



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

triglav

www.triglav.eu
www.triglav.si

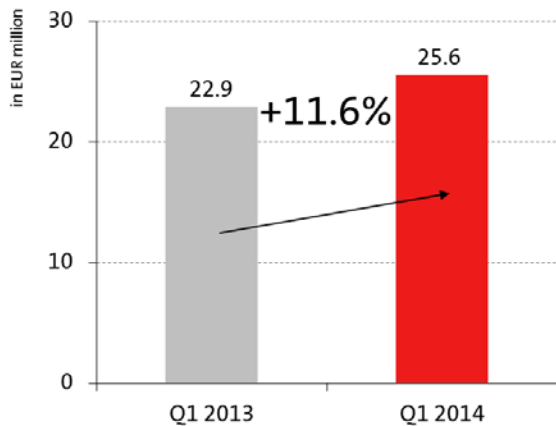
Unaudited Interim Report of Zavarovalnica Triglav d.d. and the Triglav Group for the period from 1 January 2014 to 31 March 2014



Ljubljana, 22 May 2014

PERFORMANCE OF THE TRIGLAV GROUP IN THE FIRST QUARTER OF 2014

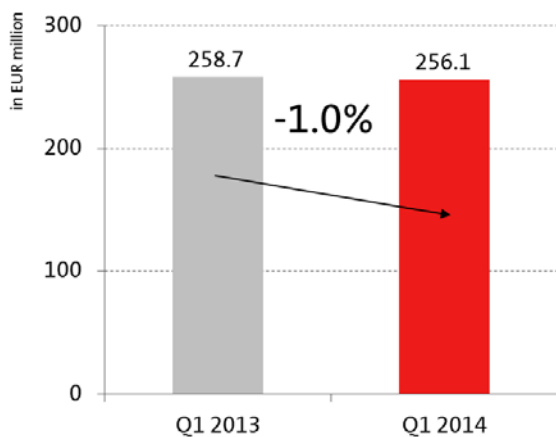
Net profit



Consistent implementation of strategic guidelines is reflected in higher profit.

For additional information see page 43.

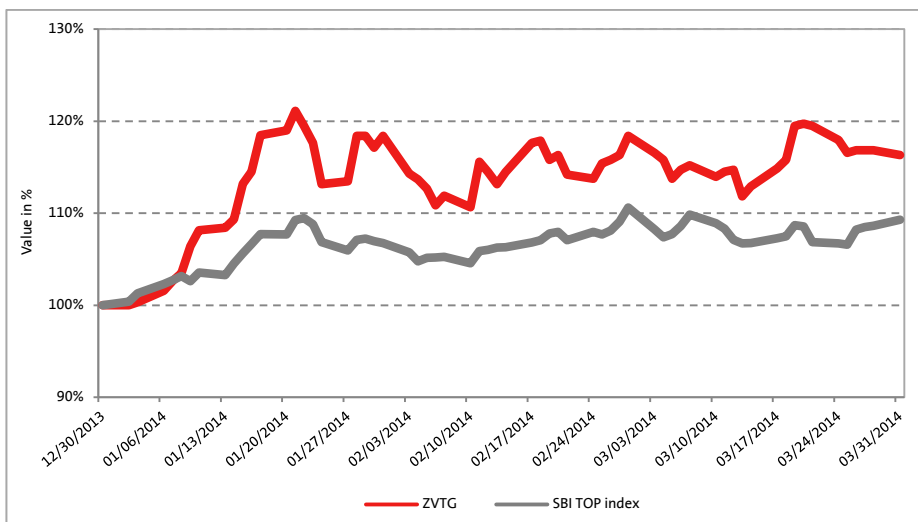
Gross written premium from insurance and co-insurance contracts



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

For additional information see page 18.

The relative stock price change of the ZVTG share and the value of the SBI TOP Index in Q1 2014 as compared to 31 December 2013



The ZVTG share price increased by over 16%.

For additional information see page 13.



Dear shareholders, business partners and colleagues!

In 2014, the Triglav Group continues to implement its strategy, placing focus on the core insurance business in combination with the maximisation of profitability and safety of operations. Despite unfavourable operating conditions and extraordinary loss events, the Triglav Group generated a **net profit of EUR 25.6 million** in the first quarter of 2014 which is 12% more than in the respective period last year. A high level of financial stability was maintained, as confirmed by »A-« credit ratings from Standard & Poor's and A.M. Best. These ratings were assigned a stable medium-term outlook and reflect solid risk-adjusted capitalisation, good operating performance and strong competitive position of the Triglav Group in the Slovene market.

The sustained economic crisis continues to impact the **total written premium** of the Triglav Group, which **dropped by 1%**. The Triglav Group and Zavarovalnica Triglav have responded to aggressive competition and changed consumer behaviour by taking different sales measures, launching new products and redesigning the existing ones. However, this still falls short of completely offsetting the drop in premium due to reduced purchasing power of households, greater prudence of policyholders, lower insurance density, higher unemployment, new corporate bankruptcies, reduction in bank lending and lower sales of motor vehicles. Moreover, we continued with portfolio selection activities and focused on building relationships with high-quality clients. **The combined ratio** – a measure of profitability in core insurance operations – **reached 98.5%** as at 31 March 2014. Compared to the respective period of 2013, it increased by 8.2 percentage points, mainly as a result of extraordinary loss events in early 2014.

As already mentioned, the profit level was also affected by **extraordinary loss events**. At the beginning of 2014, a snow and glaze storm affected the entire territory of Slovenia, resulting in claims worth over EUR 10 million. By the end of the first quarter, EUR 4.2 million was paid in claims. Electrical grid and telecommunication networks suffered the greatest damage.

Our business results are heavily influenced by the situation on capital markets, as diverse financial investments represent the majority of the Company's assets. **Financial investment return** amounted to **EUR 34.5 million** and were 43% higher over the same period last year. The high increase was primarily a result of higher profit from sales in debt securities trading.

As at 31 March 2014, **the total balance sheet assets** of the Triglav Group stood at **EUR 3,225.4 million**, representing a 5% increase over the 2013 year-end. Insurance technical provisions grew by 3% to **EUR 2,339.0 million** as at the end of the reporting period. Compared to 31 December 2013, **total equity capital** increased by 8% to **EUR 640.2 million**.

In the reporting period, **Zavarovalnica Triglav's shares (ZVTG)**, listed on the Ljubljana Stock Exchange, experienced price growth. **From 31 December 2013 to 31 March 2014**, the closing price of Zavarovalnica Triglav's shares **went up by 16%** and as at the end of the reporting

period equalled EUR 22.10. In the first quarter of 2014, the value of the Slovene Blue Chip Index (SBI TOP) rose by 9%.

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

Andrej Slapar

President of the Management Board of Zavarovalnica Triglav

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

1.1 Performance of the Triglav Group

	in EUR million		
	Q1 2014	Q1 2013	Index 2014/2013
Gross written premium from insurance and co-insurance contracts	256.1	258.7	99
Net premium earned	200.7	208.9	96
Gross claims paid	145.4	157.3	92
Net claims incurred	149.9	149.2	101
Gross operating costs*	53.1	52.4	101
Profit before tax	29.2	28.5	103
Net profit	25.6	22.9	112
Net profit attributable to the controlling company	25.4	22.8	112
	31 March 2014	31 December 2013	Index 2014/2013
Insurance technical provisions as at	2,339.0	2,261.4	103
Equity as at	640.2	590.5	108
Equity attributable to the controlling company	633.7	584.3	108
Number of employees	5,368	5,351	100

*Insurance business gross operating costs

Key performance indicators of the Triglav Group

	Q1 2014	Q1 2013
ROE annualised	17.9%	17.0%
Claims ratio	70.7%	63.3%
Expense ratio	27.9%	27.0%
Combined ratio	98.5%	90.3%
Ratio between gross operating costs and gross premium written	20.7%	20.3%

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

	in EUR million		
	Q1 2014	Q1 2013	Index 2014/2013
Gross written premium from insurance and co-insurance contracts	180.0	182.6	99
Net premium earned	130.0	137.9	94
Gross claims paid	98.0	108.9	90
Net claims incurred	100.9	98.9	102
Gross operating costs	37.7	36.8	102
Profit before tax	22.5	24.8	91
Net profit	19.1	20.0	96
	31 March 2014	31 December 2013	Index 2014/2013
Insurance technical provisions as at	2,034.5	1,959.3	104
Equity as at	536.5	499.8	107
Number of employees as at	2,376	2,373	100

Key performance indicators of Zavarovalnica Triglav

	Q1 2014	Q1 2013
ROE annualised	15.8%	16.8%
Claims ratio	71.3%	57.4%
Expense ratio	28.2%	26.5%
Combined ratio	99.5%	83.8%
Ratio between gross operating costs and gross premium written	20.9%	20.2%

1.3 Activities and position of the Triglav Group

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

The Group's key business pillars are:

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

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

The insurance-oriented part of the Group encompasses:

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

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

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

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

1.4 Composition and markets of the Triglav Group



The Triglav Group as at 31 March 2014:

Controlling company:

- Zavarovalnica Triglav d.d.

Subsidiaries of the Triglav Group:

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

Associated companies of the Triglav Group:

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

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

Changes in the Triglav Group in the first quarter 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.

1.5 Significant events in the reporting period

Significant events on 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 compliant with the Insurance Act and the pertaining secondary legislation. The ISA started the review on 3 February 2014.
- According to a preliminary 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. The extent of loss will be available after final assessment.
- In the reporting period, the capital of the Triglav Group subsidiary, Triglav Pojišt'ovna a.s., Brno was increased. 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.

- 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.

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

2.2 General Meeting of Shareholders

Shareholders of Zavarovalnica Triglav exercise their rights in respect of matters concerning the Company through the General Meeting of Shareholders, which is convened at least once a year, by the end of August at the latest. The General Meeting of Shareholders may also be convened in other circumstances set out by law and by the Memorandum and 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 Memorandum and Articles of Association. The Memorandum and Articles of Association do not set out any specific provisions regarding their amendments and supplements.

The General Meeting of Shareholders was not convened in the period from January to the end of March 2014.

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 Memorandum and 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 Intruding of the Management Board

Composition of the Supervisory Board as at 31 March 2014:

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

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 or recall is made in accordance with the law and the Memorandum and 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 31 March 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 31 March 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	31 March 2014	31 December 2013
Number of shares	22,735,148	22,735,148
Number of treasury shares (indirect and direct ownership)	33,132	33,132
Book value per share* (in EUR)	23.63	22.02
Share market value (in EUR) - closing price	22.10	19.00
Market capitalisation (in EUR) - closing price	502,446,771	431,967,812
Net earnings/loss per share* (in EUR)	0.84	2.13
Ticker symbol	ZVTG	
ISIN	SI0021111651	
Traded on	Ljubljanska borza - LJSE	
Credit rating	<ul style="list-style-type: none">■ Standard & Poor's; »A-«, stable medium term outlook■ AM Best; »A-«, stable medium term outlook	
Bloomberg	ZVTG SV	
Reuters	ZVTG.LJ	

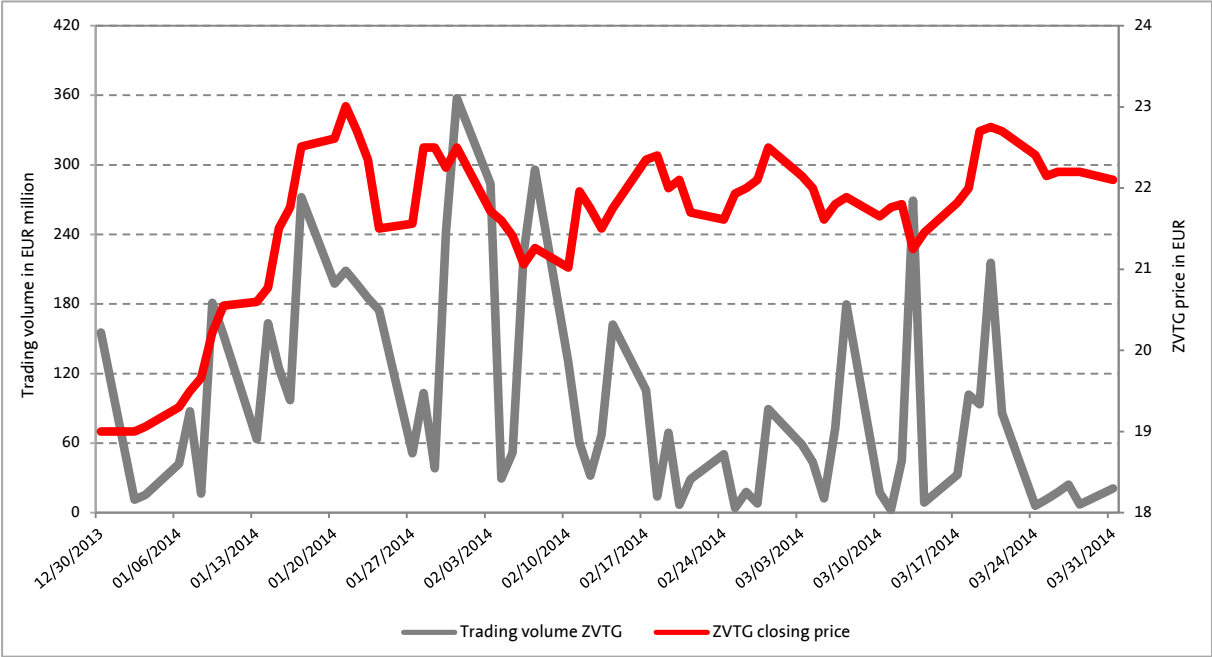
*The book value per share and net earnings per share were calculated taking into account the number of shares excluding the treasury shares, capital of the parent company as at the reporting date and/or net profit of the parent company.

3.2.1 Trading on the Ljubljana Stock Exchange - LJSE

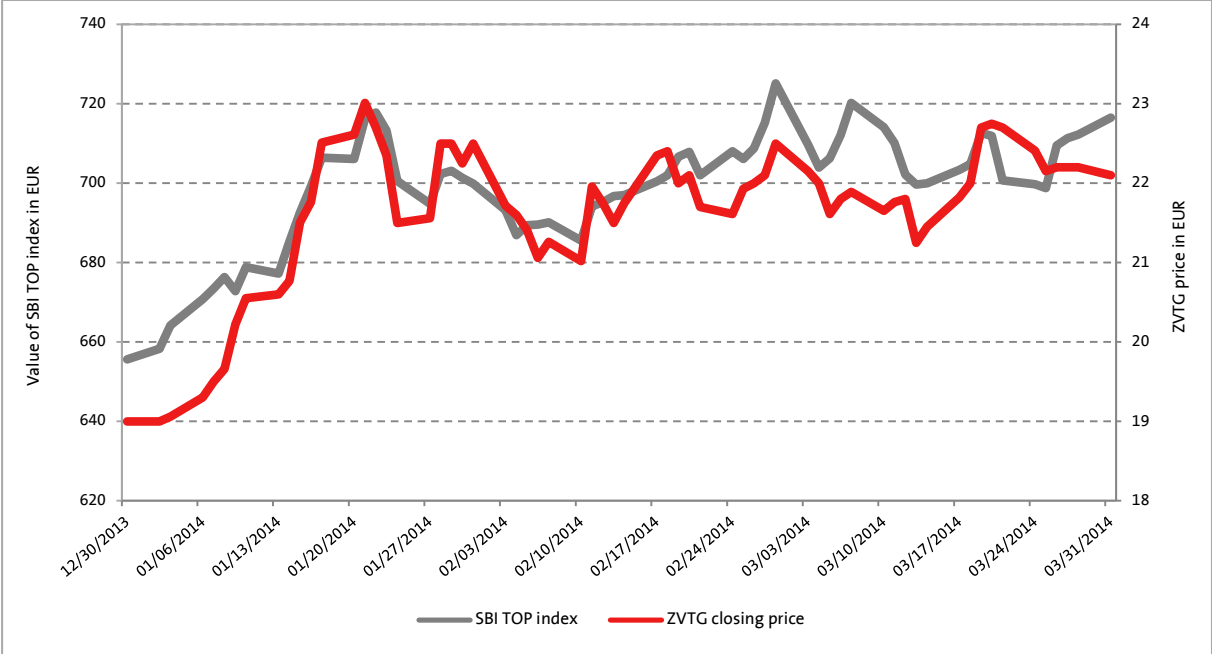
The first quarter of 2014 saw a growing price of the ZVTG share; which increased by over 16%. Starting at EUR 19 on 1 January 2014, the closing price of Zavarovalnica Triglav's shares increased to EUR 22.10 at the end of Q1 2014. On 21 January 2014, the share peaked to its highest price of EUR 23.01.

The average turnover of the ZVTG shares per trading day was EUR 95,937 which was two times less than the 2013 average of EUR 193,355.

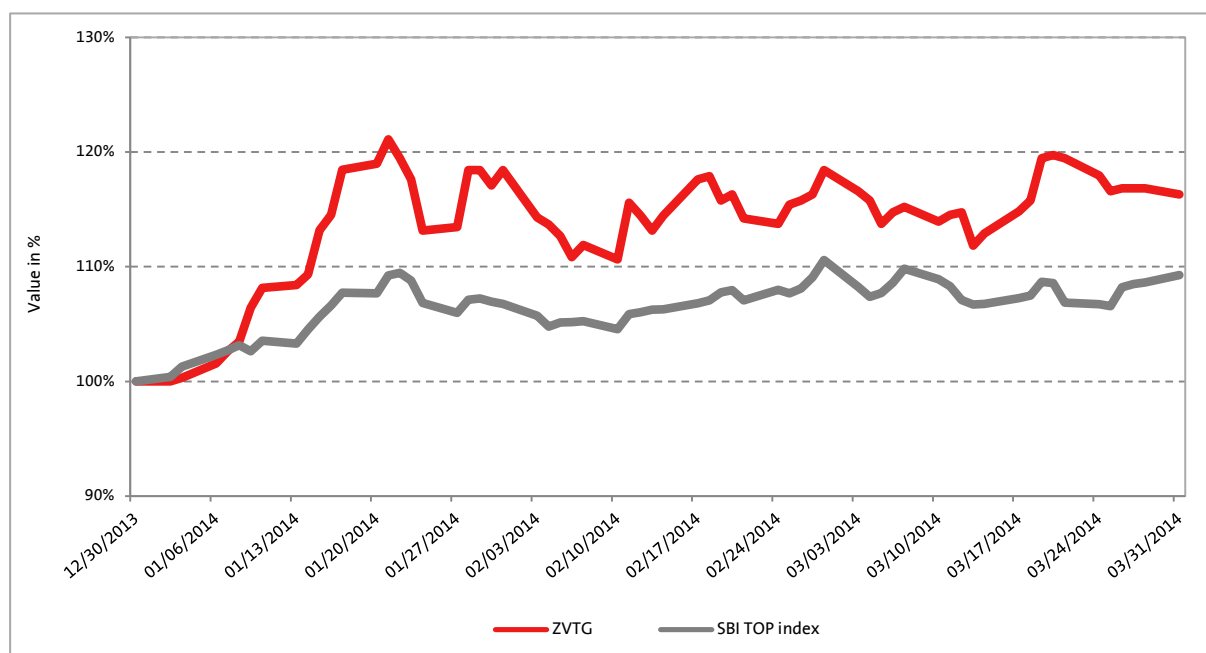
Graph: Movements in the closing price (right axis) and turnover in EUR (left axis) of the ZVTG share



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



Graph: The relative stock price change of the ZVTG share and the value of the SBI TOP Index in EUR in Q1 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 9% above its starting price.

