav Re d.d., Ljubljana	45	42	3
Triglav, Zdravstvena zavarovalnica d.d., Koper	82	81	1
Triglav Osiguranje d.d., Zagreb	523	554	-31
Triglav Osiguranje d.d., Sarajevo	248	243	5
Triglav Pojišt'ovna, a.s., Brno	117	121	-4
Lovćen Osiguranje a.d., Podgorica	273	264	9
Triglav Osiguranje a.d.o., Belgrade	425	406	19
Triglav Osiguranje a.d., Banja Luka	79	80	-1
Triglav Osiguruvanje a.d., Skopje	251	232	19
Triglav Skladi d.o.o., Ljubljana	42	42	0
Triglav Avtoservis d.o.o., Ljubljana	29	28	1
Triglav Svetovanje d.o.o., Domžale	76	81	-5
Triglav nepremičnine d.o.o., Ljubljana	0	28	-28
Triglav Naložbe d.d., Ljubljana	6	6	0
Slovenijales d.d., Ljubljana	126	125	1
Golf Arboretum d.o.o., Volčji potok	10	10	0
Triglav, Upravljanje nepremičnin d.d., Ljubljana	21	1	20
TRI-PRO BH d.o.o., Sarajevo	25	19	6
Unis automobili i dijelovi d.o.o., Sarajevo	31	32	-1
Autocentar BH d.o.o., Sarajevo	42	53	-11
Triglav INT d.d., Ljubljana	5	4	1
Lovćen životna osiguranja a.d., Podgorica	13	13	0
Sarajevostan d.d., Sarajevo	122	122	0
Triglav Auto d.o.o., Banja Luka	0	0	0
Lovćen auto a.d., Podgorica	101	101	0
Avrigo d.o.o., Nova Gorica	203	201	2
Integral Notranjska d.o.o., Cerknica	16	16	0
Integral Zagorje d.o.o., Zagorje ob Savi	48	47	1
Integral Stojna Kočevje d.o.o., Kočevje	26	26	0
Alptours d.o.o., Bovec	0	0	0
Total	5,368	5,351	17

7.2 Educational structure of employees

The number of employees with university degree as well as with masters or doctoral degrees increased, while the number of staff with post-secondary education, secondary school education or less decreased.

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

Level of education	Employees as at 30 September 2014		Employees as at 31 December 2013	
	Number	Percentage	Number	Percentage
Level I-IV	1,412	26.3%	1,445	27.0%
Level V	1,540	28.7%	1,549	28.9%
Level VI	590	11.0%	593	11.1%
Level VII	1,650	30.7%	1,606	30.0%
Masters and PhDs	176	3.3%	158	3.0%
Total	5,368	100.0%	5,351	100.0%

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Management Board herewith confirms the financial statements for the period from 1 January 2014 to 30 September 2014 as well as the applied accounting policies and notes to the financial statements.

The Management Board is responsible for preparing the Interim Report so as to give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2014 to 30 September 2014 in accordance with International Financial Reporting Standards as adopted by the EU.

The Management Board confirms that the appropriate accounting policies were consistently used and that the accounting estimates were prepared according to the principles of prudence and sound management. The Management Board further confirms that the financial statements and the notes thereto were prepared on a going concern basis for the Triglav Group and Triglav Zavarovalnica d.d. and in line with the applicable legislation and IAS 34 - Interim reporting.

The Management Board confirms that the Interim Management Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2014 to 30 September 2014 includes a fair review of their business developments, results and financial positions, including a description of the major risks to which Zavarovalnica Triglav as the parent company and its consolidated subsidiaries are exposed to as the Group.

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

Andrej Slapar
President of the Management Board

Benjamin Jošar
Member of the Management Board

Uroš Ivanc
Member of the Management Board

Tadej Čoroli
Member of the Management Board

Marica Makoter
Member of the Management Board

Ljubljana, 11 November 2014

FINANCIAL OVERVIEW

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

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1. FINANCIAL STATEMENTS OF ZAVAROVALNICA TRIGLAV D.D.

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV D.D.

in EUR

	30 September 2014	31 December 2013
ASSETS	2,747,436,486	2,551,395,325
Intangible assets	55,008,631	52,638,444
Property, plant and equipment	61,005,394	64,302,130
Deferred tax receivables	0	5,051,465
Investment property	17,980,841	18,067,610
Investments in subsidiaries	159,778,726	159,778,726
Investments in associates	9,637,324	9,637,324
Financial assets	2,245,202,960	2,064,530,031
Financial investments	1,797,735,506	1,641,680,661
- loans and deposits	134,764,914	173,477,782
- held to maturity	186,424,059	197,096,116
- available for sale	1,287,479,312	1,135,406,507
- investments recognised at fair value	189,067,221	135,700,257
Unit-linked insurance assets	447,467,453	422,849,370
Reinsurers' share of insurance technical provisions	78,176,328	68,643,350
Receivables	104,335,211	102,006,043
- receivables from direct insurance operations	77,260,153	63,302,197
- receivables from reinsurance and co-insurance operations	7,994,234	9,140,990
- current tax receivables	0	12,912,838
- other receivables	19,080,823	16,650,018
Other assets	2,367,733	1,740,121
Cash and cash equivalents	13,943,339	5,000,081
EQUITY AND LIABILITIES	2,747,436,486	2,551,395,325
Equity	559,736,049	499,790,208
- share capital	73,701,392	73,701,392
- share premium	53,412,884	53,412,884
- reserves from profit	259,486,919	259,486,919
- fair value reserve	77,848,380	35,362,843
- net profit/loss brought forward	39,176,418	52,735,703
- net profit/loss for the year	56,110,056	25,090,466
Subordinated liabilities	29,956,224	29,956,713
Insurance technical provisions	1,637,022,336	1,538,939,112
- unearned premiums	212,219,734	188,286,777
- mathematical provisions	882,912,849	823,783,519
- claims provisions	523,800,443	510,090,992
- other insurance technical provisions	18,089,311	16,777,825
Insurance technical provisions for unit-linked insurance contracts	447,845,962	420,333,091
Employee benefits	9,375,083	8,459,095
Other provisions	514,271	570,449
Deferred tax liabilities	1,258,735	0
Other financial liabilities	3,490,180	1,337,704
Operating liabilities	36,676,818	22,779,490
- liabilities from direct insurance operations	12,228,404	11,643,628
- liabilities from reinsurance and co-insurance operations	7,709,948	11,135,863
- current tax liabilities	16,738,466	0
Other liabilities	21,560,830	29,229,462

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR	
	Q1-3 2014	Q1-3 2013
NET PREMIUM INCOME	395,648,855	414,174,286
- gross written premium	463,684,890	478,188,210
- ceded written premium	-53,423,159	-52,845,397
- change in unearned premiums	-14,612,876	-11,168,527
TOTAL INCOME FROM FINANCIAL ASSETS	156,731,940	104,258,603
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	2,259,011	5,718,157
- interest income	2,190,282	1,612,472
- dividends	60,541	4,104,060
- fair value gains	0	0
- realised gains on disposals	0	0
- other financial income	8,188	1,625
INCOME FROM OTHER FINANCIAL ASSETS	107,676,858	68,847,262
- interest income	44,566,101	46,068,208
- dividends	3,407,915	1,837,225
- fair value gains	20,510,071	8,299,996
- realised gains on disposals	36,304,804	12,054,453
- other financial income	2,887,966	587,380
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	46,796,071	29,693,184
OTHER INCOME FROM INSURANCE OPERATIONS	13,057,454	11,838,401
- fees and commission income	10,000,243	8,638,109
- other income from insurance operations	3,057,211	3,200,291
OTHER INCOME	5,325,268	5,692,522
NET CLAIMS INCURRED	289,347,473	292,038,224
- gross claims settled	296,294,017	312,608,161
- reinsurers' and co-insurers' share	-16,343,503	-17,545,758
- changes in claims provisions	9,396,959	-3,024,179
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding unit-linked)	40,210,065	-1,071,064
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	27,512,871	7,094,546
EXPENSES FOR BONUSES AND DISCOUNTS	4,809,276	3,027,045
OPERATING EXPENSES	101,406,717	100,179,453
- acquisition costs	73,533,146	69,716,339
- other operating costs	27,873,571	30,463,114
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	31,359,942	65,367,368
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	10,480	1,231,944
- interest expense	0	0
- fair value losses	0	0
- permanent impairment	0	0
- impairment of financial assets	0	1,224,830
- other expenses from financial assets and liabilities	10,480	7,114
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	19,618,615	41,038,098
- interest expense	1,405,695	1,729,303
- fair value losses	7,308,754	14,878,067
- realised loss on disposals	6,145,098	4,711,421
- permanent impairment of financial assets	0	16,121,764
- other expenses from financial assets and liabilities	4,759,068	3,597,542
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	11,730,846	23,097,326
OTHER INSURANCE EXPENSES	8,955,206	10,037,656
OTHER EXPENSES	1,214,619	1,418,719
PROFIT/LOSS BEFORE TAX	65,947,350	57,871,863
Income tax expense	9,837,294	7,390,587
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	56,110,056	50,481,277
Earnings per share (basic and diluted)	2.47	2.22