3.2.2 Shareholder structure

As at 31 March 2014, Zavarovalnica Triglav had 28,827 shareholders, 180 more over the end of 2013.

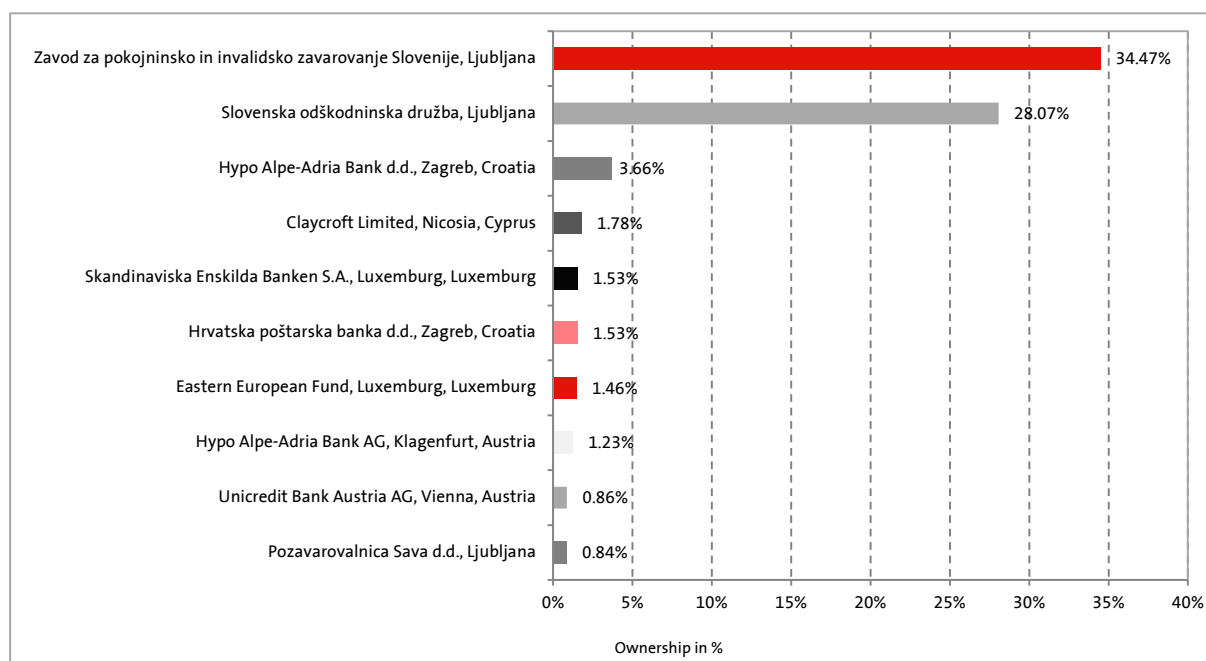
The ratio between foreign and domestic shareholders and natural persons and legal entities in the shareholder structure remained at the level similar to the 2013 year-end.

Table: Shareholder structure of Zavarovalnica Triglav as at 31 March 2014

	Total	Domestic	Foreign	Legal entities	Natural persons
Number of shares	22,735,148	18,971,253	3,763,895	20,742,462	1,992,686
Number of shareholders	28,827	28,351	476	669	28,158
Number of shares - percentage	100.00%	83.44%	16.56%	91.24%	8.76%
Number of shareholders - percentage	100.00%	98.35%	1.65%	2.32%	97.68%

The number of treasury shares remained unchanged compared to the end of 2013, totalling 33,132 shares. Moreover, the number of shares held by members of the Management Board and the Supervisory Board remained unchanged, equalling 1,604 shares.

Graph: Top ten shareholders of Zavarovalnica Triglav as at 31 March 2014



3.3 Credit rating

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

In July 2013, the »A–« long-term credit rating of the Triglav Group (which also applies to Zavarovalnica Triglav and Pozavarovalnica Triglav Re) was assigned by the credit rating agency Standard & Poor's Ratings Services (hereinafter S&P). The medium-term outlook for the credit rating is stable. The »A–« rating reflects the Group's acceptable level of business risk, enhanced by its leading position on the Slovene insurance market and strong financial profile. The stable medium-term outlook reflects the S&P's view that the Triglav Group will maintain its strong competitive position and very strong capital adequacy and earnings.

In March 2013, the A.M. Best Rating Services assigned Zavarovalnica Triglav, and thus also the Triglav Group, a financial strength rating of »A–« (excellent) and an issuer credit rating of »A–«. A.M. Best assigned the same joint credit rating to Pozavarovalnica Triglav Re. The medium-term outlook for the credit ratings is stable. In October 2013, the A.M. Best credit rating agency re-affirmed the above-mentioned credit ratings.

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

4. PERFORMANCE IN THE PERIOD FROM 1 JANUARY TO 31 MARCH 2014

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

In the first three months of 2014, the operations of Zavarovalnica Triglav and the Triglav Group were marked by the continuation of the economic and financial crisis. Falling purchasing power of households resulted in lower insurance density and changed consumer behaviour, accompanied by a high unemployment rate, a decline in activities of economic entities and lower demand for some insurance products. 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, promotional offer, 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 performance was also affected by extreme loss events in Slovenia, consequences of wind storms with snow and frost in January and February. The assessed insured loss amounted to over EUR 10 million. By the end of the reporting period, claims totalling EUR 4.2 million were paid out.

With consistent implementation of its business policy measures, designed to mitigate the adverse effects of the financial crisis, and an adequate portfolio management investment policy, the Triglav Group ended the first quarter of 2014 with a net profit of EUR 25.6 million (index 112), while Zavarovalnica Triglav generated a profit of EUR 19.1 million EUR (index 96).

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

In the reporting period, there were 14 insurance companies and 4 foreign branch offices active in the Slovene insurance market. Together they recorded a gross written premium of EUR 557.3 million, which was 1.8% less than in the same period of 2013.

Traditional insurance companies (17) booked a total of EUR 556.6 million in premium, of which 75.6% stemmed from non-life insurance and the remainder from life insurance. Life insurance premium decreased by 4.4%, while non-life insurance premium recorded a decrease of 1.0%.

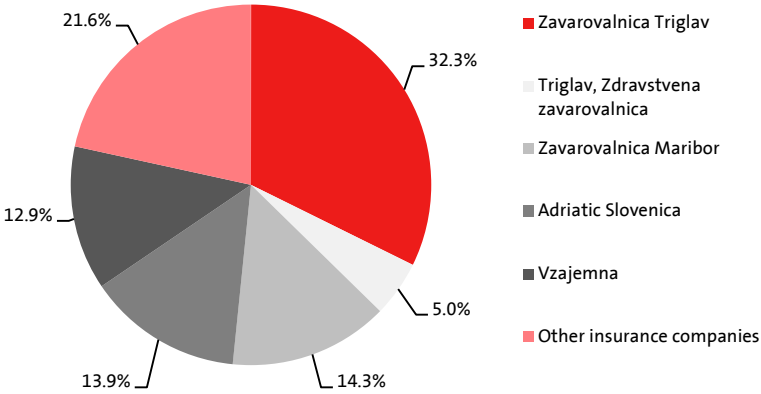
The market is characterised by a high degree of concentration. The four largest insurers controlled over 73.4% of the traditional insurance market (2013: 73.6%). With a 32.3% share, Zavarovalnica Triglav remains the market leader, having increased by 0.1 percentage point over 2013. The second largest market share is held by Zavarovalnica Maribor, a company 2.3 times smaller. At the end of Q1 2014, Zavarovalnica Triglav and Triglav Zdravstvena zavarovalnica had a combined market share of 37.3%, which was 0.5 percentage point more than in 2013.

In Slovenia, the Triglav Group has a market share of 37.3%.

Zavarovalnica Triglav held 32.4% of the non-life insurance market, which is 0.4 percentage point more compared to the previous year, whilst its life insurance market share came to 32.0% or 0.8 percentage point less than in the respective period of 2013. Maintaining the leading

position in the market is becoming increasingly challenging, as the fierce price competition is additionally aggravated by a difficult economic situation. In the conditions of high market concentration, the competition is directed at the existing clients. Therefore, maintaining the market position will greatly depend on the speed of responses to market changes.

Graph: The market share of traditional insurance companies in Slovenia at the end of Q1 2014



Source: Slovenian Insurance Association

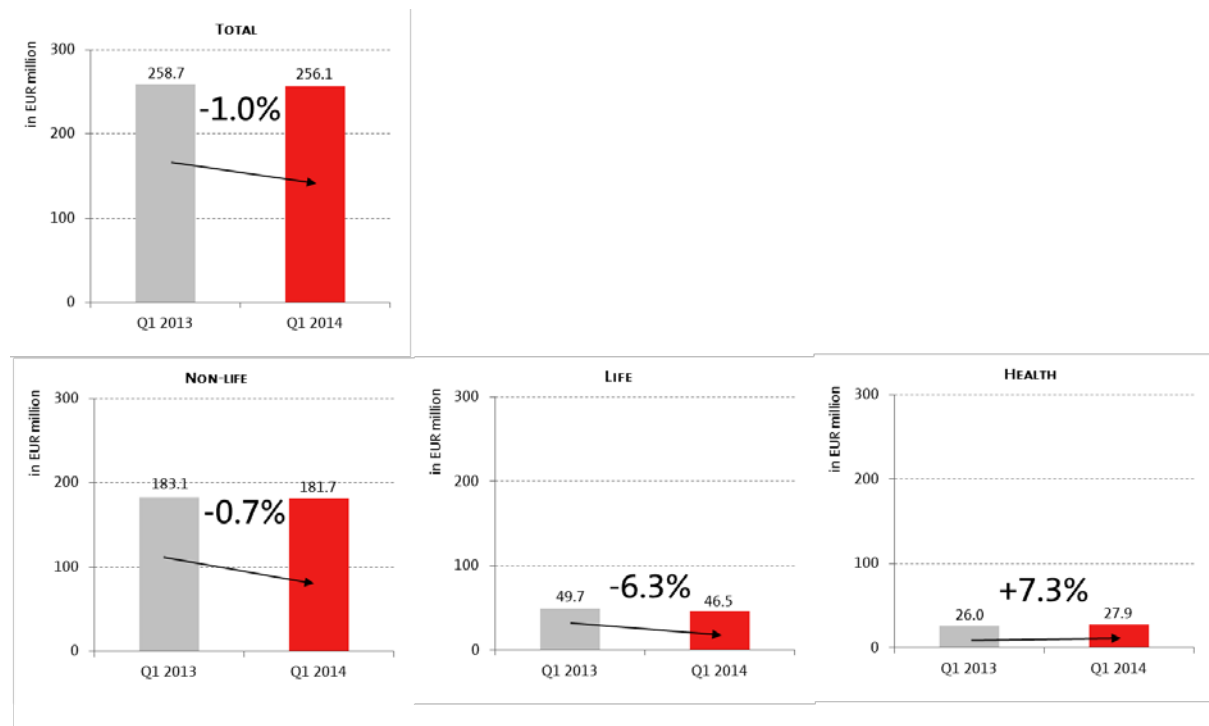
4.3 Performance of the Triglav Group

4.3.1 Gross written premiums from insurance and co-insurance contracts

In the first quarter of 2014, the Triglav Group posted a total of EUR 256.1 million in consolidated gross insurance and co-insurance premiums or 1% less than in the respective period of 2013. **Non-life insurance** total was EUR 181.7 million (index 99), **life insurance** reached EUR 46.5 million (index 94) and **health insurance** EUR 27.9 million (index 107).

In Q1 2014, the Company booked EUR 256.1 million in gross insurance and co-insurance premiums.

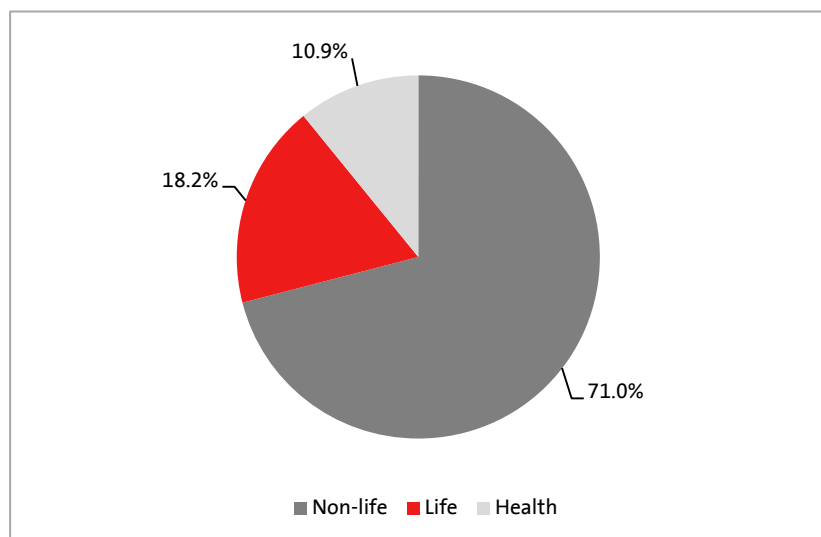
Graph: Gross written premiums from insurance and co-insurance contracts in Q1 2014 compared to Q1 2013



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

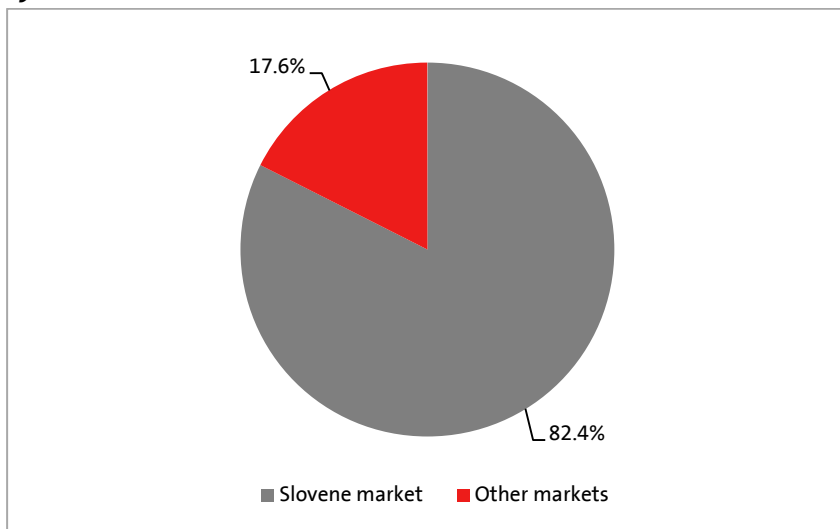
- non-life insurance accounted for 71.0% (Q1 2013: 70.8%),
- life insurance accounted for 18.2% (Q1 2013: 19.2%) and
- health insurance for 10.9% (Q1 2013: 10.0%).

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



A total of 84.2% 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 248.3 million in non-consolidated gross insurance and co-insurance premiums, which was 1% less than in the same period last year. Trends varied depending on subsidiary and market. In Slovenia, gross written premiums of Zavarovalnica Triglav were lower by 1%, whilst those of Triglav Zdravstvena zavarovalnica were higher by 7%. Gross written premiums grew in Triglav Osiguruvanje, Skopje by 30%, Triglav Osiguranje, Banja Luka by 25% and Triglav Osiguranje, Belgrade by 8%. The premiums by Triglav Osiguranje, Sarajevo remained at the same level as the year before (index 100). Gross written premiums were lower in Triglav Pojišt'ovna by 4%, Lovćen Osiguranje, Podgorica by 10%, Triglav Osiguranje, Zagreb by 13% and Lovćen životna osiguranja by 16%.

Pozavarovalnica Triglav Re booked a total of EUR 36.5 million in gross reinsurance premiums or 1% less than in the respective period of 2013. The decrease in premiums was to a great extent caused by a drop in comprehensive car insurance, miscellaneous financial loss insurance and goods in transit insurance premiums. On the other hand, high growth was recorded in aircraft insurance, aircraft liability insurance, marine insurance and accident insurance. Pozavarovalnica Triglav Re also recorded a 4% growth rate in fire and natural disasters insurance, the largest insurance class. Lower gross reinsurance premiums were a result of lower premiums from optional business with the Triglav Group (index 97), whilst reinsurance premiums earned outside the Triglav Group rose by 4%.

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

Insurance company	Gross written premium			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1 2014
Zavarovalnica Triglav	136,487,596	43,501,646	179,989,242	100	93	99	72.5%
Triglav, Zdravstvena zavarovalnica	27,864,753	0	27,864,753	107		107	11.2%
Triglav Osiguranje, Zagreb	10,164,045	2,023,011	12,187,056	85	94	87	4.9%
Triglav Osiguranje, Sarajevo	3,992,104	705,354	4,697,458	96	126	100	1.9%
Triglav Pojišt'ovna, Brno	7,208,913	0	7,208,913	96		96	2.9%
Lovćen Osiguranje, Podgorica	5,400,542	0	5,400,542	90		90	2.2%
Triglav Osiguranje, Belgrade	4,352,480	144,611	4,497,091	109	99	108	1.8%
Triglav Osiguranje, Banja Luka	1,356,274	0	1,356,274	125		125	0.5%
Triglav Osiguruvanje, Skopje	4,793,037	0	4,793,037	130		130	1.9%
Lovćen životna osiguranja, Podgorica	0	277,052	277,052		84	84	0.1%
Total	201,619,744	46,651,674	248,271,418	101	94	99	100.0%
Pozavarovalnica Triglav Re	36,455,937	0	36,455,937	99		99	
Consolidation eliminations	-28,461,816	-116,454	-28,578,270	101	112	101	
Total consolidated	209,613,865	46,535,220	256,149,085	100	94	99	

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

4.3.1.1 Non-life insurance

In total, Triglav Group insurance companies charged EUR 201.6 million of non-consolidated insurance and co-insurance premiums from non-life insurance contracts, which represent a 1% increase compared to the same period of 2013.