STATEMENT OF COMPREHENSIVE INCOME OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR	
	Q1-3 2014	Q1-3 2013
NET PROFIT/LOSS FOR THE YEAR AFTER TAX	56,110,056	50,481,277
OTHER COMPREHENSIVE INCOME AFTER TAX	42,485,536	-12,229,976
Actuarial gains/losses for pension plans	-548,398	0
Net gains/losses from the re-measurement of available-for-sale financial assets	76,480,036	-24,328,412
- Gains/losses recognised in fair value reserve	106,436,090	-28,965,996
- Transfer from fair value reserve to profit/loss	-29,956,054	4,637,584
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-20,234,730	9,673,292
Tax on other comprehensive income	-13,211,372	2,425,143
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	98,595,592	38,251,302

STATEMENT OF CHANGES IN EQUITY OF TRIGLAV D.D.

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014	Share capital	Share premium	Reserves form profit			Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
OPENING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	224,200,000	35,362,843	52,735,703	25,090,466	499,790,208
Comprehensive income for the period from 1 January 2014 to 30 September 2014						42,485,536		56,110,056	98,595,592
Allocation to net profit/loss brought forward							25,090,466	-25,090,466	
Dividend payment							-38,649,752		-38,649,752
CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	224,200,000	77,848,379	39,176,418	56,110,056	559,736,049

FOR THE PERIOD FROM 1 JANUARY 2013 TO 30 SEPTEMBER 2013	Share capital	Share premium	Reserves form profit			Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
OPENING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	201,000,000	46,049,906	72,813,828	25,392,171	507,657,101
Comprehensive income for the period from 1 January 2013 to 30 September 2013						-12,229,976		50,481,278	38,251,302
Allocation to net profit/loss brought forward							25,392,171	-25,392,171	0
Dividend payment							-45,470,297		-45,470,297
CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,643	30,624,276	201,000,000	33,819,930	52,735,703	50,481,278	500,438,106

CASH FLOW STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR	
	Q1-3 2014	Q1-3 2013
A. OPERATING CASH FLOW		
Income statement items	44,241,463	37,629,202
Operating income (excluding revaluation) and financial income from operating receivables	422,129,748	440,294,165
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-377,888,285	-392,623,553
Corporate income tax and other taxes excluded from operating expenses	0	-10,041,411
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-16,740,356	-27,682,734
Movements in receivables and prepayments and accrued income	-7,505,018	-8,729,711
Movements in deferred tax assets	0	0
Movements in inventories	-23,584	-26,036
Movements in operating debts	-11,049,902	-18,475,319
Movements in accruals and deferred income and provisions	1,838,148	-451,668
OPERATING CASH FLOW	27,501,107	9,946,468
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities	1,648,079,881	1,727,361,796
Cash inflows from interest received and profit sharing arising from investing activities	56,599,625	56,475,398
Income from dividends and profit sharing	3,409,903	5,965,736
Cash inflows from the disposal of intangible assets	6,679	122,840
Cash inflows from the disposal of property, plant and equipment	232,852	2,573,883
Cash inflows from the disposal of financial investments	1,580,831,031	1,662,223,939
Cash inflows from the disposal of financial investments in associates	6,999,792	0
Cash outflows from investing activities	-1,627,200,544	-1,685,195,171
Cash outflows for the purchase of intangible assets	-1,457,758	-1,922,050
Cash outflows for the purchase of property, plant and equipment	-1,465,039	-2,580,754
Cash outflows for the purchase of financial investments	-1,617,277,955	-1,679,906,361
Cash outflows for the acquisition of financial investments in associates	-6,999,792	-786,006
CASH FLOWS FROM INVESTING ACTIVITIES	20,879,337	42,166,625
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash outflows from financing activities	-39,437,186	-46,181,250
Interest paid on financing activities	-1,785,000	-1,785,000
Dividends and profit sharing paid	-37,652,186	-44,396,250
CASH FLOWS FROM FINANCING ACTIVITIES	-39,437,186	-46,181,250
D. Opening balance of cash and cash equivalents	5,000,081	2,278,084
E. Net cash flow for the period	8,943,258	5,931,843
F. Closing balance of cash and cash equivalents	13,943,339	8,209,927

2. FINANCIAL STATEMENTS OF THE TRIGLAV GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in EUR

	30 September 2014	31 December 2013
ASSETS	3,311,949,566	3,077,107,344
Intangible assets	73,764,652	71,724,243
Property, plant and equipment	120,546,788	122,850,884
Deferred tax receivables	30,274,097	23,696,799
Investment property	96,903,275	97,245,384
Investments in associates	10,645,256	10,204,674
Financial assets	2,638,534,991	2,432,183,379
Financial investments:	2,175,232,543	1,994,515,763
- loans and deposits	151,657,417	199,264,326
- held to maturity	210,655,275	224,880,951
- available for sale	1,608,585,304	1,431,023,178
- investments recognised at fair value	204,334,547	139,347,308
Unit-linked insurance assets	463,302,448	437,667,616
Reinsurers' share of insurance technical provisions	77,041,383	64,707,528
Receivables	205,221,722	196,328,781
- receivables from direct insurance operations	113,581,134	95,959,929
- receivables from reinsurance and co-insurance operations	41,877,904	43,322,539
- current tax receivables	1,864,425	14,724,095
- other receivables	47,898,259	42,322,218
Other assets	28,138,690	26,973,765
Cash and cash equivalents	28,755,364	29,068,558
Noncurrent assets for sale	2,123,349	2,123,349
EQUITY AND LIABILITIES	3,311,949,566	3,077,107,344
Equity	683,952,062	590,537,457
Controlling interests	677,223,368	584,314,877
- share capital	73,701,392	73,701,392
- share premium	56,908,945	56,866,194
- reserves from profit	277,244,894	276,678,464
- fair value reserve	452,880	452,880
- treasury share reserves	-452,880	-452,880
- treasury shares	99,869,156	44,605,435
- net profit/loss brought forward	97,264,475	90,083,115
- net profit/loss for the year	76,423,347	46,213,507
- currency translation differences	-4,188,841	-3,833,230
Non-controlling interests	6,728,694	6,222,580
Subordinated liabilities	28,149,825	28,244,484
Insurance technical provisions	1,932,775,360	1,826,231,310
- unearned premiums	288,431,313	258,066,669
- mathematical provisions	931,503,302	870,733,006
- claims provisions	688,618,317	674,436,244
- other insurance technical provisions	24,222,428	22,995,391
Insurance technical provisions for unit-linked insurance contracts	463,646,459	435,201,724
Employee benefits	12,123,367	11,401,382
Other provisions	14,606,554	16,218,730
Deferred tax liabilities	33,633,659	18,465,042
Other financial liabilities	21,214,723	34,790,998
Operating liabilities	69,902,160	56,325,533
- liabilities from direct insurance operations	18,923,445	20,247,893
- liabilities from reinsurance and co-insurance operations	32,806,178	35,338,592
- current tax liabilities	18,172,537	739,048
Other liabilities	51,945,397	59,690,684