Motor vehicle insurance remains the largest insurance class, accounting for 31.5% of total written premiums. In **comprehensive car insurance**, insurance companies of the Group collected EUR 34.6 million in written premiums, or 3% less compared to the same period in 2013. A premium growth was recorded only in Triglav Osiguranje, Banja Luka, which was 14%. Other insurance companies recorded a drop in premiums, the largest in Lovćen Osiguranje, Podgorica (index 82) and Triglav Osiguranje, Belgrade (index 83). The Group collected EUR 43.6 million in **motor liability insurance** premiums, which was 2% less than in Q1 2013. A decrease in premiums was seen in the parent company (index 96), whose share in total premiums from motor vehicle liability insurance represents over 64%, in Triglav Osiguranje, Zagreb (index 85) and Lovćen Osiguranje, Podgorica (index 93). Other insurance companies recorded premium growth, the largest by Triglav Osiguruvanje, Skopje (16%), Triglav Osiguranje, Banja Luka (10%) and Triglav Pojišt'ovna (9%).

Motor vehicle insurance remains the most important segment, accounting for 31.5% of total premiums earned.

The main reasons for a decrease in the motor vehicle insurance premiums were the aggressive price competition among insurance companies, lower premiums due to several sales promotion activities, the introduction of discounts (a bonus programme) and the economic crisis. The effects of the economic crisis are widespread and manifested in reduced purchasing power, greater prudence of policyholders, lower sales of motor vehicles, lower insurance density of natural persons and legal entities (failure to renew comprehensive car insurance for older vehicles, for vehicles after the expiration of leasing agreements or after loan repayment), stricter borrowing terms and conditions, a higher unemployment rate and corporate bankruptcies. A premium decrease was also caused by lower premiums from large policyholders, which are won through public tenders (stricter tender requirements, competition, participation of insurance brokers and agencies and their commissions). Characteristic for the markets in Bosnia and Herzegovina, Montenegro and Macedonia are

competitive insurers that pay high commissions to agents, brokers, agencies and roadworthiness test providers, as well as unfair competition in a form of large discounts.

A growth of 7% was recorded in **health insurance**, where the Triglav Group wrote EUR 28.0 million in premiums. Triglav Zdravstvena zavarovalnica collected the majority of premiums, i.e. EUR 27.9 million in insurance premiums, which is 7% more than in the respective period last year. The growth of written premiums stems from successful marketing of supplemental health insurance products and a consequent increase in the number of policyholders.

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

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance), premiums of EUR 55.3 million were booked, representing an increase of 1% compared to Q1 2013. In fire and natural disaster insurance a drop of 6% was recorded, while other damage to property insurance experienced an 8% premium growth. A high increase in premiums was recorded in insurance companies Triglav Osiguruvanje, Skopje (index 182) and Triglav Osiguranje, Banja Luka (index 174) due to acquiring new policyholders. Zavarovalnica Triglav, accounting for almost 84% of total premiums, saw a 5% increase in written premiums (for more information see *Section 4.4.1*). On the contrary, a significant drop in written premiums was recorded in Triglav Pojišt'ovna (index 44), Lovćen Osiguranje (index 60) and Triglav Osiguranje, Zagreb (index 83). The main reasons for significantly lower premiums in Triglav Pojišt'ovna are the transition to a new IT system, making it difficult to provide this type of insurance, and the transformation of these insurance products into the products of other insurance classes. The decline in premiums in Lovćen Osiguranje is a result of partial charging of premiums of major policyholders already in December 2013 for the year 2014. In Triglav Osiguranje, Zagreb the main reason for the drop in premiums is non-renewal of insurance contracts of some major clients, primarily due to poor insurance technical results or financial problems of policyholders.

In **general liability insurance**, the Triglav Group recorded EUR 14.2 million, having decreased by 2% compared to the respective period in 2013, representing 5.7% of total premiums. Zavarovalnica Triglav, accounting for 85% of total premiums, saw a 1% decline in written premiums, primarily as a result of a drop in written premiums for liability of management and supervisory boards insurance and product liability insurance (for more information see *Section 4.4.1*). Subsidiaries with the highest growth in premiums written were Lovćen Osiguranje, Triglav Osiguruvanje, Skopje and Triglav Osiguranje, Belgrade, while Triglav Pojišt'ovna, Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Zagreb collected less premiums.

Accident insurance represented 4.7% of total written premiums or EUR 11.7 million in nominal terms. Compared to 2013, the premiums booked fell by 1%. A decrease in premiums was posted by Zavarovalnica Triglav, Triglav Osiguranje, Zagreb and Triglav Osiguranje, Banja Luka, whose combined share in total premiums from accident insurance represents 75%. Other insurance companies recorded premium increases. The decrease in accident insurance premiums was primarily the consequence of lower group accident insurance premiums as a result of an increasing number of corporate bankruptcies and lower corporate operating expenses. The decrease in accident insurance premiums was a result of the situation in the motor vehicle insurance market, as almost a half of premiums in this insurance group arises from two insurance sub-classes taken out simultaneously with car insurance (AO-plus insurance and driver and passenger accident insurance).

Credit insurance accounts for a 2.1% share of total premiums. The written premiums amounted to EUR 5.1 million, which is 12% more than in 2013. Zavarovalnica Triglav (accounting for 99.6% of total premiums) recorded a 12% 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 also significantly increased.

Premiums from **other non-life insurance** (accounting for 3.7% of total premiums) increased by 7% to EUR 9.1 million. Most insurance subsidiaries posted high premium growth. The highest growth in premiums was recorded by Triglav Pojišt'ovna, Triglav Osiguranje, Belgrade and Triglav Osiguranje, Sarajevo. Zavarovalnica Triglav, accounting for 73% of total premiums, saw a 3% increase in written premiums. Among insurance sub-classes high growth was seen in aircraft liability insurance, miscellaneous financial loss insurance, goods in transit insurance and assistance insurance.

4.3.1.2 Life insurance

In total, the Triglav Group insurance companies charged EUR 46.7 million in non-consolidated gross written premiums from **life insurance** contracts or 6% less than in the first three months of 2013. This accounted for 18.8% of total gross written premiums, which was 1.1 percentage points less than in the corresponding period of 2013. The main reasons for this decrease can be found in continued adverse financial and economic conditions, as clients are more prudent when purchasing long-term life insurance policies, and in a higher number of policy surrenders and withdrawals.

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

Premiums from **life insurance** (traditional life insurance, annuity insurance, annuity pension insurance, voluntary pension insurance and tontine) amounted to EUR 24.3 million or 52.0% of the life insurance class total. Life insurance generated 5% more premiums than in the same period of 2013, however comparison with the last year is not realistic. In 2013, annuity pension insurance was a part of the capital redemption insurance class, whereas this year it is covered by the life insurance class. A significant growth in premiums was recorded in Triglav Osiguranje, Sarajevo, achieved as a result of sales via agencies and banking sales channels.

The premiums generated by **unit-linked life insurance** totalled EUR 19.1 million or 40.9% of gross written premiums in the life insurance class. They were 7% lower than in the previous year. Unit-linked life insurance policies are available from Zavarovalnica Triglav (a 7% decline over 2013) and Triglav Osiguranje, Zagreb (a 12% decline over 2013), which booked EUR 18.3 million and EUR 0.8 million in written premiums respectively.

Supplemental voluntary pension insurance (capital redemption insurance) generated EUR 3.3 million or 7.1% of total life insurance premiums. Premiums dropped by 46% compared to the year before, although comparison with the same period last year is not realistic. In 2013, annuity pension insurance was part of the capital redemption insurance class, whereas this year it is covered by the life insurance class.

Table: Gross written premiums 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 2014	Q1 2013	Q1 2014/ Q1 2013	Q1 2014
Accident insurance	11,674,270	11,762,371	99	4.7%
Health insurance	28,031,647	26,160,943	107	11.3%
Comprehensive car insurance	34,613,038	35,738,819	97	13.9%
Real property insurance	55,298,049	54,505,068	101	22.3%
Motor liability insurance	43,551,993	44,641,119	98	17.5%
General liability insurance	14,203,765	14,515,451	98	5.7%
Credit insurance	5,127,147	4,565,814	112	2.1%
Other non-life insurance	9,119,836	8,501,454	107	3.7%
Non-life insurance	201,619,745	200,391,039	101	81.2%
Life insurance	24,250,730	23,082,777	105	9.8%
Unit-linked life insurance	19,066,695	20,532,490	93	7.7%
Capital redemption insurance	3,334,248	6,156,418	54	1.3%
Life insurance	46,651,673	49,771,685	94	18.8%
Total	248,271,418	250,162,724	99	100.0%

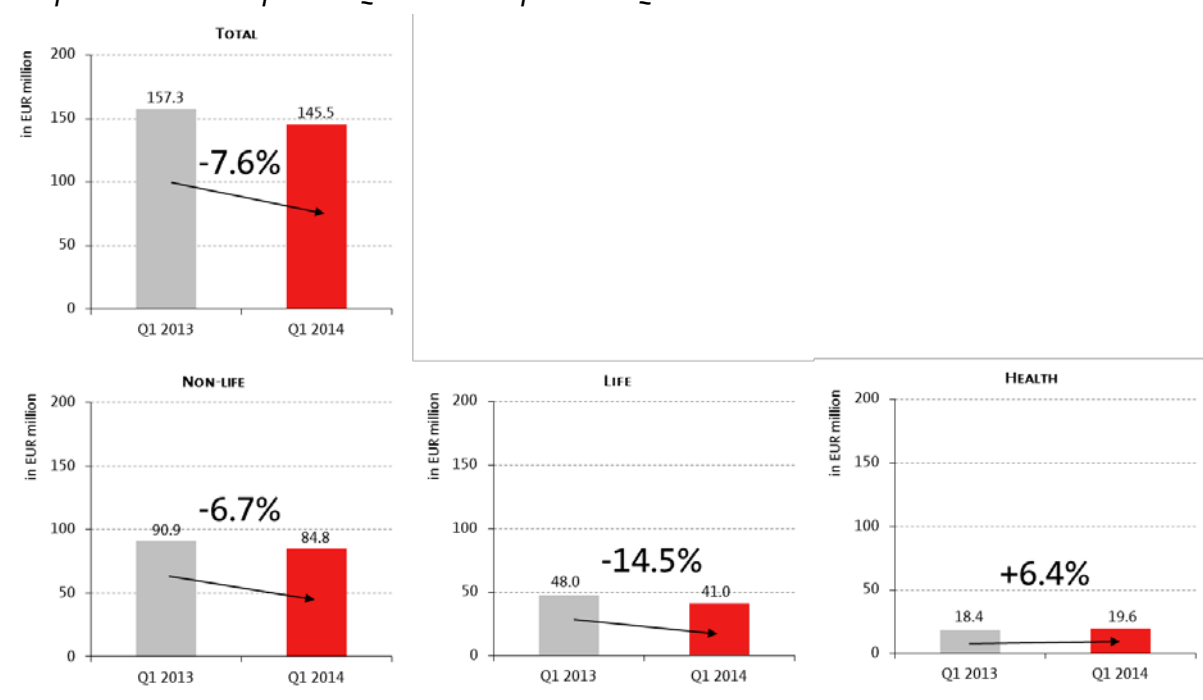
Note: The data on life insurance and capital redemption insurance premiums for 2014 and 2013 are not comparable. In 2013, annuity pension insurance was a part of the capital redemption insurance class (supplemental voluntary pension insurance), whereas this year it is covered by the life insurance class.

4.3.2 Gross claims paid

In the first three months of 2014, the Triglav Group posted a total of EUR 145.4 million in consolidated gross claims paid (including claim handling costs and subrogation receivables) or 8% less than in the same period of 2013. Gross claims paid in **non-life insurance** came to EUR 84.8 million (index 93), in the **life insurance** segment they amounted to EUR 41.0 million (index 85) and in **health insurance** they totalled EUR 19.6 million (index 106).

Gross claims paid decreased by 8% compared to 2013.

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



Excluding Pozavarovalnica Triglav Re, the Triglav Group insurance companies posted EUR 140.1 million in non-consolidated gross claims, which represents a decrease of 6% compared to the previous year. The highest growth rates in gross claims paid were recorded by Lovćen životna osiguranja (index 239), Triglav Osiguranje, Banja Luka (index 170), Triglav Osiguranje, Zagreb (index 119) and Lovćen Osiguranje (index 118). A 6% increase in gross claims paid was observed in Triglav Zdravstvena zavarovalnica. A decrease in gross claims paid was recorded by Triglav Pojišt'ovna, Brno (index 69), Triglav Osiguruvanje, Skopje (index 89), Zavarovalnica Triglav (index 90), Triglav Osiguranje, Beograd (index 97) and Triglav Osiguranje, Sarajevo (index 99).

Gross claims paid from reinsurance contracts by Pozavarovalnica Triglav Re totalled EUR 12.5 million, or 13% less than the preceding year. This decrease was to a large degree caused by lower gross claims paid in other damage to property insurance (index 66) and miscellaneous financial loss insurance (index 13). Gross claims paid in business outside the Triglav Group decreased by 22% and in operations in the Triglav Group by 2%.

Table: Gross claims paid in Q1 2014 by Triglav Group insurance companies

Insurance company	Gross claims paid			Index			Structure
	Non-life	Life	Total	Non-life	Life	Total	Q1 2014
Zavarovalnica Triglav	58,682,533	39,337,945	98,020,478	94	84	90	70.0%
Triglav, Zdravstvena zavarovalnica	19,580,584	0	19,580,584	106		106	14.0%
Triglav Osiguranje, Zagreb	5,959,589	1,083,317	7,042,906	120	116	119	5.0%
Triglav Osiguranje, Sarajevo	1,497,567	225,097	1,722,664	93	173	99	1.2%
Triglav Pojišt'ovna, Brno	4,293,893	0	4,293,893	69		69	3.1%
Lovćen Osiguranje, Podgorica	4,162,574	0	4,162,574	118		118	3.0%
Triglav Osiguranje, Belgrade	2,111,382	94,768	2,206,150	95	179	97	1.6%
Triglav Osiguranje, Banja Luka	768,221	0	768,221	170		170	0.5%
Triglav Osiguruvanje, Skopje	2,043,245	0	2,043,245	89		89	1.5%
Lovćen životna osiguranja, Podgorica	0	254,758	254,758		239	239	0.2%
Total	99,099,588	40,995,885	140,095,473	97	85	94	100.0%
Pozavarovalnica Triglav Re	12,548,318	0	12,548,318	87		87	0
Consolidation eliminations	-7,262,874	-180	-7,263,054	105	150	105	0
Total consolidated	104,385,032	40,995,705	145,380,737	95	85	92	

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

4.3.2.1 Non-life insurance

Non-consolidated gross claims in **non-life insurance** amounted to EUR 99.1 million or 3% less than in the respective period of 2013.

Claims related to **motor liability insurance** represented 16.0% of total gross claims settled by the Triglav Group. Total claims paid amounted to EUR 22.4 million, which was 15% less than in Q1 2013. All the Group's insurance companies recorded a drop in gross claims in this insurance class. Less premiums were booked primarily by Triglav Osiguranje, Banja Luka, Triglav Pojišt'ovna, Triglav Osiguruvanje, Skopje and Triglav Osiguranje, Belgrade. In Zavarovalnica Triglav, holding almost 63% of the total, claims settled in motor vehicle liability insurance fell by 13%. The decrease was a result of fewer reported claims due to fewer insurance policies and improved road traffic safety.

A 13% decrease in gross claims paid was recorded in the **comprehensive car insurance** class. Gross claims paid amounted to EUR 21.8 million, which was 15.5% 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. Only in Lovćen Osiguranje gross claims paid remained at the same level as the year before (index 100). In the parent

company, which accounts for 84% of the total, gross claims settled in this insurance class experienced a 13% decrease.

In **real property insurance**, total claims paid amounted to EUR 20.5 million or 25% more than the year before, accounting for 14.7% of total gross claims paid. High growth was recorded in fire and natural disaster insurance (index 138) and in gross claims from other damage to property insurance (index 117). All insurance companies, excluding Triglav Pojišt'ovna, also recorded high growth. The highest volume of gross claims in this insurance class was registered in Triglav Osiguranje, Banja Luka, Lovćen Osiguranje and Triglav Osiguranje, Belgrade. High growth in claims in Triglav Osiguranje, Banja Luka is mostly a result of claim payments to two large policyholders, and in Lovćen Osiguranje it is mainly a result of claims paid due to damage on the electrical grid caused by storms in January last year. This significant increase in Triglav Osiguranje, Belgrade is mostly a consequence of a high claim paid in an out-of-court settlement. Zavarovalnica Triglav, holding a 76% share of this insurance class, recorded a 23% increase in claims, mainly as a result of damage on the electrical grid and telecommunication networks caused by frost in Slovenia at the end of January. High growth was also recorded in combined property insurance products due a large payment of claim to a policyholder by the parent company.

In **health insurance**, gross claims increased by 6%, mainly due to insurance portfolio growth. Equalisation scheme expenses totalled EUR 1.9 million, which was 1% less than in the same period last year (a decrease of EUR 23 thousand).

Accident insurance dropped by 4%, amounting to EUR 5.6 million. 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 91). The parent company's share in the Group's accident insurance accounts for 58% of the total. A substantial decrease in gross written claims was recorded by Triglav Osiguranje, Sarajevo and Triglav Osiguranje, Zagreb due to fewer reported claims.

Gross claims paid in **general liability insurance** were lower by as much as 22%. A high drop was primarily a consequence of a 26% decrease in gross written claims paid by Zavarovalnica Triglav (accounting for 88% of total claims in this insurance class). A decline in claims settled was also posted by Triglav Osiguranje, Skopje and Triglav Osiguranje, Belgrade, whilst other insurance companies recorded a growth in gross claims settled.

Gross claims paid in **credit insurance** decreased by 24%. In 2013, gross claims settled amounted to EUR 0.9 million. Gross claims paid by the Triglav Group, accounting for the majority of total claims (93%) in this insurance class, decreased by 17%. This drop was mainly caused by decreased claims in domestic trade insurance and export credit insurance. A significant decrease in claims was recorded in Triglav Osiguranje, Zagreb.

A 13% increase in gross claims paid was recorded in **other non-life insurance**, primarily owing to a high growth in Triglav Osiguranje, Zagreb. This is mostly due to high claims paid arising from marine insurance. In most other insurance companies gross claims paid decreased. A drop in claims paid was registered in miscellaneous financial loss insurance, aircraft insurance, goods in transit insurance and aircraft liability insurance.

4.3.2.2 Life insurance

Gross claims paid in **life insurance** totalled EUR 41.0 million and were 15% lower compared to the respective period last year. Claims in the life insurance class accounted for 29.3% of total claims paid which is 2.8

Gross claims paid in life insurance decreased by 15% compared to the year before.

percentage points less than the year before.