CONSOLIDATED INCOME STATEMENT

	in EUR	
	Q1-3 2014	Q1-3 2013
NET PREMIUM INCOME	611,673,457	629,658,791
- gross written premium	688,581,092	702,771,635
- ceded written premium	-57,185,368	-56,580,846
- change in unearned premiums	-19,722,267	-16,531,998
INCOME FROM FINANCIAL ASSETS	176,694,133	118,536,552
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	572,918	785,611
- profit on equity investments accounted for using the equity method	572,918	783,986
- interest income	0	0
- dividends	0	0
- fair value losses	0	0
- realised gains on disposals	0	0
- other financial income	0	1,625
INCOME FROM OTHER FINANCIAL ASSETS	128,087,910	86,605,385
- interest income	55,484,927	57,114,928
- dividends	4,306,530	2,696,467
- fair value gains	21,150,914	8,694,118
- realised gains on disposals	40,921,942	13,434,787
- other financial income	6,223,597	4,665,085
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	48,033,305	31,145,556
OTHER INCOME FROM INSURANCE OPERATIONS	6,892,496	5,953,612
- fees and commission income	3,304,974	2,002,419
- other income from insurance operations	3,587,522	3,951,193
OTHER INCOME	56,764,277	54,586,665
NET CLAIMS INCURRED	438,270,474	443,371,231
- gross claims settled	440,761,402	470,495,361
- reinsurers' and co-insurers' share	-16,635,702	-28,585,258
- changes in claims provisions	8,462,035	-4,242,306
- equalisation scheme expenses for supplementary health insurance	5,682,739	5,703,434
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	41,977,925	-53,034
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	28,562,767	8,927,915
EXPENSES FOR BONUSES AND DISCOUNTS	5,643,451	3,873,499
CHANGE IN LIABILITIES FROM INVESTMENT CONTRACTS	0	0
OPERATING EXPENSES	144,428,843	143,957,324
- acquisition costs	99,871,447	92,441,157
- other operating costs	44,557,396	51,516,167
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	36,729,659	73,043,704
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	805,524	752,677
- loss on investments accounted for using the equity method	805,524	739,681
- interest expense	0	0
- fair value losses	0	0
- realised loss on disposals	0	0
- loss on impairment of financial assets	0	0
- other expenses from financial assets and liabilities	0	12,996
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	23,286,504	48,485,956
- interest expense	2,030,940	2,628,733
- fair value losses	7,485,633	15,721,241
- realised loss on disposals	6,252,010	5,446,059
- permanent impairment of financial assets	123,217	17,256,128
- other expenses from financial assets and liabilities	7,394,704	7,433,795
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	12,637,631	23,805,071
OTHER INSURANCE EXPENSES	16,581,808	18,564,484
OTHER EXPENSES	50,131,246	51,648,598
PROFIT/LOSS BEFORE TAX	89,698,190	65,401,899
Income tax expense	12,744,474	8,800,849
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	76,953,716	56,601,050
Net profit / loss attributable to the controlling company	76,550,938	56,044,761
Net profit / loss attributable to non-controlling interest holders	402,778	556,289

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	in EUR	
	Q1-3 2014	Q1-3 2013
NET PROFIT/LOSS FOR THE YEAR AFTER TAX	76,953,716	56,601,050
OTHER COMPREHENSIVE INCOME AFTER TAX	55,133,623	-15,495,527
Actuarial gains/losses for pension plans	-548,398	0
Net gains/losses from the re-measurement of available-for-sale financial assets	88,543,923	-27,793,849
- Gains/losses recognised in fair value reserve	117,945,596	-31,772,359
- Transfer from fair value reserve to profit/loss	-29,401,673	3,978,510
Gains/losses recognised in fair value reserve and net profit/loss brought forward arising from equity in associates and jointly controlled entities recognised using the equity method	3,156,430	130,765
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-20,234,730	9,673,292
Currency translation adjustment	-352,116	-356,674
Tax on other comprehensive income	-15,431,486	2,850,939
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	132,087,339	41,105,523
Controlling interests	131,459,046	40,507,372
Non-controlling interests	628,293	598,151

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014	Reserves from profit							Fair value reserve	Net profit/loss brought forward	Net profit/loss	Treasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL
	Share capital	Share premium	Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves from profit								
OPENING BALANCE FOR THE PERIOD	73,701,392	56,866,194	534,366	452,881	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	590,537,457
Comprehensive income for the period from 1 January 2014 to 30 September 2014								55,263,722		76,550,938		-355,616	131,459,045	628,293	132,087,339
Net profit allocation to reserves from profit									46,213,507	-46,213,508					0
Dividend payment									-38,593,429				-38,593,429		-38,593,429
Allocation and use of reserves for credit risk						127,591				-127,591					0
Other reserves from profit			50,213		388,626				-438,718				121	-121	0
Recognition of reserves resulting from intragroup transactions		-42,794											-42,796	-122,264	-165,060
Other		85,546											85,551	206	85,757
CLOSING BALANCE FOR THE PERIOD	73,701,392	56,908,945	584,579	452,881	20,019,237	32,441,076	224,200,000	99,869,156	97,264,475	76,423,347	-452,880	-4,188,841	677,223,370	6,728,694	683,952,062

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

CONSOLIDATED CASH FLOW STATEMENT

in EUR

	Q1-3 2014	Q1-3 2013
A. OPERATING CASH FLOW		
Income statement items	63,676,531	51,666,088
Operating income(excluding revaluation) and financial income from operating receivables	734,026,607	743,395,998
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-667,863,379	-679,355,518
Corporate income tax and other taxes excluded from operating expenses	-2,486,697	-12,374,392
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-22,838,343	-30,984,924
Movements in receivables and prepayments and accrued income	-16,209,516	-5,415,569
Movements in deferred tax assets	-155,544	-926,133
Movements in inventories	972,896	201,878
Movements in operating debts	-4,805,824	35,796,055
Movements in accruals and deferred income and provisions	-5,482,678	-57,826,597
Movements in deferred tax liabilities	2,842,323	-2,814,558
OPERATING CASH FLOW	40,838,188	20,681,164
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities	1,962,421,912	2,072,858,237
Cash inflows from interest received and profit sharing arising from investing activities	63,018,385	64,622,569
Income from dividends and profit sharing	4,541,881	6,896,049
Cash inflows from the disposal of intangible assets	6,679	122,840
Cash inflows from the disposal of property, plant and equipment	879,688	2,838,816
Cash inflows from the disposal of financial investments	1,893,975,279	1,998,377,963
Cash outflows from investing activities	-1,963,818,524	-2,016,744,863
Cash outflows for the purchase of intangible assets	-2,086,121	-6,721,067
Cash outflows for the purchase of property, plant and equipment	-7,895,562	-6,200,569
Cash outflows for the purchase of financial investments	-1,953,836,841	-2,003,823,227
CASH FLOWS FROM INVESTING ACTIVITIES	-1,396,612	56,113,374
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash inflows from financing activities	1,155,418	15,093,088
Cash inflows from long term loans received	1,155,418	15,093,088
Cash outflows from financing activities	-40,828,269	-83,970,793
Interest paid from financing activities	-1,858,378	-4,017,906
Cash outflows for payments of financial liabilities	-376,462	-35,556,637
Cash outflows from dividends paid and profit sharing	-38,593,429	-44,396,250
CASH FLOWS FROM FINANCING ACTIVITIES	-39,672,851	-68,877,705
D. Opening balance of cash and cash equivalents	29,068,558	17,251,420
E. Net cash flow for the period	-231,275	7,916,833
Foreign exchange differentials	-81,919	-66,912
F. Closing balance of cash and cash equivalents	28,755,364	25,101,341

3. SELECTED NOTES TO THE FINANCIAL STATEMENTS

3.1 Statement of compliance

The financial statements for the period from 1 January 2014 to 30 September 2014 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

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

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

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

The financial statements for the period from 1 January 2014 to 30 September 2014 have not been audited.

3.2 Significant accounting policies and estimates

The same accounting policies as for the preparation of the annual financial statements for 2013 were used for the preparation of the financial statements for the first three quarters of 2014. The tax expense calculation for the first three quarters of 2014 was made by applying the average effective tax rate of 2013.

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

3.3 Seasonal operations

Operations of Zavarovalnica Triglav are not of a seasonal character. In the first part of the year 2014, gross written premium in non-life insurance was somewhat higher than in the remaining part of the year, as insurance to corporate clients is sold at the beginning of the year (as policies expire at the beginning of the financial year).

3.4 Segmental analysis of Zavarovalnica Triglav's operations

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

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT

in EUR

	30 September 2014			31 December 2013		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
ASSETS	1,281,857,142	1,497,992,254	2,779,849,396	1,189,909,138	1,381,235,603	2,571,144,742
Intangible assets	53,533,934	1,474,696	55,008,631	50,469,368	2,169,076	52,638,444
Property, plant and equipment	50,771,495	10,233,899	61,005,394	53,068,155	11,233,975	64,302,130
Deferred tax receivables	23,503,286	2,504,431	26,007,717	17,119,571	1,986,974	19,106,545
Investment property	16,652,371	1,328,470	17,980,841	16,719,402	1,348,208	18,067,610
Investments in subsidiaries	158,264,054	1,514,671	159,778,726	158,264,054	1,514,671	159,778,726
Investments in associates	0	9,637,324	9,637,324	0	9,637,324	9,637,324
Financial assets	788,348,743	1,456,854,217	2,245,202,960	716,515,971	1,348,014,060	2,064,530,031
Financial investments	788,348,743	1,009,386,763	1,797,735,506	716,515,971	925,164,690	1,641,680,661
- loans and deposits	87,026,863	47,738,051	134,764,914	108,391,469	65,086,312	173,477,782
- held to maturity	0	186,424,059	186,424,059	0	197,096,116	197,096,116
- available for sale	687,446,080	600,033,232	1,287,479,312	593,151,274	542,255,233	1,135,406,507
- investments recognised at fair value	13,875,800	175,191,421	189,067,221	14,973,228	120,727,028	135,700,257
Unit-linked insurance assets	0	447,467,453	447,467,453	0	422,849,370	422,849,370
Reinsurers' share of insurance technical provisions	78,078,537	97,791	78,176,328	68,615,087	28,264	68,643,350
Receivables	105,388,801	5,351,603	110,740,404	103,840,317	3,860,063	107,700,380
- receivables from direct insurance operations	76,771,222	488,930	77,260,153	62,884,284	417,913	63,302,197
- receivables from reinsurance and co-insurance operations	7,990,144	4,090	7,994,234	9,127,019	13,971	9,140,990
- current tax receivables	0	0	0	12,912,838	0	12,912,838
- other receivables	20,627,434	4,858,583	25,486,017	18,916,176	3,428,179	22,344,355
Other assets	2,366,902	831	2,367,733	1,720,653	19,468	1,740,121
Cash and cash equivalents	4,949,019	8,994,320	13,943,339	3,576,560	1,423,521	5,000,081
EQUITY AND LIABILITIES	1,281,857,142	1,497,992,254	2,779,849,396	1,189,909,138	1,381,235,603	2,571,144,742
Equity	452,810,098	106,925,950	559,736,049	412,363,814	87,426,394	499,790,208
- share capital	51,340,540	22,360,852	73,701,392	51,340,540	22,360,852	73,701,392
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
- reserves from profit	220,723,028	38,763,891	259,486,919	220,723,028	38,763,891	259,486,919
- fair value reserve	59,564,980	18,283,400	77,848,380	26,108,583	9,254,261	35,362,843
- net profit/loss brought forward	39,176,418	0	39,176,418	52,735,703	0	52,735,703
- net profit/loss for the year	41,660,155	14,449,901	56,110,056	21,110,982	3,979,484	25,090,466
Subordinated liabilities	17,973,738	11,982,486	29,956,224	17,974,032	11,982,682	29,956,713
Insurance technical provisions	732,602,338	904,419,998	1,637,022,336	695,398,847	843,540,265	1,538,939,112
- unearned premiums	211,822,605	397,130	212,219,734	187,858,030	428,747	188,286,777
- mathematical provisions	0	882,912,849	882,912,849	0	823,783,519	823,783,519
- claims provisions	503,796,942	20,003,501	523,800,443	490,762,992	19,328,000	510,090,992
- other insurance technical provisions	16,982,792	1,106,519	18,089,311	16,777,825	0	16,777,825
Insurance technical provisions for unit-linked insurance contracts	0	447,845,962	447,845,962	0	420,333,091	420,333,091
Employee benefits	7,714,173	1,660,909	9,375,083	6,956,543	1,502,552	8,459,095
Other provisions	514,271	0	514,271	566,480	3,969	570,449
Deferred tax liabilities	16,899,627	10,366,825	27,266,451	9,952,251	4,102,829	14,055,080
Other financial liabilities	1,803,005	1,687,175	3,490,180	1,337,704	0	1,337,704
Operating liabilities	30,527,417	6,149,401	36,676,818	16,946,992	5,832,498	22,779,490
- liabilities from direct insurance operations	6,079,004	6,149,401	12,228,404	5,811,129	5,832,498	11,643,628
- liabilities from reinsurance and co-insurance operations	7,709,948	0	7,709,948	11,135,863	0	11,135,863
- current tax liabilities	16,738,466	0	16,738,466	0	0	0
Other liabilities	21,012,475	6,953,547	27,966,023	28,412,476	6,511,323	34,923,799

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT

in EUR

	Q1-3 2014			Q1-3 2013		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
NET PREMIUM INCOME	268,043,758	127,605,097	395,648,855	279,907,676	134,266,610	414,174,286
- gross written premium	335,846,919	127,837,972	463,684,890	343,674,825	134,513,384	478,188,210
- ceded written premium	-53,158,667	-264,492	-53,423,159	-52,591,537	-253,860	-52,845,397
- change in unearned premiums	-14,644,493	31,617	-14,612,876	-11,175,613	7,086	-11,168,527
TOTAL INVESTMENT INCOME	35,483,971	121,247,969	156,731,940	32,665,832	71,592,771	104,258,603
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	2,198,471	60,541	2,259,011	5,718,157	0	5,718,157
- interest income	2,190,282	0	2,190,282	1,612,472	0	1,612,472
- dividends	0	60,541	60,541	4,104,060	0	4,104,060
- other financial income	8,188	0	8,188	1,625	0	1,625
INCOME FROM OTHER FINANCIAL ASSETS	33,285,500	74,391,358	107,676,858	26,947,675	41,899,587	68,847,262
- interest income	17,079,123	27,486,978	44,566,101	19,677,238	26,390,971	46,068,208
- dividends	2,489,627	918,288	3,407,915	1,116,846	720,378	1,837,225
- fair value gains	1,030,746	19,479,325	20,510,071	1,089,362	7,210,634	8,299,996
- realised gains on disposals	11,138,873	25,165,932	36,304,804	4,756,000	7,298,453	12,054,453
- other financial income	1,547,131	1,340,836	2,887,966	308,229	279,151	587,380
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	46,796,071	46,796,071	0	29,693,184	29,693,184
OTHER INCOME FROM INSURANCE OPERATIONS	12,911,036	146,417	13,057,454	11,436,445	401,956	11,838,401
- fees and commission income	9,853,826	146,417	10,000,243	8,236,483	401,626	8,638,109
- other income from insurance operations	3,057,211	0	3,057,211	3,199,961	330	3,200,291
OTHER INCOME	2,752,585	2,572,683	5,325,268	3,212,132	2,480,390	5,692,522
NET CLAIMS INCURRED	173,087,899	116,259,574	289,347,473	166,646,471	125,391,753	292,038,224
- gross claims settled	180,586,990	115,707,027	296,294,017	187,223,504	125,384,657	312,608,161
- reinsurers' and co-insurers' share	-16,290,075	-53,427	-16,343,503	-17,425,222	-120,536	-17,545,758
- changes in claims provisions	8,790,984	605,974	9,396,959	-3,151,811	127,632	-3,024,179
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding UNIT-LINKED)	204,967	40,005,098	40,210,065	368,503	-1,439,567	-1,071,064
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	27,512,871	27,512,871	0	7,094,546	7,094,546
EXPENSES FOR BONUSES AND DISCOUNTS	4,809,276	0	4,809,276	3,027,045	0	3,027,045
OPERATING EXPENSES	78,738,269	22,668,447	101,406,717	77,844,673	22,334,780	100,179,453
- acquisition costs	57,850,223	15,682,922	73,533,146	55,539,538	14,176,802	69,716,339
- other operating costs	20,888,046	6,985,525	27,873,571	22,305,136	8,157,979	30,463,114
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	5,179,382	26,180,560	31,359,942	19,691,768	45,675,600	65,367,368
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	10,480	0	10,480	1,231,944	0	1,231,944
- permanent impairment of financial assets				1,224,830	0	1,224,830
- other expenses from financial assets and liabilities	10,480	0	10,480	7,114	0	7,114
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	5,168,902	14,449,714	19,618,615	18,459,824	22,578,274	41,038,098
- interest expense	869,764	535,931	1,405,695	1,124,050	605,254	1,729,303
- fair value losses	672,777	6,635,977	7,308,754	743,618	14,134,450	14,878,067
- realised loss on disposals	802,830	5,342,268	6,145,098	1,041,156	3,670,266	4,711,421
- permanent impairment of financial assets	0	0	0	13,434,723	2,687,041	16,121,764
- other expenses from financial assets and liabilities	2,823,531	1,935,537	4,759,068	2,116,279	1,481,264	3,597,542
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	11,730,846	11,730,846	0	23,097,326	23,097,326
OTHER INSURANCE EXPENSES	8,765,085	190,121	8,955,206	9,205,399	832,257	10,037,656
OTHER EXPENSES	1,130,706	83,913	1,214,619	1,304,986	113,733	1,418,719
PROFIT/LOSS BEFORE TAX	47,275,767	18,671,583	65,947,350	49,133,238	8,738,625	57,871,863
Income tax expense	5,615,612	4,221,682	9,837,294	6,372,698	1,017,889	7,390,587
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	41,660,155	14,449,901	56,110,056	42,760,540	7,720,737	50,481,277