The bulk of all claims settled is accounted for by the **life insurance** class (traditional life, annuity, annuity pension and voluntary pension insurance), which totalled EUR 24.0 million, or 5% less compared to the previous year, due to a decrease in sums paid out on the maturity and fewer surrenders. A 2% drop in claims paid was recorded in **unit-linked life insurance**, where claims paid amounted to EUR 14.4 million, due to the same reasons as those for life insurance. Gross claims paid in **supplemental voluntary pension insurance** decreased by 69% due to transfers to another pension insurance provider and withdrawals from insurance contracts. However, comparison with the previous year for this insurance class is not realistic as in 2013 annuity pension insurance, which is now a part of life insurance, was not accounted for in this insurance class.

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

Insurance class	Gross claims paid		Index	Structure
	Q1 2014	Q1 2013	Q1 2014/ Q1 2013	Q1 2014
Accident insurance	5,620,503	5,840,386	96	4.0%
Health insurance	19,769,184	18,587,322	106	14.1%
Comprehensive car insurance	21,761,292	25,061,883	87	15.5%
Real property insurance	20,526,163	16,386,860	125	14.7%
Motor liability insurance	22,445,378	26,397,067	85	16.0%
General liability insurance	3,083,130	3,932,000	78	2.2%
Credit insurance	930,700	1,217,798	76	0.7%
Other non-life insurance	4,963,235	4,399,800	113	3.5%
Non-life insurance	99,099,585	101,823,116	97	70.7%
Life insurance	24,042,272	25,271,235	95	17.2%
Unit-linked life insurance	14,436,062	14,687,314	98	10.3%
Capital redemption insurance	2,517,554	8,017,257	31	1.8%
Life insurance	40,995,888	47,975,806	85	29.3%
Total	140,095,473	149,798,922	94	100.0%

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

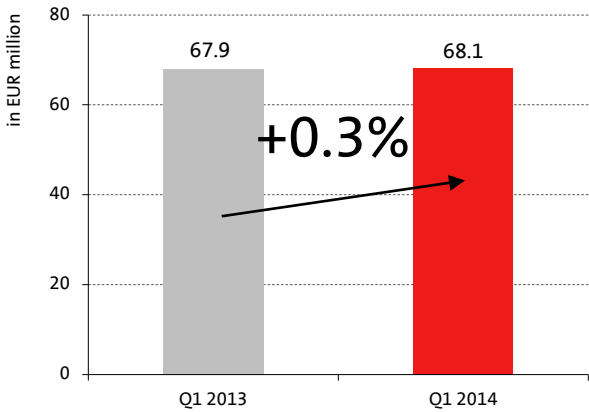
4.3.3 Gross operating expenses

Total consolidated gross operating expenses of the Triglav Group remained approximately at the same level as in 2013 (index 100), amounting to EUR 68.1 million. **Insurance business expenses** climbed by 1% to EUR 53.1 million. The growth of insurance business operating expenses was 2 index points higher than the growth of gross written premiums. **Expenses of non-insurance business** decreased by 4% and totalled EUR 14.9 million.

Gross operating expenses remained approximately at the same level as the year before.

Insurance business operating expenses accounted for 20.7% of gross written premiums, which was 0.4 percentage point more than in the respective period one year earlier. Gross operating costs in **non-life insurance** equalled EUR 43.0 million (index 100), in the **life-insurance** segment they amounted to EUR 8.2 million (index 106) and in **health insurance** they totalled EUR 1.9 million (index 115).

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



Acquisition costs (fees and commissions) increased by 23% mainly as a result of sales campaigns and totalled EUR 9.4 million. The acquisition costs of goods sold grew by 3% to EUR 4.6 million. Depreciation costs equalled EUR 4.4 million or 3% less than in 2013. With 45.9%, labour costs accounted for the largest portion of total expenses and increased by 2% over 2013, totalling EUR 33.1 million. Costs of services provided by natural persons other than sole proprietors equalled EUR 0.6 million, having decreased by 9%. Other operating expenses decreased by 6% to EUR 20.1 million.

In total gross operating expenses, broken down by functional group, costs of insurance contract acquisition accounted for 56.5%, representing an increase of 2.7 percentage points. Claim handling costs accounted for 12.4% (the same as in 2013) and asset management costs for 1.7% (2013: 1.6%). Other operating expenses represented 29.3% and decreased by 2.8 percentage points.

Table: Gross operating expenses in Q1 2014 by nature

	Gross operating costs		Index	Structure
	Q1 2014	Q1 2013	2014/2013	Q1 2014
Acquisition costs (fees and charges)	9,408,332	7,640,611	123	13.0%
Costs of goods sold	4,627,047	4,480,433	103	6.4%
Depreciation of operating assets	4,364,587	4,476,551	97	6.0%
Labour costs	33,140,923	32,473,439	102	45.9%
- wages and salaries	24,356,255	23,819,364	102	33.7%
- social securities and pension insurance costs	5,223,776	5,167,022	101	7.2%
- other labour costs	3,560,892	3,487,053	102	4.9%
Costs of services provided by natural persons other than SPs together with pertaining taxes	626,198	686,544	91	0.9%
Other operating expenses	20,079,506	21,467,841	94	27.8%
- costs of entertainment, advertising, trade shows	2,645,418	2,880,593	92	3.7%
- costs of material and energy	3,506,221	3,687,473	95	4.9%
- maintenance costs	2,225,430	2,148,339	104	3.1%
- reimbursement of labour-related costs	1,003,680	1,095,702	92	1.4%
- costs of intellectual and personal services	897,535	899,558	100	1.2%
- non-income-related costs, excluding insurance	468,694	719,023	65	0.6%
- costs of transport and communication services	1,087,228	1,082,536	100	1.5%
- costs of insurance premiums	214,243	240,709	89	0.3%
- payment transaction costs and banking services	642,860	705,519	91	0.9%
- rents	1,377,202	1,541,137	89	1.9%
- costs of services of professional training	121,280	240,487	50	0.2%
- other costs of services	5,889,715	6,183,553	95	8.2%
- long-term employee benefits	0	43,212	0	0.0%
Total	72,246,593	71,225,419	101	100.0%
Consolidation eliminations	-4,158,269	-3,323,539	125	
Total consolidated	68,088,324	67,901,880	100	

4.3.4 Reinsurance

In the first quarter of 2014, the Triglav Group allocated EUR 28.5 million of reinsurance and coinsurance premiums to external equalisation, which is 7% more than in the respective period of 2013. Reinsurance premiums accounted for 11.1% total gross written insurance and coinsurance premiums. An amount of EUR 4.8 million was received from reinsurance (index 136).

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 31 March 2014, the Triglav Group allocated EUR 2,339.0 million to gross insurance technical provisions, a 3% increase over the 2013 year-end. In non-life insurance, the amount of gross insurance technical provisions increased by 7%, whereas in life insurance it was 1% higher.

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

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

- **Gross provisions for unearned premiums** increased by 17% and reached EUR 303.2 million. Unearned premiums from non-life insurance amounted to EUR 300.0 million (index 117), unearned premiums from life insurance totalled EUR 505 thousand (index 112), while those from health insurance increased by 34% or EUR 2.7 million in nominal terms.

- **Gross claims provisions** increased by 2% and amounted to EUR 688.2 million. Gross provisions for outstanding claims in non-life insurance equalled EUR 660.5 million (index 102), in the life-insurance segment they amounted to EUR 20.6 million (index 100) and in health insurance they totalled EUR 7.5 million (index 92).
- **Mathematical provisions** stood at EUR 1,324.5 million, or 1% more than at the end of 2013. Of that amount, EUR 890.1 million arose from the guarantee fund backing life insurance, and the remaining EUR 434.4 million from the guarantee fund backing unit-linked life insurance.
- **Provisions for bonuses and discounts** increased by 2% to EUR 15.7 million.
- **Other insurance technical provisions** totalled EUR 7.5 million or 1% less than in 2013.

Table: Gross insurance technical provision as at 31 March 2014

	Gross insurance technical provisions		Index
	31 March 2014	31 December 2013	2014/2013
Unearned premiums	303,152,125	258,066,669	117
Mathematical provisions	1,324,491,463	1,305,934,730	101
Claims provisions	688,193,680	674,436,244	102
Provisions for bonuses and discounts	15,655,786	15,399,739	102
Other insurance technical provisions	7,531,393	7,595,652	99
Total	2,339,024,447	2,261,433,034	103

4.3.6 Structure of financial investments

As at 31 March 2014, **financial assets** stood at EUR 2,611.7 million or 3% more than at the 2013 year-end. In total assets, their share decreased by 1.6 percentage point and reached 81.0%.

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 66.2%, **debt and other fixed-return securities** maintained their largest share of total financial assets. As at the end of reporting date, they stood at EUR 1,730.2 million, which represented a 3% increase compared to 31 December 2013.

As at 31 March 2014, **unit-linked insurance contract investments** remained at approximately the same level as at the end of 2013 (index 100), equalling EUR 437.2 million and accounting for 16.7% of total financial assets.

The largest increase was recorded in **investment shares and other floating rate securities**, having increased by 29%. They amounted to EUR 146.0 million, accounting for 5.6% of total financial assets.

In total financial assets, **deposits with banks** accounted for 4.1%, having decreased by 5% to EUR 106.1 million. **Investment property** amounted to EUR 93.9 million and accounted for 3.6% of total financial assets, having decreased by 3%. **Loans given** climbed by 1% to EUR 54.1 million, accounting for 2.1% of the total. **Other financial investments** stood at EUR 30.2 million (index 101), representing a 1.2% share of total financial assets.

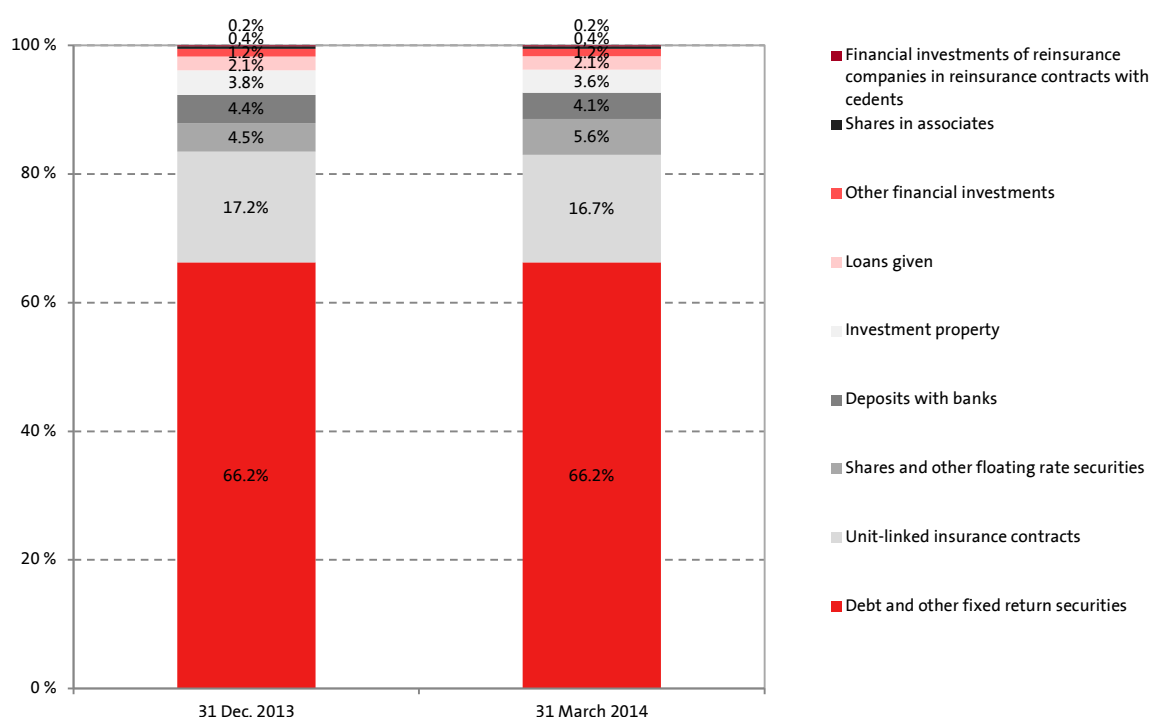
Financial investments in associates fell by 3%, amounting to EUR 9.9 million.

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

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

	Financial investments			Structure
	31 March 2014	31 Dec. 2013	Index	31 March 2014
Investment property	93,893,573	97,245,384	97	3.6%
Shares in associates	9,880,193	10,204,674	97	0.4%
Shares and other floating rate securities	146,007,130	113,308,492	129	5.6%
Debt and other fixed return securities	1,730,198,204	1,682,058,225	103	66.2%
Loans given	54,109,004	53,739,807	101	2.1%
Deposits with banks	106,106,810	111,252,085	95	4.1%
Other financial investments	30,244,484	29,990,307	101	1.2%
Financial investments of reinsurance companies in reinsurance contracts with cedents	4,106,886	4,166,848	99	0.2%
Unit-linked insurance contracts	437,174,833	437,667,615	100	16.7%
Total	2,611,721,117	2,539,633,437	103	100.0%

Graph: Structure of financial assets of the Triglav Group



Government bonds representing 59% continued to account for the bulk of total fixed-return debt securities. Compared to 31 December 2013, they grew by 10% and their share in total financial assets rose by 3.6 percentage points. Financial bonds saw an increase of 0.2 percentage point, representing 16% in total debt securities, whereas in total debt and other fixed-return securities, the shares of corporate bonds (21%) and financial bonds (4%) decreased.

Table: Debt securities of the Triglav Group by issuer sector

Issuer sector	Debt securities		Index	Structure	
	31 March 2014	31 December 2013	2014/2013	31 Mar. 2014	31 Dec. 2013
Government	1,020,222,415	931,508,835	110	59.0%	55.4%
Corporate	363,503,274	416,414,731	87	21.0%	24.8%
Financial	279,866,501	268,514,593	104	16.2%	16.0%
Structured	66,606,014	65,620,066	102	3.8%	3.9%
Total	1,730,198,204	1,682,058,225	103	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The share of the BBB-rated bonds increased by 5.7 percentage points or 17%, mainly due to increased exposure to the Slovene government bonds and government bonds of peripheral European countries, and is partly a result of the extraordinary growth rates. Decrease in the share of A- and AA-rated bonds stems mainly from the decrease in the share of corporate bonds, while a reduced share of bonds with the highest AAA rating is the result of a lower share of European government bonds with the highest credit ratings (mainly German government bonds).

Table: Debt securities of the Triglav Group by credit rating

Credit rating	Debt securities		Index	Structure	
	31 March 2014	31 December 2013	2014/2013	31 Mar. 2014	31 Dec. 2013
AAA	287,995,183	319,807,623	90	16.6%	19.0%
AA	109,725,541	135,631,475	81	6.3%	8.1%
A	244,401,055	258,228,467	95	14.1%	15.4%
BBB	815,622,685	696,985,051	117	47.1%	41.4%
Below BBB	156,299,488	157,628,625	99	9.0%	9.4%
Not rated	116,154,252	113,776,984	102	6.7%	6.8%
Total	1,730,198,204	1,682,058,225	103	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

Changes in exposure to debt securities to individual countries are largely a result of changes in the structure within the category of government bonds, while no major changes were recorded in the geographical structure of exposure of corporate and financial bonds at the end of the first quarter of 2014.

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

Country of issuer	Debt securities		Index	Structure	
	31 March 2014	31 December 2013	2014/2013	31 Mar. 2014	31 Dec. 2013
Slovenia	433,668,831	392,777,070	110	25.1%	23.4%
Germany	252,337,743	296,233,281	85	14.6%	17.6%
France	122,328,065	160,156,601	76	7.1%	9.5%
Spain	110,097,940	79,665,521	138	6.4%	4.7%
Netherlands	107,166,599	116,296,851	92	6.2%	6.9%
Italy	72,433,108	45,664,085	159	4.2%	2.7%
Other	632,165,918	591,264,815	107	36.5%	35.2%
Total	1,730,198,204	1,682,058,225	103	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 to a lesser extent due to the growth rates of Slovene shares. Exposure to shares of developing markets is lower as a result of sales made at the beginning of the first quarter of 2014.

Table: Equity investments of the Triglav Group by geographic area

Geographic area	Equity investments		Index	Structure	
	31 March 2014	31 December 2013		31 Mar. 2014	31 Dec. 2013
Slovenia	73,393,468	68,664,283	107	47.1%	55.6%
Developed markets	67,680,997	36,128,938	187	43.4%	29.3%
Developing markets	5,724,197	9,409,322	61	3.7%	7.6%
Balkans	9,088,661	9,310,624	98	5.8%	7.5%
Total	155,887,323	123,513,166	126	100.0%	100.0%

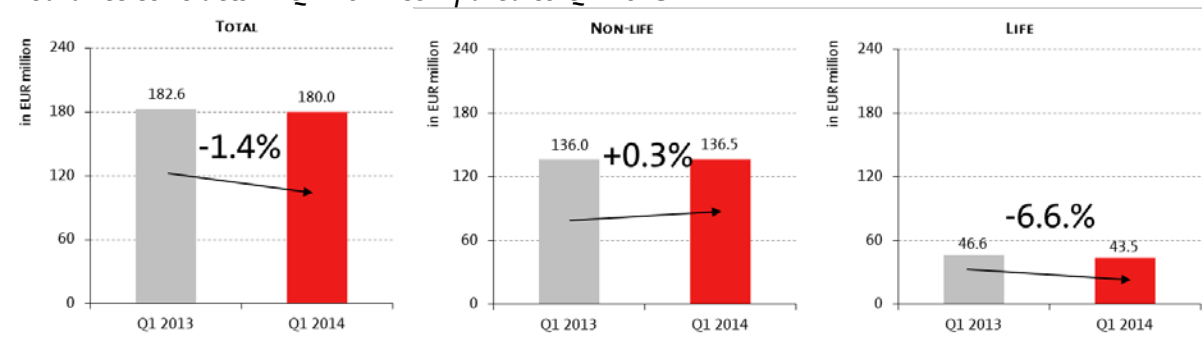
4.4 Performance of Zavarovalnica Triglav

4.4.1 Gross written premium from insurance and co-insurance contracts

In the first three months of 2014, Zavarovalnica Triglav booked a total of EUR 180.0 million of gross written premiums from insurance and co-insurance contracts or 1% less than in the same period of the year before.

Gross written insurance and co-insurance premiums amounting to EUR 180.0 million were 1% lower compared to the respective period last year.

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



The gross written premiums in non-life insurance totalled EUR 136.5 million, which is approximately the same as in the preceding year (index 100), whilst that of life insurance decreased by 7% or EUR 43.5 million in nominal terms.

In total written premiums, non-life insurance accounted for 75.8% and life insurance for 24.2%. The share of non-life insurance premiums in total gross written premiums increased by 1.3 percentage points compared to the same period of the previous year.

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

Insurance class	Gross written premium		Index	Structure
	Q1 2014	Q1 2013	Q1 2014/ Q1 2013	Q1 2014
Accident insurance	8,185,752	8,469,476	97	4.5%
Health insurance	0	0	0	0.0%
Comprehensive car insurance	30,070,672	30,800,494	98	16.7%
Real property insurance	46,379,396	44,260,817	105	25.8%
Motor liability insurance	27,980,449	29,216,266	96	15.5%
General liability insurance	12,143,376	12,268,954	99	6.7%
Credit insurance	5,107,583	4,563,648	112	2.8%
Other non-life insurance	6,617,323	6,454,334	103	3.7%
Non-life insurance	136,484,550	136,033,990	100	75.8%
Life insurance	21,888,346	20,783,665	105	12.2%
Unit-linked life insurance	18,276,061	19,633,621	93	10.2%
Capital redemption insurance	3,334,248	6,156,418	54	1.9%
Life insurance	43,498,655	46,573,704	93	24.2%
Total	179,983,205	182,607,694	99	100.0%

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

In **non-life insurance**, an increase in gross written premiums was seen in credit insurance, real property insurance and other non-life insurance. In credit insurance, premiums written amounted to EUR 5.1 million, representing a 12% growth. This is primarily a result of high growth in consumer loan insurance, the largest insurance sub-class (65% share of total credit insurance), since the volume of operations with two banks increased and consumer loan insurance for low-value purchases was redesigned. Good sales results were achieved in financial gap insurance, miscellaneous financial loss insurance, insurance in the event of unemployment, disability and death, payment card claims insurance and export receivable insurance.

In the real property insurance class (fire and natural disaster insurance and other damage to property insurance), premiums recorded a 5% growth. High growth was recorded in crop and fruit insurance (index 202), mainly as a result of amendment to the Regulation on co-financing, which reduced the co-financing of insurance premiums of crops and fruits from 50% to 40% and came into force on 25 January 2014. Therefore, more insurance policies were taken out prior to the entry into force of this Regulation as are usually concluded within this period. However, solid sales results were achieved in combined non-life insurance, fire insurance of civil risks, earthquake insurance, machinery breakdown insurance, animal insurance, food freezer insurance, burglary insurance, broken glass and computer insurance.

A 3% premium growth was seen in other non-life insurance. This predominantly resulted from higher premiums in goods in transit insurance (index 124). Good sales results were also achieved in marine liability insurance, mostly due to marina insurance. Harsh economic conditions significantly affected this insurance class as the policyholders were returning the vessels funded through leasing or sold them. Premium growth in assistance insurance was a result of good sales results in roadside assistance insurance.

In motor vehicle insurance, which accounts for the largest share (32.3%) in the portfolio, EUR 58.1 million in premiums was recorded; i.e. 3% less than in 2013. Motor liability insurance premiums and comprehensive car insurance premiums decreased by 4% and 2% respectively. The main reasons for this decrease are:

- aggressive price competition among insurance companies;

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

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. A higher drop in premium was recorded in product liability insurance, where a major policyholder extended their coverage only for a month. On the contrary, the general liability insurance, accounting for 84% of total premiums of this insurance class, recorded a 4% growth.

The decrease in accident insurance premiums (index 97) was primarily the consequence of lower premiums in collective accident insurance as the largest insurance sub-class of accident insurance group (40%). The premium drop is a result of an increasing number of corporate bankruptcies and lower corporate operating expenses. The decrease in accident insurance premiums was also a result of the situation in the motor vehicle insurance market, as almost a half of premiums in this insurance group arises from two insurance sub-classes taken out simultaneously with car insurance (AO-plus insurance and driver and passenger accident insurance).

The 7% decrease in **life insurance** premiums mostly resulted from the aging of the life insurance portfolio (an increased number of maturities) as well as an 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% higher than in the respective period last year and accounted for over 50% of the total life-insurance premiums. Comparison with the last year is not realistic, as in 2013 annuity pension insurance was part of the capital redemption insurance class, whereas this year it is covered by the life insurance class.

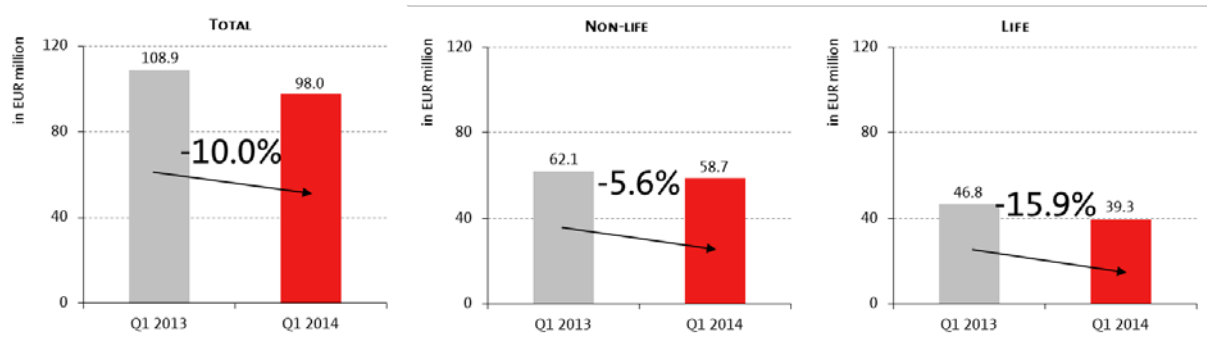
The premiums generated by unit-linked life insurance represented 42% of total written premiums in the life insurance class, which was 7% less compared to one year earlier. Premiums from supplemental voluntary pension insurance (capital redemption insurance) dropped by 46% compared to the year before, although comparison with the same period last year is not realistic. In 2013, annuity pension insurance was part of the capital redemption insurance class, whereas this year it is covered by the life insurance class.

4.4.2 Gross claims paid

In the first quarter of 2014, Zavarovalnica Triglav posted a total of EUR 98.0 million in gross claims paid (including claim handling costs and reduced by subrogation receivables) which is 10% less than in the respective period of 2013. The performance in first three months of 2014 was primarily impacted by a snow and ice storm that affected the entire Slovenia at the end of January, resulting in over EUR 10 million of claims. By the end of the first quarter, EUR 4.2 million in claims was paid.

The profit level was also affected by mass loss events.

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



In non-life insurance, total gross claims paid amounted to EUR 58.7 million or 6% less than the year before. Life insurance premium growth was higher by 6 percentage points than the growth of gross claims.

Gross claims paid in non-life insurance decreased by 6% compared to the respective period of 2013.

Gross claims in real property insurance recorded a high 23% 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). A high growth was also recorded in combined non-life insurance due to a large payment of claim to a policyholder, planned to be paid out in Q2.

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 74) and credit insurance (index 83). In the largest non-life insurance class, i.e. comprehensive car insurance (representing almost one third of all non-life insurance claims), gross claims decreased by 13%. A 13% drop in gross claims was also seen in motor liability insurance. Gross claims paid in the accident insurance group decreased by 9%, while in other non-life insurance by 2%.

Gross claims paid in life insurance totalled EUR 39.3 million and were 16% lower than in the first quarter of 2013. Claims in the life insurance group accounted for 40.1% of total claims paid, having decreased by 2.8 percentage points. The bulk of all claims settled is accounted for by the life insurance class (traditional life, pension, annuity pension and voluntary pension insurance), which totalled EUR 22.8 million or 6% less than in the same period last year due to a decrease in sums paid out on the maturity and fewer surrenders. A 2% decrease was seen in unit-linked life insurance due to the same reasons as those for life insurance. Gross claims paid in supplemental pension insurance decreased by 69% due to transfers to another pension insurance provider and withdrawals from insurance contracts. However, comparison with the previous year is not realistic as in 2013 annuity pension insurance was accounted for in another insurance class, while now it is a part of life insurance.

Gross claims paid in life insurance decreased by 16% compared to the corresponding period last year.

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

Insurance class	Gross claims paid		Index	Structure
	Q1 2014	Q1 2013	Q1 2014/ Q1 2013	Q1 2014
Accident insurance	3,252,628	3,583,743	91	3.3%
Health insurance	0	0	0	0.0%
Comprehensive car insurance	18,319,454	21,083,062	87	18.7%
Real property insurance	15,670,036	12,784,891	123	16.0%
Motor liability insurance	14,115,482	16,179,514	87	14.4%
General liability insurance	2,704,378	3,657,055	74	2.8%
Credit insurance	862,449	1,035,871	83	0.9%
Other non-life insurance	3,758,105	3,816,577	98	3.8%
Non-life insurance	58,682,533	62,140,713	94	59.9%
Life insurance	22,794,016	24,377,396	94	23.3%
Unit-linked life insurance	14,026,375	14,243,175	98	14.3%
Capital redemption insurance	2,517,553	8,134,596	31	2.6%
Life insurance	39,337,945	46,755,167	84	40.1%
Total	98,020,478	108,895,881	90	100.0%

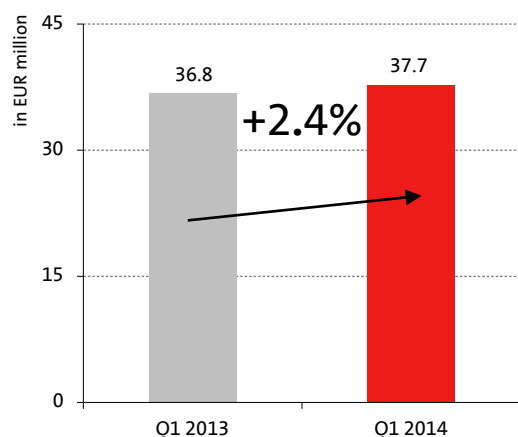
Note: The data on gross claims paid in life insurance and capital redemption insurance for 2014 and 2013 are not comparable. Namely, in 2013, annuity pension insurance was a part of the capital redemption insurance class, whereas this year it is covered by the life insurance class.

4.4.3 Gross operating expenses

Gross operating expenses totalled EUR 37.7 million and were 2% higher compared to the previous year.

Gross operating expenses were 2% higher than in the respective period of 2013.

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



Operating expenses accounted for 20.9% of gross written premiums and were 0.8 percentage point higher than in the same period of 2013.

Acquisition costs (fees and commissions) increased by 31% mainly due to sales campaigns and totalled EUR 5.3 million. Depreciation expenses equalled EUR 2.4 million or 4% less than in 2013. With 56.9%, labour costs accounted for the largest portion of total expenses and climbed by 3% compared to 2013, equalling EUR 21.4 million. Costs of services provided by natural persons other than sole proprietors equalled EUR 378 thousand, representing a decrease of 18% from the year before. In the reporting period, other operating expenses decreased by 8% to EUR 8.2 million.

Operating expenses for life insurance totalled EUR 8.2 million and accounted for 18.8% of gross written premiums or 2.6 percentage points more than in the respective period of 2013. Gross

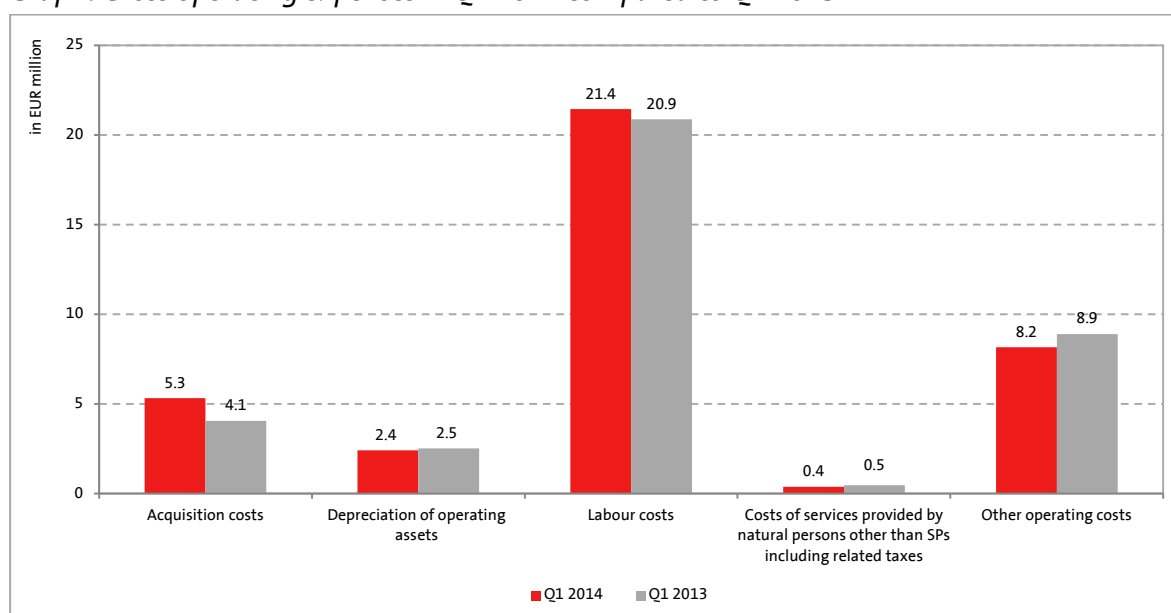
operating expenses in non-life insurance amounted to EUR 29.5 million, their share in gross written premiums being 21.6% or 0.1 percentage point more than in the same period last year.

In total gross operating expenses, broken down by functional group, costs of insurance contract acquisition accounted for 60.8%, which is higher by 2.4 percentage points compared to 2013. Claim handling costs accounted for 13.0% (2013: 13.1%) and asset management costs for 2.1% (Q1 2013: 1.9%). Other operating expenses represented 24.1%, having increased by 2.6 percentage points over the respective period in the preceding year.

Table: Gross operating expenses in Q1 2014 by nature

Operating costs by nature	Gross operating costs		Index	Structure
	Q1 2014	Q1 2013	Q1 2014/ Q1 2013	Q1 2014
Acquisition costs (by nature)	5,316,790	4,050,934	131	14.1%
Depreciation of operating assets	2,402,993	2,515,230	96	6.4%
Labour costs	21,438,757	20,871,920	103	56.9%
- wages and salaries	16,282,547	15,773,519	103	43.2%
- social securities and pension insurance costs	2,652,518	2,600,933	102	7.0%
- other labour costs	2,503,691	2,497,468	100	6.6%
Costs of services provided by natural persons other than SPs including related taxes	378,154	460,751	82	1.0%
Other operating expenses	8,162,104	8,898,500	92	21.7%
- costs of entertainment, advertising, trade shows	1,620,217	2,052,857	79	4.3%
- costs of material and energy	1,161,650	1,171,537	99	3.1%
- maintenance costs	1,509,804	1,500,623	101	4.0%
- reimbursement of labour-related costs	839,037	904,942	93	2.2%
- costs of intellectual and personal services	505,066	406,044	124	1.3%
- non-income-related costs, excluding insurance	221,908	452,456	49	0.6%
- costs of transport and communication services	656,293	570,603	115	1.7%
- costs of insurance premiums	51,839	106,179	49	0.1%
- payment transaction costs and banking services	470,841	512,498	92	1.2%
- rents	636,783	689,150	92	1.7%
- costs of services of professional training	71,702	180,828	40	0.2%
- other costs of services	416,965	350,783	119	1.1%
Total	37,698,798	36,797,334	102	100.0%

Graph: Gross operating expenses in Q1 2014 compared to Q1 2013



4.4.4 Reinsurance

In the first quarter of 2014, Zavarovalnica Triglav allocated EUR 26.5 million to external equalisation, which was 3% more than in the respective period of 2013. Reinsurance premiums accounted for 14.7% of total gross written premiums. The change in gross unearned premium related to reinsurance amounted to EUR 11.4 million, approximately the same as the year before (index 100). A reinsurers' and co-insurers' share of gross claims settled of EUR 5.1 million was received from reinsurance and coinsurance (index 111). The change in gross claims provisions for the reinsurance portion equalled EUR –8.6 million (EUR –1.4 million in 2013). The Company also received EUR 5.0 million in reinsurance commissions (index 150).

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 31 March 2014, the Company allocated EUR 2,034.5 million to gross insurance technical provisions.

The total amount of gross insurance technical provisions increased by 4%.

Compared to the 2013 year-end, the total amount of gross provisions increased by 4%; with provisions for non-life insurance rising by 8% and provisions for life insurance by 1%.

Provisions by type as at 31 March 2014 compared to the 2013 year-end:

- **Gross provisions for unearned premium** increased by 22% and reached EUR 229.0 million. Unearned premium from non-life insurance totalled EUR 228.5 million (index 122) and from life insurance EUR 499 thousand (index 116).
- **Gross claims provisions** rose by 3% and amounted to EUR 526.7 million. Claims provisions from non-life insurance totalled EUR 507.2 million (index 103) and those from life insurance EUR 19.4 million (index 101). They increased mainly as a result of extreme weather conditions in early 2014. The major part of resulting claims was provisioned for, waiting for claims to be paid out. The provisions were also higher on account of two major claims from fire insurance and product liability insurance.
- **Mathematical provisions** stood at EUR 1,261.8 million, representing a 1% increase over the last year. Of the total amount of mathematical provisions, EUR 662.1 million originated from the guarantee fund backing life insurance, EUR 419.5 million from the guarantee fund backing unit-linked life insurance, EUR 158.8 million from the guarantee fund backing SVPI, and EUR 21.4 million from the guarantee fund backing SVPI during the annuity payout period.
- Compared to the end of 2013, **provisions for bonuses and discounts** remained at the same level (index 100) and equalled EUR 15.0 million.
- **Other insurance technical provisions** totalled EUR 2.0 million or 16% more than as at 31 December 2013, mostly due to increased provisions for unexpired risks (index 135). This item includes provisions for unexpired risk, which as at 31 March 2014 amounted to EUR 1.2 million, and provisions for cancellations, which totalled EUR 0.9 million (index 97).

Table: Gross insurance technical provision as at 31 March 2014

	Gross insurance technical provisions		Index
	31 March 2014	31 Dec. 2013	2014/2013
Unearned premiums	228,981,827	188,286,777	122
Mathematical provisions	1,261,833,100	1,244,116,610	101
Claims provisions	526,669,477	510,090,992	103
Provisions for bonuses and discounts	15,040,488	15,040,488	100
Other insurance technical provisions	2,009,394	1,737,337	116
Total	2,034,534,285	1,959,272,204	104

4.4.6 Structure of financial assets

As at 31 March 2014, financial assets amounted to EUR 2,308.1 million or 2% more than at the 2013 year-end. Their share in total assets dropped by 1.9 percentage point and stood at 86.3%.

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, 62.2% share of total financial assets was maintained by **debt and other fixed-return securities**. As at 31 March 2014, they totalled EUR 1,435.5 million, which represented a 2% increase compared to the 2013 year-end.

Unit-linked insurance contract investments amounted to EUR 422.1 million at the end of Q1 2014 and remained at approximately the same level as at 31 December 2013. They accounted for 18.3% of total financial assets.

Financial investments in subsidiaries and associated companies remained unchanged compared to the 2013 year-end (index 100). They totalled EUR 169.4 million and represented a 7.3% share of total assets.