3.5 Segmental analysis of the Triglav Group operations

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

in EUR

	AS AT 30 SEPTEMBER 2014						
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (by eliminations)
ASSETS	1,818,568,843	1,580,970,806	44,934,003	312,886,777	3,757,360,429	-445,410,863	3,311,949,566
Intangible assets	66,661,403	1,482,972	207,368	4,764,414	73,116,157	648,495	73,764,652
Property, plant and equipment	82,368,950	10,268,027	1,400,810	26,273,646	120,311,433	235,355	120,546,788
Deferred tax receivables	24,638,964	2,543,377	6,685	3,085,071	30,274,097	0	30,274,097
Investment property	31,963,260	2,508,533	0	50,834,356	85,306,149	11,597,126	96,903,275
Investments in subsidiaries	163,388,091	1,600,756	0	104,217,834	269,206,681	-269,206,682	0
Investments in associates	0	6,790,067	0	3,855,189	10,645,256	0	10,645,256
Financial assets	1,065,020,472	1,538,066,847	38,709,945	69,072,635	2,710,869,899	-72,334,908	2,638,534,991
Financial investments:	1,065,020,472	1,074,764,399	38,709,945	69,072,635	2,247,567,451	-72,334,908	2,175,232,543
- loans and deposits	146,809,786	60,443,450	1,136,613	13,796,077	222,185,926	-70,528,509	151,657,417
- held to maturity	2,642,475	208,012,800	0	0	210,655,275	0	210,655,275
- available for sale	888,515,002	629,068,324	37,573,332	55,235,045	1,610,391,703	-1,806,399	1,608,585,304
- investments recognised at fair value	27,053,209	177,239,825	0	41,513	204,334,547	0	204,334,547
Unit-linked insurance assets	0	463,302,448	0	0	463,302,448	0	463,302,448
Reinsurers' share of insurance-technical provisions	157,024,247	97,895	2,499	0	157,124,641	-80,083,258	77,041,383
Receivables	212,048,173	7,293,334	4,524,289	15,016,784	238,882,580	-33,660,858	205,221,722
- receivables from direct insurance operations	111,142,364	593,152	3,550,735	0	115,286,251	-1,705,117	113,581,134
- receivables from reinsurance and co-insurance operations	66,165,383	4,090	180	0	66,169,653	-24,291,749	41,877,904
- current tax receivables	1,846,374	154	0	17,897	1,864,425	0	1,864,425
- other receivables	32,894,052	6,695,938	973,374	14,998,887	55,562,251	-7,663,992	47,898,259
Other assets	5,306,968	265,517	47,288	25,125,050	30,744,823	-2,606,133	28,138,690
Cash and cash equivalents	10,148,315	10,053,481	35,119	8,518,449	28,755,364	0	28,755,364
Noncurrent assets for sale	0	0	0	2,123,349	2,123,349	0	2,123,349
EQUITY AND LIABILITIES	1,818,568,843	1,580,970,806	44,934,003	312,886,777	3,757,360,429	-445,410,863	3,311,949,566
Equity	577,715,986	125,272,375	26,142,290	214,267,358	943,398,009	-259,445,947	683,952,062
Controlling interests	577,715,986	125,272,375	26,142,290	214,267,358	943,398,009	-266,174,641	677,223,368
- share capital	118,766,796	32,122,592	25,822,144	184,424,712	361,136,244	-287,434,852	73,701,392
- share premium	42,947,404	13,067,907	0	20,474,425	76,489,736	-19,580,791	56,908,945
- reserves from profit	239,125,253	39,346,104	0	4,042,694	282,514,051	-5,269,157	277,244,894
- fair value reserve	77,185,749	15,132,228	1,556,875	22,993,583	116,868,435	-16,999,279	99,869,156
- net profit/loss brought forward	54,232,445	11,735,177	-10,345,255	-23,643,803	31,978,564	65,285,911	97,264,475
- net profit/loss for the year	47,782,345	14,938,810	9,108,526	6,581,853	78,411,534	-1,988,187	76,423,347
- currency translation differences	-2,324,006	-1,070,443	0	-606,106	-4,000,555	-188,286	-4,188,841
Non-controlling interests	0	0	0	0	0	6,728,694	6,728,694
Subordinated liabilities	19,335,968	11,982,486	1,500,000	0	32,818,454	-4,668,629	28,149,825
Insurance technical provisions	1,047,836,118	953,986,942	11,084,564	0	2,012,907,624	-80,132,264	1,932,775,360
- unearned premiums	306,170,167	420,524	2,169,796	0	308,760,487	-20,329,174	288,431,313
- mathematical provisions	0	931,503,302	0	0	931,503,302	0	931,503,302
- claims provisions	720,246,782	20,872,221	7,302,404	0	748,421,407	-59,803,090	688,618,317
- other insurance technical provisions	21,419,169	1,190,895	1,612,364	0	24,222,428	0	24,222,428
Insurance technical provisions for unit-linked insurance contracts	0	463,646,459	0	0	463,646,459	0	463,646,459
Employee benefits	9,044,571	1,669,052	167,687	1,242,057	12,123,367	0	12,123,367
Other provisions	5,355,730	35,304	324,102	8,891,418	14,606,554	0	14,606,554
Deferred tax liabilities	18,723,812	8,583,613	0	5,974,941	33,282,366	351,293	33,633,659
Other financial liabilities	19,820,763	1,687,180	73,937	61,210,244	82,792,124	-61,577,401	21,214,723
Operating liabilities	86,617,063	6,581,972	2,421,940	435,189	96,056,164	-26,154,004	69,902,160
- liabilities from direct insurance operations	11,921,201	6,581,405	1,463,448	0	19,966,054	-1,042,609	18,923,445
- liabilities from reinsurance and co-insurance operations	57,915,770	567	1,236	0	57,917,573	-25,111,395	32,806,178
- current tax liabilities	16,780,092	0	957,256	435,189	18,172,537	0	18,172,537
Other liabilities	34,118,832	7,525,423	3,219,483	20,865,570	65,729,308	-13,783,911	51,945,397