The largest increase was recorded in **investment shares and other floating rate securities**, which grew by 42%. Reaching EUR 110.0 million, they accounted for a 4.8% share of total financial assets.

Compared to 31 December 2013, **loans given** increased by 5%; amounting to EUR 89.9 million and representing 3.9% of total financial assets. **Deposits with banks**; accounting for 2.6% of total financial assets, decreased by 18% to EUR 59.2 million.

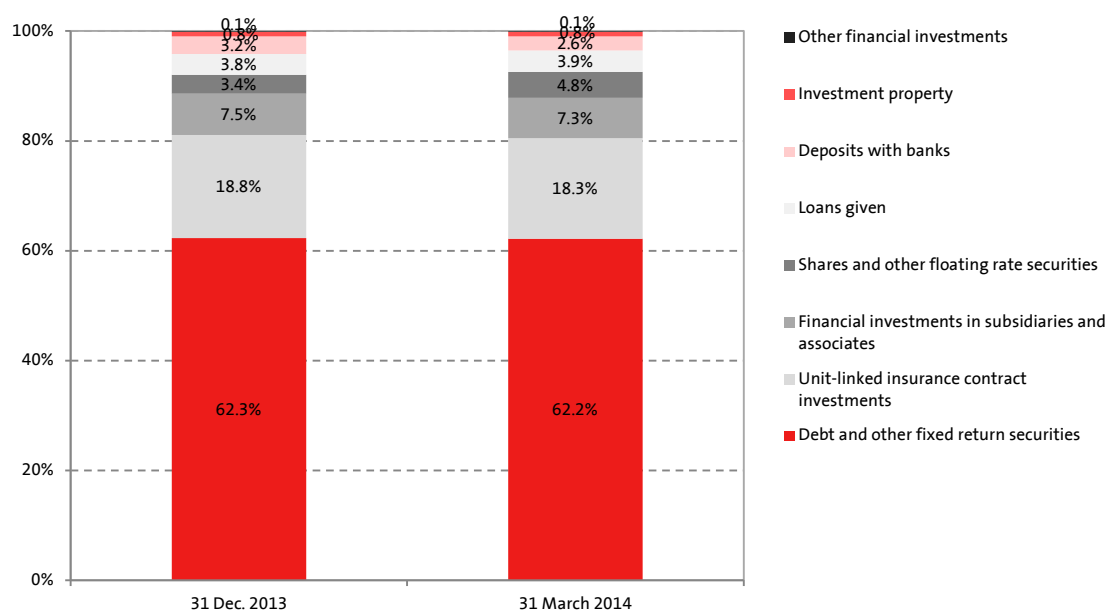
Investment property stood at EUR 18.2 million and represented 0.8% of total assets. They increased by 1%. **Other financial investments** stood at EUR 3.0 million, representing a 0.1% share of the total (index 99).

Compared to the 2013 year-end, a significant change was seen in **derivatives** as they increased by 17%, amounting to EUR 779 thousand. However, their 0.03% share in total financial assets remains insignificant.

Table: Financial assets as at 31 March 2014

	Financial investments		Index	Struktur
	31 March 2014	31 December 2013	2014/2013	31 March 2014
Investment property	18,192,902	18,067,610	101	0.8 %
Financial investments in subsidiaries and associates	169,416,049	169,416,049	100	7.3 %
Shares and other floating rate securities	110,013,938	77,433,178	142	4.8 %
Debt and other fixed return securities	1,435,538,848	1,403,101,609	102	62.2 %
Loans given	89,939,706	85,517,221	105	3.9 %
Deposits with banks	59,170,109	71,943,722	82	2.6 %
Other financial investments	2,982,926	3,019,766	99	0.1 %
Derivative financial instruments	778,551	665,166	117	0.0 %
Unit-linked insurance contract investments	422,100,826	422,849,370	100	18.3 %
Total	2,308,133,857	2,252,013,691	102	100.0 %

Graph: Structure of financial assets of Zavarovalnica Triglav



Government bonds representing 56% continued to account for the bulk of total fixed-return debt securities. Compared to the 2013 year-end, they experienced a 12% increase and their share in total financial assets rose by 4.6 percentage points. On the contrary, in total debt and other fixed-return securities the shares of corporate bonds (22%) and financial bonds (17%) decreased. The share of structured bonds remained unchanged and accounted for almost 5% in total debt securities.

Table: Debt securities of Zavarovalnica Triglav by issuer sector

Issuer sector	Debt securities		Index 2014/2013	Structure	
	31 March 2014	31 December 2013		31 Mar. 2014	31 Dec. 2013
Corporate	317,364,837	371,624,542	85	22.1%	26.5%
Financial	246,238,884	243,868,429	101	17.2%	17.4%
Government	805,335,168	721,988,114	112	56.1%	51.5%
Structured	66,599,959	65,620,525	101	4.6%	4.7%
Total	1,435,538,848	1,403,101,609	102	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

The share of the BBB-rated bonds increased by 6.4 percentage points or 17%, mainly due to increased exposure to the Slovene government bonds and government bonds of peripheral European countries, and is partly a result of the extraordinary growth rates. Decrease in the share of A- and AA-rated bonds stems mainly from the decrease in the share of corporate bonds, while a reduced share of bonds with the highest AAA rating is the result of a lower share of European government bonds with the highest credit ratings (mainly German government bonds).

Table: Debt securities of Zavarovalnica Triglav by credit rating

Credit rating	Debt securities		Index	Structure	
	31 March 2014	31 December 2013	2014/2013	31 Mar. 2014	31 Dec. 2013
AAA	260,188,976	290,469,428	90	18.1%	20.7%
AA	79,659,290	106,148,478	75	5.5%	7.6%
A	225,359,197	240,865,854	94	15.7%	17.2%
BBB	716,869,854	610,556,569	117	49.9%	43.5%
Below BBB	57,048,727	68,937,714	83	4.0%	4.9%
Not rated	96,412,803	86,123,567	112	6.7%	6.1%
Total	1,435,538,848	1,403,101,609	102	100.0%	100.0%

Note: Unit-linked insurance contract investments data excluded.

Changes in exposure to debt securities to individual countries are largely a result of changes in the structure within the category of government bonds, while no major changes were recorded in the geographical structure of exposure of corporate and financial bonds at the end of the first quarter of 2014.

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

Country of issuer	Debt securities		Index	Structure	
	31 March 2014	31 December 2013	2014/2013	31 Mar. 2014	31 Dec. 2013
Slovenia	372,508,691	337,538,415	110	25.9%	24.1%
Germany	234,413,596	273,392,440	86	16.3%	19.5%
France	110,538,069	146,372,607	76	7.7%	10.4%
Spain	102,061,302	74,191,051	138	7.1%	5.3%
Netherlands	93,739,513	104,205,925	90	6.5%	7.4%
Great Britain	49,749,458	53,193,298	94	3.5%	3.8%
Other	472,528,220	414,207,873	114	32.9%	29.5%
Total	1,435,538,848	1,403,101,609	102	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 to a lesser extent due to the growth rates of Slovene shares. Exposure to shares of developing markets is lower as a result of sales made at the beginning of Q1 2014. Exposure to shares in the Balkans remains virtually unchanged at a level below 1%.

Table: Equity investments of Zavarovalnica Triglav by geographic area

Geographic area	Equity investments		Index	Structure	
	31 March 2014	31 December 2013	2014/2013	31 Mar. 2014	31 Dec. 2013
Slovenia	229,013,425	225,666,590	101	82.0%	91.4%
Developed markets	46,733,383	13,756,415	340	16.7%	5.6%
Developing markets	2,000,255	5,756,014	35	0.7%	2.3%
Balkans	1,682,924	1,670,208	101	0.6%	0.7%
Total	279,429,987	246,849,227	113	100.0%	100.0%

5. FINANCIAL RESULT AND FINANCIAL STANDING

5.1 The Triglav Group

5.1.1 Financial result

Despite tight conditions and extraordinary loss events in Slovenia in early 2014, the Triglav Group performed well and ended Q1 with a profit. Profit before tax reached EUR 29.2 million, increasing by 3% over 2013. Net profit amounted to EUR 25.6 million and was 12% higher compared to the respective period of 2013. Net profit attributable to the shareholders of the controlling company amounted to EUR 25.4 million (index 112); whereas net profit attributable to minority shareholders totalled EUR 126 thousand (index 87). The Group achieved solid operating results by consistently realising its strategic guidelines focused on its core insurance business, by implementing a clear risk management policy, adequate underwriting and reinsurance policies, as well as by implementing business policy measures geared towards mitigating the negative impacts of the financial crisis.

Despite tight operating conditions and extraordinary loss events, the Triglav Group generated a profit of EUR 25.6 million or 12% more than in the same period last year.

The combined ratio in non-life insurance, which shows profitability of operations, was 98.5%. 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 8.2 percentage points mainly as a result of extraordinary loss events in early 2014.

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 200.7 million or 4% less than in the respective period last year. Net premiums earned from health insurance grew by 8%, whilst net non-life and life premiums earned decreased by 5% and 6% respectively. Gross written premiums from reinsurance and co-insurance operations totalled EUR 28.5 million, representing a 7% increase compared to 2013. Net unearned premiums grew by 17% compared to the previous year or EUR 26.9 million nominally.

Net claims incurred (gross claims increased by loss adjustment costs, reduced by the reinsurers' and co-insurers' shares and subrogated receivables, adjusted by the change in gross claims provisions taking into account the reinsurers' and co-insurers' shares in these provisions) increased by 1% and totalled EUR 149.9 million. Net claims incurred from non-life insurance increased by 11% as a result of higher claims provisions, mainly due to extensive damage caused by frost at the end of January in Slovenia. Provisions were made for the majority of claims, which were not yet paid out. Net claims incurred increased by 15% in life insurance and by 2% in health insurance. The reinsurers' and co-insurers' shares of gross claims increased compared to 2013 by 36% and equalled EUR 4.8 million. The change in net claims provisions was EUR 7.4 million, compared with EUR –6.5 million in the same period of 2013. Equalisation scheme expenses for supplemental health insurance decreased by 1% and totalled EUR 1.9 million.

Income from financial investments rose by 30% and reached EUR 53.6 million. Financial expenses increased by 12% to EUR 19.1 million. In the reporting period, investment return, i.e. the difference between investment income and expenses, totalled EUR 34.5 million and was

43% higher compared to the respective period last year. The high increase was primarily a result of higher profit from sales in trading with debt securities.

Changes in other insurance technical provisions summed up to EUR 9.6 million (2013: EUR –3.9 million), primarily due to increased mathematical provisions.

Change in insurance technical provisions for unit-linked insurance contracts equalled EUR –658.1 thousand (2013: EUR 10.7 million) due to a decrease in price of fund units. Expenses for bonuses and discounts amounted to EUR 3.2 million (index 131).

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 45.6 million and were 1% higher than in 2013. Acquisition costs amounted to EUR 30.0 million (index 107); whereas other operating expenses equalled EUR 15.6 million (index 92).

Other insurance income totalled EUR 4.2 million, having increased by 76%. Other income stood at EUR 18.9 million, representing a 2% increase over the respective period in the preceding year. Other insurance expenses totalled EUR 5.8 million (index 117); whereas other expenses amounted to EUR 15.6 million (index 92).

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

	in EUR		
	Q1 2014	Q1 2013	Index
Net premium earned	200,714,576	208,859,465	96
Income from financial assets	53,561,097	41,132,432	130
Other income from insurance operations	4,189,017	2,373,703	176
Other income	18,910,582	18,591,448	102
Net claims incurred	149,934,835	149,178,850	101
Change in other insurance technical provisions	9,593,602	-3,922,440	
Change in insurance technical provisions for unit-linked insurance contracts	-658,109	10,730,293	
Expenses for bonuses and discounts	3,206,599	2,454,390	131
Operating expenses	45,633,953	45,062,954	101
Expenses from financial assets and liabilities	19,077,622	17,063,906	112
Other insurance expenses	5,787,040	4,932,561	117
Other expenses	15,614,233	16,996,898	92
Profit/loss before tax	29,185,497	28,459,636	103
Income tax expense	-3,626,718	-5,556,369	65
Net profit for the accounting period	25,558,779	22,903,267	112

5.1.2 Financial standing

As at 31 March 2014, the total balance sheet assets of the Triglav Group stood at EUR 3,225.4 million, which is 5% more over the 2013 year-end.

Compared to 31 December 2013, the total equity capital increased by 8% or EUR 640.2 million in nominal terms. The share of equity in total liabilities increased by 0.7 percentage point; from 19.2% to 19.8%. Equity attributable to the controlling company amounted to EUR 633.7 million, while non-controlling interest holders had EUR 6.5 million. The share capital of EUR 73.7 million was divided into 22,735,148 ordinary shares. Share premium amounted to EUR 56.9 million, whilst reserves from profit totalled EUR 276.9 million, remaining at approximately the same level as at the 2013 year-end (index 100). As a result of increased value of available-for-sale financial assets, revaluation surplus stood at EUR 68.7 million, having increased by 54% compared to the 2013 year-end.

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

Accumulated profit for the year totalled EUR 161.5 million (index 119), which included net profit for the year amounting to EUR 25.3 million and net profit brought forward of EUR 136.2 million.

As at the reporting date, subordinated liabilities reached EUR 28.3 million and were at a level approximately equal to the 2013 year-end (index 100). Subordinated liabilities accounted for 0.9% of the balance sheet total.

Gross insurance technical provisions rose by 3% and amounted to EUR 2,339.0 million. In the total balance sheet liabilities, their share decreased by 1.0 percentage point, from 73.5% to 72.5%. As at 31 March 2014, mathematical provisions amounted to EUR 1,324.5 million, which was 1% higher than at the end of the previous year. Provisions for gross unearned premiums rose by 17%, gross claims provisions by 2% and other insurance technical provisions by 1%. Insurance technical provisions are discussed in greater detail under *Section 4.3.5*.

Financial liabilities increased by 12% to EUR 38.9 million or 1.2% of the total balance sheet liabilities.

Operating liabilities as at 31 March 2014 increased by 20% over the 2013 year-end and totalled EUR 67.8 million. 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 dropped by 8% to EUR 18.6 million. Liabilities from co-insurance and reinsurance operations rose by 21% to EUR 42.6 million. Current tax liabilities equalled EUR 6.7 million (EUR 739 thousand as at 31 December 2013).

Other liabilities and provisions decreased by 1%. As at the reporting date, they stood at EUR 74.9 million, representing a 2.3% share of total liabilities.

Deferred tax liabilities amounted to EUR 24.8 million, which was 35% more than one year earlier, and accounted for 0.8% of the balance sheet total.

As at 31 March 2014, financial assets stood at EUR 2,507.9 million or 3% more than at the 2013 year-end. In total assets, their share decreased by 1.3 percentage point and reached 77.8%. Unit-linked insurance assets amounted to EUR 437.2 million (index 100) and financial investments to EUR 2,070.8 million (index 104). In total financial investments, EUR 194.4 million was accounted for by deposits and loans (index 98) and EUR 218.3 million by held-to-maturity assets (index 97). Available-for-sale assets totalled EUR 1,498.1 million (index 105) and assets measured at fair value through profit or loss (index 115) equalled EUR 159.9 million. The structure of financial assets is discussed in greater detail under *Section 4.3.6*.

The Triglav Group's investments in associates fell by 3%. They amounted to EUR 9.9 million and accounted for a 0.3% of total assets.

Investment property stood at EUR 93.9 million and represented 2.9% of total assets, having decreased by 3%.

The Group's receivables at the reporting date were 24% higher compared to the 2013 year-end and equalled EUR 243.2 million. They accounted for 7.5% of total assets. Receivables from direct insurance operations increased by 34% to EUR 128.8 million. Receivables from co-insurance and reinsurance operations reached EUR 44.3 million (index 102), other receivables stood at EUR 51.8 million (index 122) and current tax receivables at EUR 18.3 million (index 124).

As at 31 March 2014, insurance technical provisions transferred to reinsurance contracts amounted to EUR 83.8 million, which was 30% more than one year earlier. Assets from reinsurance contracts from claim provisions totalled EUR 56.1 million, while unearned premium equalled EUR 27.7 million.

Property, plant and equipment amounted to EUR 125.2 million (index 102), representing 3.9% of total assets. Intangible assets increased by 7% to EUR 76.7 million, accounting for 2.4% of total assets.

Cash and cash equivalents equalled EUR 27.8 million (index 96), non-current assets held for sale stood at EUR 2.4 million (index 113) and other assets amounted to EUR 28.7 million (index 107).

Table: Individual items in the consolidated balance sheet of the Triglav Group as at 31 March 2014

	in EUR		
	31 March 2014	31 December 2013	Index
Assets			
Intangible assets	76,730,391	71,724,243	107
Property, plant and equipment	125,177,476	122,850,884	102
Investment property	93,893,573	97,245,384	97
Investments in associates	9,880,193	10,204,674	97
Financial assets	2,507,947,351	2,432,183,379	103
Reinsurers' share in insurance technical provisions	83,815,049	64,707,528	130
Deferred tax receivables	269,040,587	220,025,580	122
Other assets	28,731,407	26,973,765	107
Cash and cash equivalents	30,199,119	31,191,907	97
Total assets	3,225,415,146	3,077,107,344	105
Equity and liabilities			
Capital	640,216,989	590,537,457	108
Subordinated liabilities	28,305,580	28,244,484	100
Insurance technical provisions	1,904,605,914	1,826,231,310	104
Insurance technical provisions for unit-linked insurance contracts	434,418,533	435,201,724	100
Employee benefits	11,356,789	11,401,382	100
Deferred tax liabilities	24,843,069	18,465,042	135
Other financial liabilities	38,928,445	34,790,998	112
Operating liabilities	67,808,712	56,325,533	120
Other liabilities and provisions	74,931,115	75,909,414	99
Total equity and liabilities	3,225,415,146	3,077,107,344	105

5.2 Zavarovalnica Triglav

5.2.1 Financial result

In the first three months of 2014, Zavarovalnica Triglav posted a net profit of EUR 19.1 million or 4% less than in the same period last year. Profit before tax decreased by 9% compared to the respective period of 2013, totalling EUR 22.5 million.

Despite the financial crisis and extreme loss events, Zavarovalnica Triglav ended the first quarter of 2014 with a net profit of EUR 19.1 million.

In the reporting period, net premiums earned amounted to EUR 130.0 million or 6% less compared to the same period of 2013. Net premium income from non-life insurance contracts dropped by 5% and from life insurance contracts by 7%. Gross written premiums from reinsurance and co-insurance operations totalled EUR 26.5 million, representing a 3% increase. Net unearned premiums grew by EUR 23.6 million, which was 24% more compared to the previous year.