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT - CONTINUED

in EUR

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

in EUR

	AS AT 30 SEPTEMBER 2014				
	SLOVENIA	OTHER	TOTAL (before eliminations)	Eliminations	TOTAL (by eliminations)
ASSETS	3,368,134,819	389,225,610	3,757,360,429	-445,410,863	3,311,949,566
Intangible assets	59,322,993	13,793,164	73,116,157	648,495	73,764,652
Property, plant and equipment	85,096,368	35,215,065	120,311,433	235,355	120,546,788
Deferred tax receivables	29,099,190	1,174,907	30,274,097	0	30,274,097
Investment property	63,353,684	21,952,465	85,306,149	11,597,126	96,903,275
Investments in subsidiaries	263,896,582	5,310,099	269,206,681	-269,206,682	0
Investments in associates	10,645,256	0	10,645,256	0	10,645,256
Financial assets	2,496,752,631	214,117,268	2,710,869,899	-72,334,908	2,638,534,991
Financial investments:	2,049,285,178	198,282,273	2,247,567,451	-72,334,908	2,175,232,543
- loans and deposits	156,050,223	66,135,703	222,185,926	-70,528,509	151,657,417
- held to maturity	186,424,059	24,231,216	210,655,275	0	210,655,275
- available for sale	1,516,020,636	94,371,067	1,610,391,703	-1,806,399	1,608,585,304
- investments recognised at fair value	190,790,260	13,544,287	204,334,547	0	204,334,547
Unit-linked insurance assets	447,467,453	15,834,995	463,302,448	0	463,302,448
Reinsurers' share of insurance technical provisions	129,220,732	27,903,909	157,124,641	-80,083,258	77,041,383
Receivables	179,307,054	59,575,526	238,882,580	-33,660,858	205,221,722
- receivables from direct insurance operations	80,821,280	34,464,971	115,286,251	-1,705,117	113,581,134
- receivables from reinsurance and co-insurance operations	61,225,447	4,944,206	66,169,653	-24,291,749	41,877,904
- current tax receivables	14,161	1,850,264	1,864,425	0	1,864,425
- other receivables	37,246,166	18,316,085	55,562,251	-7,663,992	47,898,259
Other assets	26,977,366	3,767,457	30,744,823	-2,606,133	28,138,690
Cash and cash equivalents	22,339,614	6,415,750	28,755,364	0	28,755,364
Noncurrent assets for sale	2,123,349	0	2,123,349	0	2,123,349
EQUITY AND LIABILITIES	3,368,134,819	389,225,610	3,757,360,429	-445,410,863	3,311,949,566
Equity	854,243,166	89,154,843	943,398,009	-259,445,947	683,952,062
Controlling interests	854,243,166	89,154,843	943,398,009	-266,174,641	677,223,368
- share capital	275,730,021	85,406,223	361,136,244	-287,434,852	73,701,392
- share premium	75,034,014	1,455,722	76,489,736	-19,580,791	56,908,945
- reserves from profit	266,171,441	16,342,610	282,514,051	-5,269,157	277,244,894
- fair value reserve	111,906,675	4,961,760	116,868,435	-16,999,279	99,869,156
- net profit/loss brought forward	49,232,318	-17,253,754	31,978,564	65,285,911	97,264,475
- net profit/loss for the year	76,168,697	2,242,837	78,411,534	-1,988,187	76,423,347
- currency translation differences	0	-4,000,555	-4,000,555	-188,286	-4,188,841
Non-controlling interests	0	0	0	6,728,694	6,728,694
Subordinated liabilities	31,456,224	1,362,230	32,818,454	-4,668,629	28,149,825
Insurance technical provisions	1,789,253,584	223,654,040	2,012,907,624	-80,132,264	1,932,775,360
- unearned premiums	243,360,619	65,399,868	308,760,487	-20,329,174	288,431,313
- mathematical provisions	882,912,849	48,590,453	931,503,302	0	931,503,302
- claims provisions	642,797,974	105,623,433	748,421,407	-59,803,090	688,618,317
- other insurance technical provisions	20,182,142	4,040,286	24,222,428	0	24,222,428
Insurance technical provisions for unit-linked insurance contracts	447,845,962	15,800,497	463,646,459	0	463,646,459
Employee benefits	10,832,523	1,290,844	12,123,367	0	12,123,367
Other provisions	9,532,209	5,074,345	14,606,554	0	14,606,554
Deferred tax liabilities	32,812,876	469,490	33,282,366	351,293	33,633,659
Other financial liabilities	63,521,520	19,270,604	82,792,124	-61,577,401	21,214,723
Operating liabilities	80,393,124	15,663,040	96,056,164	-26,154,004	69,902,160
- liabilities from direct insurance operations	13,691,988	6,274,066	19,966,054	-1,042,609	18,923,445
- liabilities from reinsurance and co-insurance operations	48,557,113	9,360,460	57,917,573	-25,111,395	32,806,178
- current tax liabilities	18,144,023	28,514	18,172,537	0	18,172,537
Other liabilities	48,243,631	17,485,677	65,729,308	-13,783,911	51,945,397

CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA - CONTINUED

in EUR

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

CONSOLIDATED INCOME STATEMENT BY BUSINESS SEGMENT

in EUR

	FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014				
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL
NET PREMIUM INCOME	393,556,347	137,348,181	80,768,929	0	611,673,457
- gross written premium	470,331,396	137,320,280	80,929,416	0	688,581,092
- ceded written premium	-57,183,803	-1,565	0	0	-57,185,368
- change in unearned premiums	-19,591,246	29,466	-160,487	0	-19,722,267
INCOME FROM FINANCIAL ASSETS	46,732,916	126,161,974	1,837,215	1,962,028	176,694,133
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	0	47,769	0	525,149	572,918
- profit on equity investments accounted for using the equity method	0	47,769	0	525,149	572,918
- other financial income	0	0	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	46,732,916	78,080,900	1,837,215	1,436,879	128,087,910
- interest income	24,614,935	30,023,584	659,876	186,532	55,484,927
- dividends	2,578,956	918,288	0	809,286	4,306,530
- fair value gains	1,283,786	19,499,285	0	367,843	21,150,914
- realised gains on disposals	14,179,330	25,565,047	1,177,339	226	40,921,942
- other financial income	4,075,909	2,074,696	0	72,992	6,223,597
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	48,033,305	0	0	48,033,305
OTHER INCOME FROM INSURANCE OPERATIONS	6,752,210	108,692	31,594	0	6,892,496
- fees and commission income	3,243,357	61,617	0	0	3,304,974
- other income from insurance operations	3,508,853	47,075	31,594	0	3,587,522
OTHER INCOME	3,383,777	188,959	9,104	53,182,437	56,764,277
NET CLAIMS INCURRED	252,497,766	121,934,684	63,838,024	0	438,270,474
- gross claims settled	260,499,915	121,292,903	58,968,584	0	440,761,402
- reinsurers' and co-insurers' share	-16,633,912	-1,790	0	0	-16,635,702
- changes in claims provisions	8,631,763	643,571	-813,299	0	8,462,035
- equalisation scheme expenses for supplementary health insurance	0	0	5,682,739	0	5,682,739
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-247,587	41,759,224	466,288	0	41,977,925
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	28,562,767	0	0	28,562,767
EXPENSES FOR BONUSES AND DISCOUNTS	5,641,788	1,663	0	0	5,643,451
OPERATING EXPENSES	115,058,232	23,416,347	5,954,264	0	144,428,843
- acquisition costs	83,101,349	15,249,048	1,521,050	0	99,871,447
- other operating costs	31,956,883	8,167,299	4,433,214	0	44,557,396
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	7,138,242	28,647,963	35,372	908,082	36,729,659
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	0	737,523	0	68,001	805,524
- loss on investments accounted for using the equity method	0	737,523	0	68,001	805,524
- other expenses from financial assets and liabilities					
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	7,138,242	15,272,809	35,372	840,081	23,286,504
- interest expense	923,782	550,513	0	556,645	2,030,940
- fair value losses	696,170	6,642,374	0	147,089	7,485,633
- realised loss on disposals	898,128	5,350,198	3,684	0	6,252,010
- permanent impairment of financial assets	79,174	44,043	0	0	123,217
- other expenses from financial assets and liabilities	4,540,988	2,685,681	31,688	136,347	7,394,704
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	12,637,631	0	0	12,637,631
OTHER INSURANCE EXPENSES	15,734,221	378,687	468,900	0	16,581,808
OTHER EXPENSES	2,107,178	115,561	3,753	47,904,754	50,131,246
PROFIT/LOSS BEFORE TAX	52,495,410	18,990,910	11,880,241	6,331,629	89,698,190
Income tax expense	6,573,049	4,221,682	957,256	992,487	12,744,474
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	45,922,361	14,769,228	10,922,985	5,339,142	76,953,716
Net profit / loss attributable to the controlling company	45,658,566	14,717,925	10,922,985	5,251,462	76,550,938
Net profit / loss attributable to non-controlling interest holders	263,795	51,303	0	87,680	402,778