For the respective period, the Company reported net claims incurred of EUR 100.9 million representing a 2% increase from one year earlier. Net claims incurred from non-life insurance increased by 19% due to increased claims provisions as a result of loss events caused by frost in the end of January. The major part of resulting claims was provisioned for, waiting for claims to be paid out. Net claims incurred from life insurance decreased by 16%. The reinsurers' and co-insurers' shares in gross claims increased by 11% and totalled EUR 5.1 million. In the first quarter of 2014, net claims provisions were up by EUR 7.9 million, whereas in the respective period of 2013 they dropped by EUR 5.5 million.

Operating expenses (acquisition costs and other operating expenses) amounted to EUR 32.0 million and were 2% higher than in the respective period in 2013. Acquisition costs totalled EUR 22.9 million (index 107); whereas other operating expenses amounted to EUR 9.1 million (index 93).

Income from financial assets increased by 36% to EUR 48.0 million, of which non-life insurance accounted for EUR 10.8 million (index 125) and life insurance for EUR 37.2 million (index 140). In the same period, investment expenses amounted to EUR 16.5 million and were 17% higher. Return on financial investments, which represents the difference between income and expenses from financial assets, grew by 50% compared to the corresponding period of 2013 or EUR 31.5 million in nominal terms. The high increase was primarily a result of higher profit from sales in trading with debt securities.

Return on financial investments increased by 50% in comparison to 2013.

Change in other insurance technical provisions amounted to EUR 8.8 million and change in insurance technical provisions for unit-linked insurance contracts equalled EUR –883 thousand. Expenses for bonuses and discounts amounted to EUR 2.9 million (index 133).

Other income from insurance operations increased by 40% and totalled EUR 6.1 million; in which fee and commission income amounted to EUR 5.0 million (index 149). Other insurance expenses totalled EUR 2.9 million (index 151).

Table: Individual items in the non-consolidated income statement of Zavarovalnica Triglav for the period from 1 January to 31 March 2014

	in EUR		
	Q1 2014	Q1 2013	Index
Net premium earned	129,953,684	137,854,155	94
Income from financial assets	48,014,890	35,181,160	136
Other income from insurance operations	6,074,866	4,342,338	140
Other income	1,848,701	1,594,680	116
Net claims incurred	100,905,672	98,873,874	102
Change in other insurance technical provisions	8,837,395	-4,440,162	
Change in insurance technical provisions for unit-linked insurance contracts	-882,556	9,755,286	
Expenses for bonuses and discounts	2,927,967	2,202,807	133
Operating expenses	32,013,769	31,305,457	102
Expenses from financial assets and liabilities	16,534,837	14,151,318	117
Other insurance expenses	2,935,740	1,944,659	151
Other expenses	128,096	370,502	35
Profit/loss before tax	22,491,220	24,808,592	91
Income tax expense	-3,354,640	-4,831,736	69
Net profit for the accounting period	19,136,580	19,976,856	96

5.2.2 Financial standing

The total balance sheet of Zavarovalnica Triglav as at 31 March 2014 stood at EUR 2,673.3 million or 5% more compared to the 2013 year-end.

The total equity capital as at 31 March 2014 amounted to EUR 536.5 million or 7% more than at the 2013 year-end. The portion of equity in the balance sheet total increased by 0.5 percentage point, totalling 20.1%. 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 50% and totalled EUR 52.9 million. Net profit brought forward amounted to EUR 77.8 million, having increased by 48% compared to 31 December 2013. Net profit for the year stood at EUR 19.1 million, which is 24% less than as at the end of 2013.

The total equity capital increased by 7% compared to the 2013 year-end.

Subordinated liabilities remained the same as at 31 December 2013; equalling EUR 30.0 million (index 100).

On the liabilities side, gross insurance technical provisions rose by 4% to EUR 2,034.5 million by the end of Q1 2014. In the balance sheet total, their share decreased by 0.7 percentage point compared to the 2013 year-end, from 76.8% to 76.1%. Gross insurance technical provisions are discussed in greater detail under *Section 4.4.5*.

Operating liabilities grew by 36% compared to the end of 2013, amounting to EUR 31.0 million and accounting for 1.2% of the balance sheet total. Liabilities from direct insurance operations fell by 5% and amounted to EUR 11.0 million, whilst liabilities from co-insurance and reinsurance operations rose by 28% and reached EUR 14.2 million. Current tax liabilities equalled EUR 5.7 million.

Financial liabilities as at 31 March 2014 amounted to EUR 6.2 million, which was 365% more than at the 2013 year-end. They increased due to the purchase of securities, of which physical

and cash settlement date was after 31 March 2014. They accounted for 0.2% of the balance sheet total.

Other liabilities decreased by 10% and stood at EUR 26.2 million, representing a 1.0% share of total liabilities.

As at 31 March 2014, financial assets equalled EUR 2,120.5 million, which represents a 3% increase compared to the 2013 year-end. Their share in total assets went down by 1.6 percentage points and reached 79.3%. Unit-linked insurance assets amounted to EUR 422.1 million and financial investments to EUR 1,698.4 million. In total financial investments, EUR 165.1 million was accounted for by deposits and loans, EUR 194.0 million by held-to-maturity financial investments, EUR 1,183.4 million by available-for-sale financial investments and EUR 155.9 million by financial investments recognised at fair value through profit or 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 6.3% 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 18.2 million and represented 0.7% of total assets, having increased by 1%.

Tax assets and deferred tax assets totalled EUR 143.7 million or 34% more than at the end of 2013, with the largest portion of these assets represented by receivables from direct insurance operations, which amounted to EUR 92.4 million (index 146).

The insurance technical provisions transferred to reinsurance contracts stood at EUR 88.6 million, having increased by 29% compared to 31 December 2013. Assets from reinsurance contracts from claims provisions totalled EUR 62.6 million, while unearned premium equalled EUR 26.0 million.

Property, plant and equipment amounted to EUR 63.0 million (index 98) and accounted for 2.4% of total assets. Intangible assets equalled EUR 57.9 million, accounting for 2.2% of total assets (index 110).

Table: Individual items in the non-consolidated balance sheet of the Triglav Group as at 31 March 2014

	in EUR		
	31 March 2014	31 December 2013	Index
Assets			
Intangible assets	57,916,947	52,638,444	110
Property, plant and equipment	63,012,343	64,302,130	98
Investment property	18,192,902	18,067,610	101
Financial assets and financial investments in subsidiaries and associated companies	169,416,049	169,416,049	100
Financial assets	2,120,524,905	2,064,530,031	103
Reinsurers' share of insurance technical provisions	88,636,108	68,643,350	129
Deferred tax receivables	143,733,241	107,057,508	134
Other assets	2,584,106	1,740,121	149
Cash and cash equivalents	9,330,678	5,000,081	187
Total assets	2,673,347,280	2,551,395,325	105
Equity and liabilities			
Equity	536,480,940	499,790,208	107
Subordinated liabilities	29,965,395	29,956,713	100
Insurance technical provisions	1,615,083,750	1,538,939,112	105
Insurance technical provisions for unit-linked insurance contracts	419,450,535	420,333,091	100
Other provisions	8,993,589	9,029,544	100
Other financial liabilities	6,214,716	1,337,704	465
Operating liabilities	30,962,843	22,779,490	136
Other liabilities	26,195,512	29,229,462	90
Total equity and liabilities	2,673,347,280	2,551,395,325	105

6. RISK MANAGEMENT

6.1 Risk management in the first quarter of 2014

In Q2 2013, the euro area recorded positive growth of GDP (the first positive change since 2011), while in the first quarter of 2014 economic forecasts further improved. In the beginning of 2014, the situation on financial markets calmed down as did the debt crisis in the EU member states (hereinafter: the EU), also impacting bond markets, where the required rate of return on the EU bonds dropped sharply. This was mainly contributed by the European Central Bank (hereinafter: the ECB) with a further cut in interest rates and disclosure of forward guidance.

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

In early 2014, the leading credit rating agencies retained the rating of Slovenia. Slovenia was re-assigned an »A-« credit rating with a stable outlook by S&P. Moody's kept Slovenia's credit rating of "speculative" »Ba1«, but upgraded the outlook from negative to stable. Already in November 2013, Fitch Ratings Agency maintained the credit rating »BBB+«, however a negative outlook was added. However, credit rating agencies also stressed that the ratings could be downgraded in the event of a deteriorating situation in banks, increased political uncertainty, higher public debt or deterioration of fiscal conditions. The Triglav Group's credit rating is discussed in greater detail in Section 3.3 *Credit rating*.

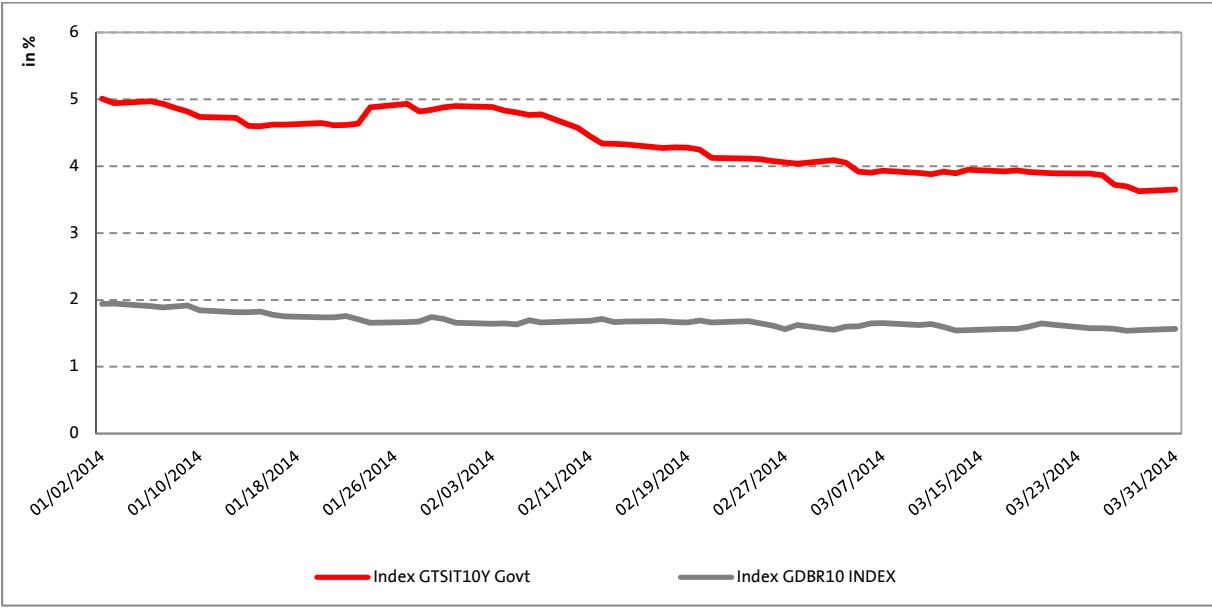
Being a major investor in the Slovene government debt market, the Triglav Group and Zavarovalnica Triglav in particular are primarily exposed to the pertaining financial risks of the Slovene economy, therefore the main focus remains on credit risk exposure and on maintaining an adequate assets and liability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

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

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

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

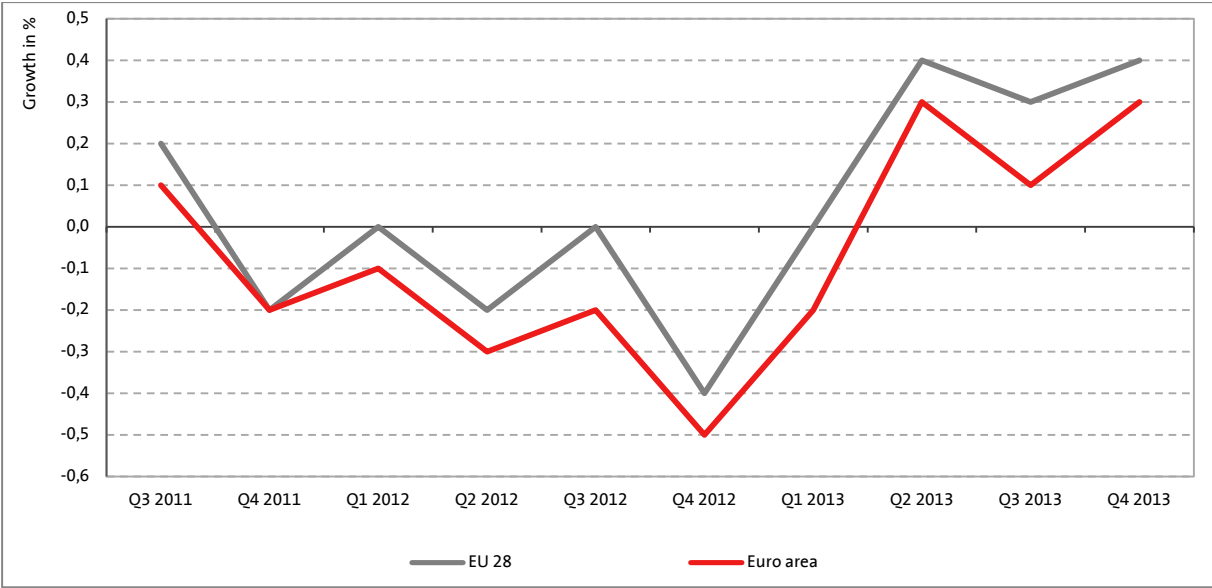
Graph: Generic indexes of required returns on ten-year Slovene bonds (GTSIT) and German bonds (GDBR) in Q1 2014



Source: Bloomberg

The required returns of many EU countries reached the lowest level in the last five years. Greece announced its return to international bond markets, while the indicators of the economic activity in the EU improved for the industry and service sectors (the motor vehicle sales significantly increased). In March, the EU reached an important agreement on the banking union and future bank rescues, and the German Constitutional Court endorsed the participation of Germany in the permanent rescue mechanism – the ESM, of which purpose is to provide support to the euro area countries. Furthermore, the growth rate of the euro area increased.

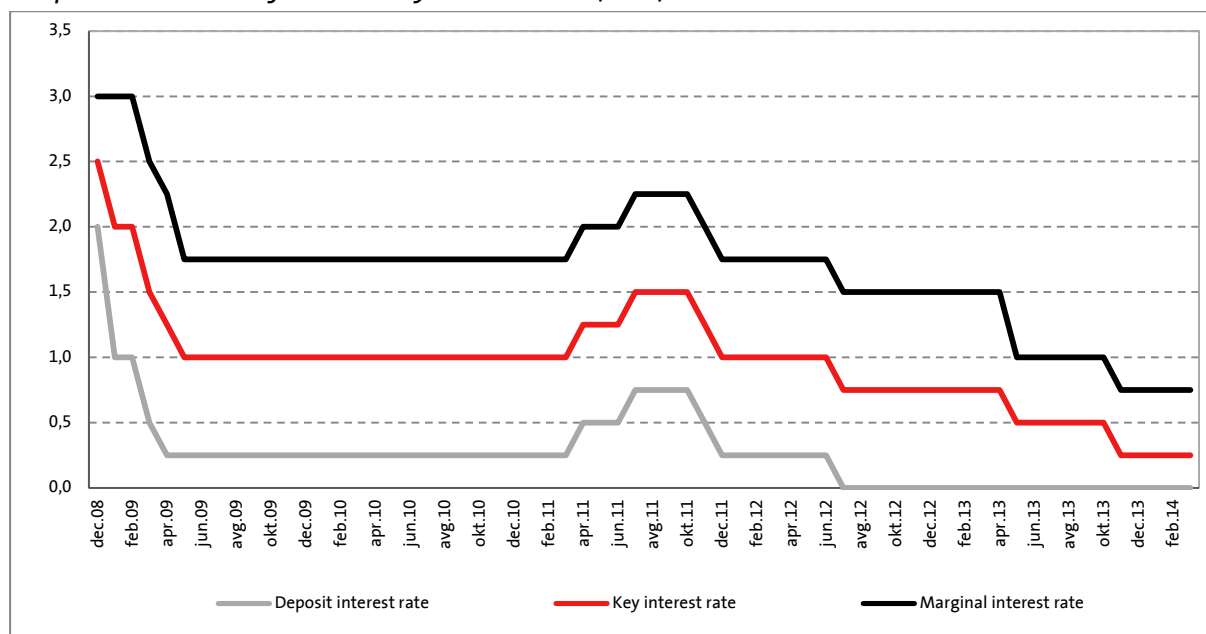
Graph: Movements of the Euro area and EU 28 GDP compared to the previous period (in %)



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 (mainly those having the AAA credit rating) rose sharply, consequently lowering the return on such securities, which represent the bulk of the portfolio of insurance companies. This means that under such conditions insurance companies

generate investment return more difficult. One of the key factors currently affecting the market interest rates is the ECB's monetary policy. The ECB has been focused on low interest rate policy for quite some time, and according to its forward guidance disclosure such policy will continue in the future. An additional source of investment risks is the prospects that the EU will face a long period of low growth and low inflation or even deflation.

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



Despite the stabilised global financial and economic crisis, the risks associated with the completion of the banking system restructuring remain in Slovenia, in addition to important macroeconomic and political risks. The most troubling is the pace at which the public debt of Slovenia rises. At the EU level, recovery is expected in 2014. The European Parliament elections will represent a low risk, whereas the risk of deflation and long-term slow growth remains high. Apart from that, there are risks in the banking system. The year 2014 will represent an important step in the process of establishing a banking union, as at the end of the year the second pillar will be completed, when the ECB will assume its role as the watchdog (bank supervisor). In the first quarter, the banking sector was marked by various penalties related to mortgage transactions before the crisis, tax evasion, tampering with interest rates and foreign exchange rates. The EU economy could also be significantly affected by the crisis between Ukraine and Russia.

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 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 quarter of 2014, the Internal Audit Department complied with its annual and operational work programme. It carried out 5 internal audits of various divisions of Zavarovalnica Triglav and started 2 internal audits in subsidiaries to be concluded in the second quarter. The findings will be reported to the Management Board and to the management of the audited divisions.