CONSOLIDATED INCOME STATEMENT BY BUSINESS SEGMENT - CONTINUED

in EUR

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

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

in EUR

	FOR THE PERIOD FROM 1 JANUARY 2014 TO 30 SEPTEMBER 2014		
	SLOVENIA	OTHER	TOTAL
NET PREMIUM INCOME	506,346,205	105,327,252	611,673,457
- gross written premium	569,499,574	119,081,518	688,581,092
- ceded written premium	-45,640,606	-11,544,762	-57,185,368
- change in unearned premiums	-17,512,763	-2,209,504	-19,722,267
INCOME FROM FINANCIAL ASSETS	164,476,764	12,217,369	176,694,133
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	572,918	0	572,918
- profit on equity investments accounted for using the equity method	572,918	0	572,918
- other financial income	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	117,107,775	10,980,135	128,087,910
- interest income	48,448,626	7,036,301	55,484,927
- dividends	4,267,000	39,530	4,306,530
- fair value gains	20,981,138	169,776	21,150,914
- realised gains on disposals	39,195,375	1,726,567	40,921,942
- other financial income	4,215,636	2,007,961	6,223,597
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	46,796,071	1,237,234	48,033,305
OTHER INCOME FROM INSURANCE OPERATIONS	3,908,106	2,984,390	6,892,496
- fees and commission income	2,071,683	1,233,291	3,304,974
- other income from insurance operations	1,836,423	1,751,099	3,587,522
OTHER INCOME	51,680,904	5,083,373	56,764,277
NET CLAIMS INCURRED	376,549,212	61,721,262	438,270,474
- gross claims settled	372,924,831	67,836,571	440,761,402
- reinsurers' and co-insurers' share	-11,137,598	-5,498,104	-16,635,702
- changes in claims provisions	9,079,240	-617,205	8,462,035
- equalisation scheme expenses for supplementary health insurance	5,682,739	0	5,682,739
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	40,676,353	1,301,572	41,977,925
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	27,512,871	1,049,896	28,562,767
EXPENSES FOR BONUSES AND DISCOUNTS	4,803,501	839,950	5,643,451
OPERATING EXPENSES	105,964,772	38,464,071	144,428,843
- acquisition costs	73,372,191	26,499,256	99,871,447
- other operating costs	32,592,581	11,964,815	44,557,396
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	33,813,595	2,916,064	36,729,659
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	805,524	0	805,524
- loss on investments accounted for using the equity method	805,524	0	805,524
- other expenses from financial assets and liabilities	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	21,277,225	2,009,279	23,286,504
- interest expense	1,801,472	229,468	2,030,940
- fair value losses	7,474,100	11,533	7,485,633
- realised loss on disposals	6,215,588	36,422	6,252,010
- permanent impairment of financial assets	0	123,217	123,217
- other expenses from financial assets and liabilities	5,786,065	1,608,639	7,394,704
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	11,730,846	906,785	12,637,631
OTHER INSURANCE EXPENSES	9,512,807	7,069,001	16,581,808
OTHER EXPENSES	44,188,367	5,942,879	50,131,246
PROFIT/LOSS BEFORE TAX	83,390,501	6,307,689	89,698,190
Income tax expense	12,744,474	0	12,744,474
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	70,646,027	6,307,689	76,953,716
Net profit / loss attributable to the controlling company	70,650,487	5,900,451	76,550,938
Net profit / loss attributable to non-controlling interest holders	-4,460	407,238	402,778

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA - CONTINUED

in EUR

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

3.6 Significant items of the statement of financial position

Intangible assets

In the first three quarters period of 2014, the carrying value of intangible assets of Zavarovalnica Triglav increased by EUR 2.4 million. The increase is attributable mostly to higher long-term deferred acquisition costs in the amount of EUR 4.1 million, while newly acquired other intangible assets amount to EUR 1.4 million.

In the reporting period, the carrying value of intangible assets of the Triglav Group increased by EUR 2 million. The respective increase disclosed in the consolidated financial statements also arises from the change of long-term deferred acquisition costs in the amount of EUR 4.6 million, while newly acquired other intangible assets amount to EUR 2.2 million.

Property, plant and equipment

In the first three quarters of 2014, the carrying value of property, plant and equipment of Zavarovalnica Triglav decreased by EUR 3.3. Reduction was due to the current depreciation, which was higher than the new acquisition, worth EUR 1.1 million. As at 30 September 2014, liabilities for the acquisition of property, plant and equipment amounted to EUR 61.6 thousand.

At the Group level, the carrying value of property, plant and equipment decreased by EUR 2.3 million, which is mostly due to current depreciation. Acquisition of property, plant and equipment totalled EUR 7.4 million in the first three quarters of 2014.

Financial assets

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

Financial assets as at 30 September 2014	Zavarovalnica Triglav		Triglav Group	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits ¹	134,764,914	134,764,914	151,657,417	151,657,417
Held to maturity	186,424,059	223,225,890	210,655,275	250,643,817
Available for sale	1,287,479,311	1,287,479,311	1,608,585,304	1,608,585,304
Investments recognised at fair value	189,067,221	189,067,221	204,334,547	204,334,547
Unit-linked insurance assets	447,467,452	447,467,452	463,302,448	463,302,448
TOTAL	2,245,202,957	2,282,004,788	2,638,534,991	2,678,523,533

in EUR

¹ The fair value of loan and deposits is recognised on the basis of carrying value, which is measured at amortised cost and represents an appropriate approximation of fair value.

Tables below show financial assets of Zavarovalnica Triglav and Triglav Group by different groups of financial assets. Amounts are disclosed at their carrying values as at 30 September 2014.

in EUR					
Zavarovalnica Triglav	L&R	HTM	AFS	FVTPL	TOTAL
Equity securities	0	0	114,054,915	4,081,219	118,136,133
Debt securities	5,098,654	186,424,059	1,171,975,786	184,412,283	1,547,910,782
Derivative financial instruments	0	0	0	573,719	573,719
Unit-linked financial assets	5,566,007	0	0	441,901,446	447,467,452
Loans	129,666,260	0	1,448,610	0	131,114,870
TOTAL	140,330,920	186,424,059	1,287,479,311	630,968,667	2,245,202,957

in EUR					
Triglav Group	L&R	HTM	AFS	FVTPL	TOTAL
Equity securities	0	0	174,996,561	7,150,568	182,147,129
Debt securities	26,614,272	210,655,275	1,432,124,973	196,568,746	1,865,963,266
Derivative financial instruments	0	0	0	615,232	615,232
Unit-linked financial assets	5,724,662	0	427,277	457,150,510	463,302,449
Loans	125,043,145	0	1,463,770	0	126,506,915
TOTAL	157,382,079	210,655,275	1,609,012,581	661,485,056	2,638,534,991

Notes:

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

Overview of financial assets according to valuation levels

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

- Level 1: valuation through market prices quoted for identical assets in an active market (stock exchange prices and Bloomberg generic prices). This group includes financial assets with available market prices in an active market, as well as listed derivative financial instruments.
- Level 2: valuation through comparable market data (other than prices of identical listed assets), acquired directly or indirectly for an identical or similar asset.
- Level 3: valuation through valuation models mostly using unobservable market inputs. This group includes shares in companies with no active market, valued through valuation models using unobservable market inputs, and security holdings measured at historical cost, since their fair value cannot be reliably measured.

in EUR				
Zavarovalnica Triglav	Level 1	Level 2	Level 3	TOTAL
Equity securities	114,436,311	0	3,699,822	118,136,133
Debt securities	1,258,885,729	97,502,340	0	1,356,388,069
Derivative financial instruments	0	573,719	0	573,719
Unit-linked financial assets	343,298,545	98,602,901	0	441,901,446
TOTAL	1,716,620,585	196,678,961	3,699,822	1,916,999,368

in EUR				
Triglav Group	Level 1	Level 2	Level 3	TOTAL
Equity securities	144,291,721	19,259,388	18,596,020	182,147,129
Debt securities	1,517,379,974	111,120,934	192,811	1,628,693,719
Derivative financial instruments	41,513	573,719	0	615,232
Unit-linked financial assets	358,974,885	98,602,901	0	457,577,786
TOTAL	2,020,688,093	229,556,942	18,788,831	2,269,033,866

Changes of Level 3 financial assets

	in EUR	
	Zavarovalnica Triglav	Triglav Group
Balance as at 1 January 2014	3,700,385	18,293,153
Acquisitions	418	418
Disposals	0	-12,218
Revaluation through profit and loss	0	226,463
Revaluation through equity	-980	282,975
Reclassifications from Level 1 and Level 2	0	0
Foreign exchange differences	0	-1,960
Balance as at 30 September 2014	3,699,822	18,788,831

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

Impairment

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

Impairment loss in the consolidated income statement of the Triglav Group in the period from 1 January to 30 September 2014 amounted to EUR 123 thousand.

Subordinated debt instruments

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

Contingent assets and contingent liabilities

In the period from 1 January to 30 September 2014, off-balance sheet items arising from options and from futures and forwards dropped by EUR 9.8 million and EUR 19.4 million respectively. The contingent liability arising from a given guarantees decreased by EUR 3.1 million.

Distribution of accumulated profits

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

3.7 Changes in equity stakes in subsidiaries and business combinations

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

- Capital increase of Triglav Pojišt'ovna, a.s., Brno

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

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

In the reporting period, the company's share capital was raised twice.

The first tranche of capital increase took place on 25 April 2014, through an issue of 993,918 new shares with a nominal value of RSD 700. Total capital increase totalled RSD 695,742,600 or EUR 6,060,476.

On 18 September 2014, the second tranche of recapitalisation was carried out through an issue of 72,207 shares with a nominal value of RSD 700. Total capital increase amounted to RSD 50,544,900 or EUR 439,521.

In the reporting period, Triglav INT d.d. acquired both new share issues and thereby increased its participation in Serbian subsidiary by 0.66 percentage point to 99.81% as at the reporting date.

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

In the first nine months of 2014, Triglav Osiguranje d.d., Sarajevo acquired a 13.17% equity stake in Unis automobili i dijelovi d.o.o., Sarajevo from non-controlling interest holders, and thereby increased its participation in the company to 95.02%. The acquisition price for a 13.17% equity stake was BAM 322,828. The effect of the purchase of non-controlling interest is recognised in the consolidated financial statements as a decrease in share premium in the amount of EUR 42,794.

3.8 Related party transactions²

Management Board of Zavarovalnica Triglav

In the first three quarters period of 2014, members of the Management Board of Zavarovalnica Triglav were paid the following amounts as compensation for their work:

in EUR							
Surname and name	Fixed salaries (gross)	Other additional payments*	Rewards	Net pay received	Insurance premiums**	Other benefits***	Reimbursements
Slapar Andrej	110,150	823	14,445	50,230	26,531	4,353	1,346
Makoter Marica	108,030	789	14,404	45,288	20,833	4,432	329
Jošar Benjamin	108,030	789	14,404	44,015	20,227	7,119	1,586
Ivanc Uroš	18,441	370	0	6,257	4,647	275	190
Čoroli Tadej	13,250	337	0	4,079	4,326	61	69
Vrtunski Stanislav	99,728	862	37,210	55,578	15,255	3,420	361
Rakovec Matjaž****	0	0	12,264	5,741	0	0	0
TOTAL	457,629	3,970	92,727	211,188	91,819	19,660	3,881

* Other additional payments include holiday allowance and other reimbursements.

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

*** Other benefits – company car,

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

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

in EUR		
Surname and name	Receivables and loans as at 30 September 2014	Liabilities as at 30 September 2014
Slapar Andrej	0	16,023
Makoter Marica	16	15,064
Jošar Benjamin	0	10,264
Ivanc Uroš	14,667	3,683
Čoroli Tadej	29	4,316
Vrtunski Stanislav	0	102
TOTAL	14,712	49,452

²In 2014, two major shareholders of Zavarovalnica Triglav, i.e. Slovenska odškodninska družba d.d. (current Slovenski državni holding d.d.) with its subsidiaries and Zavod za pokojninsko in invalidsko zavarovanje, are not listed as the associated companies. By a decision, the Securities Market Agency suspended the voting rights of these two shareholders on 4 March 2013 until the time they launch a takeover bid for Zavarovalnica Triglav as the offeree company divest their ZVTG shares so that they neither jointly nor severally any longer reach the takeover threshold

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

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

						in EUR
Surname and name	Flat-rate remuneration	Attendance fee	Reimbursements	Total gross pay	Total net pay	
Blažič Matija	8,667	1,650	1,078	11,395	8,288	
Celar Peter	10,833	2,090	151	13,074	9,509	
Gobbo Mario	13,000	4,158	12,843	30,001	19,763	
Gorjan Branko	10,833	3,718	1,390	15,941	11,594	
Kastelic Gregor	13,867	1,815	7,260	22,942	17,780	
Krštinč Miran	10,833	2,750	710	14,293	10,396	
Nose Barbara*	4,333	2,585	0	6,918	5,032	
Runjak Matej	16,250	2,750	0	19,000	13,819	
Stankovič Rajko	10,833	3,443	0	14,276	10,383	
Štimac Dubravko	13,686	1,265	1,581	16,532	12,813	
Total	113,135	26,224	25,013	164,372	119,377	

* External members of committees

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

		in EUR
Surname and name	Liabilities as at 30 September 2014	
Blažič Matija	894	
Celar Peter	985	
Gobbo Mario	2,751	
Gorjan Branko	1,216	
Kastelic Gregor	2,401	
Krštinč Miran	985	
Nose Barbara*	554	
Runjak Matej	1,477	
Stankovič Rajko	1,113	
TOTAL	12,376	

* External members of committees

Subsidiaries

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

	in EUR	
ASSETS	30 September 2014	31 December 2013
Stakes and shares	159,778,726	159,778,726
Debt securities and loans to subsidiaries	64,989,405	43,256,213
Other financial investments	1,448,611	1,426,466
Receivables from direct insurance operations – from insurance	1,650,965	1,581,610
Premium receivable from co-insurance	6,013	5,857
Receivables from reinsurers' share in claims	7,500,416	8,078,520
Other short-term receivables from insurance operations	10,776	12,500
Short-term receivables from financing	4,424,647	4,254,738
Other short-term receivables	1,252,118	1,053,339

	in EUR	
LIABILITIES	30 September 2014	31 December 2013
Liabilities towards policyholders	737,105	686,996
Liabilities towards insurance brokers	239,194	245,340
Reinsurance liabilities premium	6,612,061	10,383,349
Other long-term liabilities	142,816	99,553

	in EUR	
INCOME AND EXPENSES	Q1–3 2014	Q1–3 2013
Gross written premium	3,589,140	2,685,005
Assumed co-insurance written premium	7,166	8,857
Reinsurance written premium (-)	-45,434,655	-47,331,495
Reinsurance commission income	8,810,889	7,789,302
Other income from insurance	0	4,104,060
Interest income	2,190,282	1,612,472
Income from land and buildings	121,149	130,278
Other net income from insurance operations	1,252,381	1,189,951
Other income	3,298,878	3,322,891
TOTAL INCOME	-26,164,770	-26,488,681
Gross claims settled	1,291,696	1,515,572
Reinsurers' share of claims	-15,483,043	-18,450,522
TOTAL EXPENSES	-14,191,347	-16,934,950

Associates

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

	in EUR			
	Zavarovalnica Triglav		The Triglav Group	
ASSETS	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013
Stakes and shares	9,637,324	9,637,324	10,645,256	10,204,674
Receivables from direct insurance operations – from insurance	42,026	0	42,026	0
Short-term receivables from financing	1,172,269	1,111,728	1,172,269	1,111,728
Other short-term receivables	16,121	28,061	16,121	38,061

	in EUR			
	Zavarovalnica Triglav		The Triglav Group	
LIABILITIES	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013
Liabilities towards insurance brokers	20,818	24,846	20,818	26,259
Other short-term liabilities	0	0	1,895	3,398
Accrued costs and expenses	0	0	0	14

	in EUR			
	Zavarovalnica Triglav		The Triglav Group	
INCOME AND EXPENSES	Q1–3 2014	Q1–3 2013	Q1–3 2014	Q1–3 2013
Gross written premium	113,278	94,208	113,278	94,208
Income from dividends	60,541	0	0	0
Other income	875	0	875	0
TOTAL INCOME	174,694	94,208	114,153	94,208
Gross claims settled	23,883	33,283	23,883	33,283
TOTAL EXPENSES	23,883	33,283	23,883	33,283

3.9 Other significant events after the reporting data

No events occurring after the reporting date were material to the financial statements for the first three quarters of 2014.

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

- Following its regular annual revision on 3 October 2014, the A.M. Best rating agency reaffirmed the financial strength rating of »A-« (Excellent) and issuer credit rating of »A-« (Excellent) of Zavarovalnica Triglav. The Company's medium-term outlook was upgraded from stable to positive due to its continued solid performance.
- On 6 October 2014, the merger of Triglav Nepremičnine, Upravljanje, svetovanje in trgovanje z lastnimi nepremičninami d.o.o., Ljubljana to the parent company was entered into the Companies Register of the District Court in Ljubljana and as from that date Triglav Nepremičnine d.o.o. was deleted from the Companies Register.
- Triglav INT d.d. concluded an agreement on sale with VIGO Finance a.s., Prague, part of VIGO Investment Group. In the agreement, both parties to the agreement defined the key elements and terms for the sale of the subsidiary Triglav Pojišt'ovna a.s., Brno. The sale is expected to be completed by May 2015. Zavarovalnica Triglav estimates that this sale will have no major impact on the operation and performance of the Group.
- In October, Zavarovalnica Triglav announced its intention to make takeover bid for all the shares of Skupna pokojninska družba d.d., Ljubljana. Zavarovalnica Triglav acquired authorisation from the Insurance Supervision Agency for the acquisition of the majority shareholding in the above-stated company.
- On 3 November 2014, Zavarovalnica Triglav was served a partial judgement rendered by the District Court in Ljubljana in the case of Matjaž Rakovec who sued for nullity and voidness of the resolution passed by the Supervisory Board on 22 May 2013. On the ground of lack of the legal interest, the Court rejected the claim of Matjaž Rakovec for nullity and voidness of the resolution on the appointment of an acting President of the Management Board of Zavarovalnica Triglav, passed by the Supervisory Board on 22 May 2013. The claim by Matjaž Rakovec for nullity and voidness of the entry into the Companies Register (of the President of the Management Board) made on 29 May 2013 was also rejected.