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

7. HUMAN RESOURCE MANAGEMENT IN THE TRIGLAV GROUP

7.1 Number of employees

As at 31 March 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 31 March 2014

	Number of employees		Difference
	31 March 2014	31 December 2013	2014-2013
Subsidiaries of the Triglav Group			
Zavarovalnica Triglav d.d., Ljubljana	2,376	2,373	3
Pozavarovalnica Triglav Re d.d., Ljubljana	42	42	0
Triglav, Zdravstvena zavarovalnica d.d., Koper	82	81	1
Triglav Osiguranje d.d., Zagreb	545	554	-9
Triglav Osiguranje d.d., Sarajevo	244	243	1
Triglav Pojišt'ovna a.s., Brno	122	121	1
Lovćen Osiguranje a.d., Podgorica	268	264	4
Triglav Osiguranje a.d.o, Belgrade	411	406	5
Triglav Osiguranje a.d., Banja Luka	81	80	1
Triglav Osiguruvanje a.d., Skopje	240	232	8
Triglav Skladi d.o.o., Ljubljana	42	42	0
Triglav Avtoservis d.o.o., Ljubljana	29	28	1
Triglav Svetovanje d.o.o., Domžale	82	81	1
Triglav nepremičnine d.o.o., Ljubljana	8	28	-20
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	23	19	4
Unis automobili i dijelovi d.o.o., Sarajevo	32	32	0
Autocentar BH d.o.o., Sarajevo	43	53	-10
Triglav INT d.d., Ljubljana	4	4	0
Lovćen životna osiguranja a.d., Podgorica	13	13	0
Sarajevostan d.d., Sarajevo	121	122	-1
Triglav Auto d.o.o., Banja Luka	0	0	0
Lovćen Auto a.d., Podgorica	103	101	2
Avrigo d.o.o., Nova Gorica	204	201	3
Integral Notranjska d.o.o., Cerknica	16	16	0
Integral Zagorje d.o.o., Zagorje ob Savi	47	47	0
Integral Stojna Kočevje d.o.o., Kočevje	27	26	1
Alptours d.o.o., Bovec	0	0	0
Total	5,368	5,351	17

7.2 Educational structure of employees

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

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

Level of education	31 March 2014		31 December 2013	
	Number	Structure (in %)	Number	Structure (in %)
Level I-IV	1,435	26.7	1,445	27.0
Level V	1,550	28.9	1,549	28.9
Level VI	587	10.9	593	11.1
Level VII	1,630	30.4	1,606	30.0
Masters and PhD	166	3.1	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 31 March 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 31 March 2014 in accordance with International Financial Reporting Standards as adopted by the EU.

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

The Management Board confirms that the Interim Management Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2014 to 31 March 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

Stanislav Vrtunski
Member of the Management Board

Benjamin Jošar
Member of the Management Board

Marica Makoter
Member of the Management Board, Employee Representative

Ljubljana, 22 May 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 31 March 2014

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1. FINANCIAL STATEMENTS OF ZAVAROVALNICA TRIGLAV D.D.

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV D.D.

in EUR

	31 March 2014	31 December 2013
ASSETS	2,673,347,280	2,551,395,325
Intangible assets	57,916,947	52,638,444
Property, plant and equipment	63,012,343	64,302,130
Deferred tax receivables	1,963,554	5,051,465
Investment property	18,192,902	18,067,610
Investments in subsidiaries	159,778,726	159,778,726
Investments in associates	9,637,324	9,637,324
Financial assets	2,120,524,905	2,064,530,031
Financial investments	1,698,424,079	1,641,680,661
- loans and deposits	165,095,051	173,477,782
- held to maturity	194,006,193	197,096,116
- available for sale	1,183,411,139	1,135,406,507
- investments recognised at fair value	155,911,696	135,700,257
Unit-linked insurance assets	422,100,826	422,849,370
Reinsurers' share of insurance technical provisions	88,636,108	68,643,350
Receivables	141,769,687	102,006,043
- receivables from direct insurance operations	92,443,390	63,302,197
- receivables from reinsurance and co-insurance operations	8,004,425	9,140,990
- current tax receivables	16,435,701	12,912,838
- other receivables	24,886,172	16,650,018
Other assets	2,584,106	1,740,121
Cash and cash equivalents	9,330,678	5,000,081
EQUITY AND LIABILITIES	2,673,347,280	2,551,395,325
Equity	536,480,940	499,790,208
- share capital	73,701,392	73,701,392
- share premium	53,412,885	53,412,884
- reserves from profit	259,486,919	259,486,919
- fair value reserve	52,916,995	35,362,843
- net profit/loss brought forward	77,826,170	52,735,703
- net profit/loss for the year	19,136,580	25,090,466
Subordinated liabilities	29,965,395	29,956,713
Insurance technical provisions	1,615,083,750	1,538,939,112
- unearned premiums	228,981,827	188,286,777
- mathematical provisions	842,382,565	823,783,519
- claims provisions	526,669,477	510,090,992
- other insurance technical provisions	17,049,882	16,777,825
Insurance technical provisions for unit-linked insurance contracts	419,450,535	420,333,091
Employee benefits	8,548,796	8,459,095
Other provisions	444,793	570,449
Other financial liabilities	6,214,716	1,337,704
Operating liabilities	30,962,843	22,779,490
- liabilities from direct insurance operations	11,016,361	11,643,628
- liabilities from reinsurance and co-insurance operations	14,238,209	11,135,863
- current tax liabilities	5,708,272	0
Other liabilities	26,195,512	29,229,462

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR	
	Q 1 2014	Q 1 2013
NET PREMIUM INCOME	129,953,684	137,854,155
- gross written premium	179,983,205	182,607,694
- ceded written premium	-26,453,992	-25,732,804
- change in unearned premiums	-23,575,528	-19,020,735
TOTAL INCOME FROM FINANCIAL ASSETS	48,014,890	35,181,160
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	557,504	499,795
- interest income	555,397	499,255
- dividends	0	0
- fair value gains	0	0
- realised gains on disposals	0	0
- other financial income	2,107	539
INCOME FROM OTHER FINANCIAL ASSETS	37,458,259	22,486,409
- interest income	14,493,495	14,542,485
- dividends	124,029	138,941
- fair value gains	9,145,524	1,726,488
- realised gains on disposals	12,405,871	5,780,749
- other financial income	1,289,339	297,746
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	9,999,127	12,194,956
OTHER INCOME FROM INSURANCE OPERATIONS	6,074,866	4,342,338
- fees and commission income	5,013,917	3,374,101
- other income from insurance operations	1,060,948	968,237
OTHER INCOME	1,848,701	1,594,680
NET CLAIMS INCURRED	100,905,672	98,873,874
- gross claims settled	98,020,478	108,895,881
- reinsurers' and co-insurers' share	-5,055,050	-4,542,420
- changes in claims provisions	7,940,244	-5,479,587
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding unit-linked)	8,837,395	-4,440,162
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-882,556	9,755,286
EXPENSES FOR BONUSES AND DISCOUNTS	2,927,967	2,202,807
OPERATING EXPENSES	32,013,769	31,305,457
- acquisition costs	22,930,004	21,495,961
- other operating costs	9,083,765	9,809,496
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	16,534,837	14,151,318
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	815	3,788
- interest expense	0	0
- fair value losses	0	0
- permanent impairment	0	0
- other expenses from financial assets and liabilities	815	3,788
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	7,643,010	12,505,240
- interest expense	456,543	561,572
- fair value losses	1,247,232	4,108,374
- realised loss on disposals	3,898,523	1,488,289
- permanent impairment of financial assets	0	5,414,828
- other expenses from financial assets and liabilities	2,040,713	932,177
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	8,891,012	1,642,289
OTHER INSURANCE EXPENSES	2,935,740	1,944,659
OTHER EXPENSES	128,096	370,502
PROFIT/LOSS BEFORE TAX	22,491,220	24,808,592
Income tax expense	3,354,640	4,831,736
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	19,136,580	19,976,856
Earnings per share (basic and diluted)	0,84	0,88

STATEMENT OF COMPREHENSIVE INCOME OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR	
	Q 1 2014	Q 1 2013
NET PROFIT/LOSS FOR THE YEAR AFTER TAX	19,136,580	19,976,856
OTHER COMPREHENSIVE INCOME AFTER TAX	17,554,152	-8,853,052
Net gains/losses from the re-measurement of available-for-sale financial assets	33,033,382	-16,921,248
- Gains/losses recognised in fair value reserve	43,238,019	-17,182,676
- Transfer from fair value reserve to profit/loss	-10,204,637	261,428
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-10,037,687	5,761,639
Tax on other comprehensive income	-5,441,543	2,306,556
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	36,690,730	11,123,804

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

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 MARCH 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	53,412,885	4,662,643	30,624,276	224,200,000	35,362,843	52,735,702	25,090,469	499,790,210
Comprehensive income for the period from 1 January 2014 to 30 September 2014	0	0	0	0	0	17,554,152	0	19,136,580	36,690,730
Allocation to net profit/loss brought forward	0	0	0	0	0	0	25,090,469	-25,090,469	0
CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,885	4,662,643	30,624,276	224,200,000	52,916,995	77,826,170	19,136,580	536,480,940

FOR THE PERIOD FROM 1 JANUARY 2013 TO 31 MARCH 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	53,412,885	4,662,643	30,624,276	201,000,000	46,049,906	72,813,826	25,392,174	507,657,102
Comprehensive income for the period from 1 January 2013 to 30 September 2013	0	0	0	0	0	-8,853,052	0	19,976,856	11,123,804
Allocation to net profit/loss brought forward	0	0	0	0	0	0	25,392,174	-25,392,174	0
CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,885	4,662,643	30,624,276	201,000,000	37,196,854	98,205,999	19,976,856	518,780,905

CASH FLOW STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

	in EUR	
	Q 1 2014	Q 1 2013
A. OPERATING CASH FLOW		
Income statement items	29,530,164	17,554,711
Operating income (excluding revaluation) and financial income from operating receivables	156,581,785	156,831,810
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-123,696,981	-133,639,200
Corporate income tax and other taxes excluded from operating expenses	-3,354,640	-5,637,899
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-19,961,142	-6,601,139
Movements in receivables and prepayments and accrued income	-32,709,059	-28,491,237
Movements in deferred tax assets	1,640,144	0
Movements in inventories	-5,609	-20,372
Movements in operating debts	11,168,291	4,260,046
Movements in accruals and deferred income and provisions	-54,909	17,650,423
OPERATING CASH FLOW	9,569,022	10,953,572
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities	659,276,068	688,590,699
Cash inflows from interest received and profit sharing arising from investing activities	23,199,416	17,689,201
Income from dividends and profit sharing	123,984	138,941
Cash inflows from the disposal of intangible assets	0	1,785
Cash inflows from the disposal of property, plant and equipment	100,807	119,867
Cash inflows from the disposal of financial investments	635,851,861	670,189,675
Cash inflows from the disposal of financial investments in associates	0	449,445
Cash outflows from investing activities	-662,713,642	-697,279,712
Cash outflows for the purchase of intangible assets	-521,459	-642,575
Cash outflows for the purchase of property, plant and equipment	-467,139	-903,056
Cash outflows for the purchase of financial investments	-661,725,044	-695,734,081
Cash outflows for the acquisition of financial investments in associates	0	0
CASH FLOWS FROM INVESTING ACTIVITIES	-3,437,574	-8,689,013
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash outflows from financing activities	-1,800,851	-1,785,356
Interest paid on financing activities	-1,785,000	-1,783,920
Dividends and profit sharing paid	-15,851	-1,436
CASH FLOWS FROM FINANCING ACTIVITIES	-1,800,851	-1,785,356
D. Opening balance of cash and cash equivalents	5,000,081	2,278,084
E. Net cash flow for the period	4,330,597	479,204
F. Closing balance of cash and cash equivalents	9,330,678	2,755,503

2. FINANCIAL STATEMENTS OF THE TRIGLAV GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in EUR

	31 March 2014	31 December 2013
ASSETS	3,225,415,146	3,077,107,344
Intangible assets	76,730,391	71,724,243
Property, plant and equipment	125,177,476	122,850,884
Deferred tax receivables	25,849,442	23,696,799
Investment property	93,893,573	97,245,384
Investments in associates	9,880,193	10,204,674
Financial assets	2,507,947,351	2,432,183,379
Financial investments:	2,070,772,518	1,994,515,763
- loans and deposits	194,440,852	199,264,326
- held to maturity	218,320,607	224,880,951
- available for sale	1,498,121,431	1,431,023,178
- investments recognised at fair value	159,889,628	139,347,308
Unit-linked insurance assets	437,174,833	437,667,616
Reinsurers' share of insurance technical provisions	83,815,049	64,707,528
Receivables	243,191,145	196,328,781
- receivables from direct insurance operations	128,839,176	95,959,929
- receivables from reinsurance and co-insurance operations	44,346,944	43,322,539
- current tax receivables	18,254,791	14,724,095
- other receivables	51,750,234	42,322,218
Other assets	28,731,407	26,973,765
Cash and cash equivalents	27,796,332	29,068,558
Noncurrent assets for sale	2,402,787	2,123,349
EQUITY AND LIABILITIES	3,225,415,146	3,077,107,344
Equity	640,216,989	590,537,457
Controlling interests	633,739,366	584,314,877
- share capital	73,701,392	73,701,392
- share premium	56,866,194	56,866,194
- reserves from profit	276,874,203	276,678,464
- fair value reserve	452,880	452,880
- treasury share reserves	-452,880	-452,880
- treasury shares	68,710,250	44,605,435
- net profit/loss brought forward	136,187,305	90,083,115
- net profit/loss for the year	25,346,806	46,213,507
- currency translation differences	-3,946,784	-3,833,230
Non-controlling interests	6,477,623	6,222,580
Subordinated liabilities	28,305,580	28,244,484
Insurance technical provisions	1,904,605,914	1,826,231,310
- unearned premiums	303,152,125	258,066,669
- mathematical provisions	890,072,930	870,733,006
- claims provisions	688,193,680	674,436,244
- other insurance technical provisions	23,187,179	22,995,391
Insurance technical provisions for unit-linked insurance contracts	434,418,533	435,201,724
Employee benefits	11,356,789	11,401,382
Other provisions	16,176,426	16,218,730
Deferred tax liabilities	24,843,069	18,465,042
Other financial liabilities	38,928,445	34,790,998
Operating liabilities	67,808,712	56,325,533
- liabilities from direct insurance operations	18,555,691	20,247,893
- liabilities from reinsurance and co-insurance operations	42,589,008	35,338,592
- current tax liabilities	6,664,013	739,048
Other liabilities	58,754,689	59,690,684

CONSOLIDATED INCOME STATEMENT

	in EUR	
	Q 1 2014	Q 1 2013
NET PREMIUM INCOME	200,714,576	208,859,465
- gross written premium	256,149,085	258,722,738
- ceded written premium	-28,546,015	-26,792,060
- change in unearned premiums	-26,888,494	-23,071,213
INCOME FROM FINANCIAL ASSETS	53,561,097	41,132,432
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	60,177	261,359
- profit on equity investments accounted for using the equity method	60,177	260,820
- interest income	0	0
- dividends	0	0
- fair value losses	0	0
- realised gains on disposals	0	0
- other financial income	0	539
INCOME FROM OTHER FINANCIAL ASSETS	43,056,690	28,081,473
- interest income	18,034,791	18,012,581
- dividends	124,029	197,892
- fair value gains	9,312,181	1,862,771
- realised gains on disposals	13,137,145	6,379,100
- other financial income	2,448,544	1,629,129
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	10,444,230	12,789,600
OTHER INCOME FROM INSURANCE OPERATIONS	4,189,017	2,373,703
- fees and commission income	3,066,821	983,473
- other income from insurance operations	1,122,196	1,390,230
OTHER INCOME	18,910,582	18,591,448
NET CLAIMS INCURRED	149,934,835	149,178,850
- gross claims settled	145,380,737	157,286,296
- reinsurers' and co-insurers' share	-4,797,684	-3,525,523
- changes in claims provisions	7,448,872	-6,507,918
- equalisation scheme expenses for supplementary health insurance	1,902,910	1,925,995
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	9,593,602	-3,922,440
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-658,109	10,730,293
EXPENSES FOR BONUSES AND DISCOUNTS	3,206,599	2,454,390
CHANGE IN LIABILITIES FROM INVESTMENT CONTRACTS	0	0
OPERATING EXPENSES	45,633,953	45,062,954
- acquisition costs	30,037,677	28,198,838
- other operating costs	15,596,276	16,864,116
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	19,077,622	17,063,906
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	1,125,882	664,610
- loss on investments accounted for using the equity method	1,125,882	664,610
- interest expense	0	0
- fair value losses	0	0
- realised loss on disposals	0	0
- loss on impairment of financial assets	0	0
- other expenses from financial assets and liabilities	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	8,616,095	14,738,113
- interest expense	737,108	838,179
- fair value losses	1,281,104	4,592,005
- realised loss on disposals	3,899,793	1,738,286
- permanent impairment of financial assets	40,285	6,007,022
- other expenses from financial assets and liabilities	2,657,805	1,562,621
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	9,335,645	1,661,183
OTHER INSURANCE EXPENSES	5,787,040	4,932,561
OTHER EXPENSES	15,614,233	16,996,898
PROFIT/LOSS BEFORE TAX	29,185,497	28,459,636
Income tax expense	3,626,718	5,556,369
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	25,558,779	22,903,267
Net profit / loss attributable to the controlling company	25,433,231	22,758,537
Net profit / loss attributable to non-controlling interest holders	125,548	144,732

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	in EUR	
	Q 1 2014	Q 1 2013
NET PROFIT/LOSS FOR THE YEAR AFTER TAX	25,558,779	22,903,267
OTHER COMPREHENSIVE INCOME AFTER TAX	24,120,753	-9,735,327
Net gains/losses from the re-measurement of available-for-sale financial assets	39,964,221	-17,359,019
- Gains/losses recognised in fair value reserve	49,999,480	-17,288,675
- Transfer from fair value reserve to profit/loss	-10,035,259	-70,344
Net profit/loss from non-current assets held for sale	0	0
Gains/losses recognised in fair value reserve and net profit/loss brought forward arising from equity in associates and jointly controlled entities recognised using the equity method	858,309	-570,238
Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	-10,037,687	5,761,639
Currency translation adjustment	-112,380	-183,071
Tax on other comprehensive income	-6,551,710	2,615,362
COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX	49,679,532	13,167,940
Controlling interests	49,424,489	12,907,621
Non-controlling interests	255,043	260,320

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 MARCH 2014	Reserves from profit								Fair value reserve	Net profit/loss brought forward	Net profit/loss	Treasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL
	Share capital	Share premium	Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves form profit	in EUR								
OPENING BALANCE FOR THE PERIOD	73,701,392	56,866,194	534,366	452,880	19,630,611	32,313,485	224,200,001	44,605,435	90,083,115	46,213,508	-452,880	-3,833,225	584,314,878	6,222,580	590,537,458	
Comprehensive income for the period from 1 January 2014 to 31 March 2014	0	0	0	0	0	0	0	24,104,815	2	25,433,231	0	-113,559	49,424,489	255,043	49,679,532	
Treasury share reserve formation from other equity items	0	0	0	0	109,319	0	0	0	-109,319	0	0	0	0	0	0	
Allocation and use of reserves for credit risk	0	0	0	0	0	86,425	0	0	0	-86,425	0	0	0	0	0	
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	46,213,507	-46,213,508	0	0	0	0	0	
Recognition of reserves resulting from intragroup transactions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CLOSING BALANCE FOR THE PERIOD	73,701,392	56,866,194	534,366	452,880	19,739,930	32,399,910	224,200,001	68,710,250	136,187,305	25,346,806	-452,880	-3,946,784	633,739,366	6,477,623	640,216,989	

FOR THE PERIOD FROM 1 JANUARY 2013 TO 31 MARCH 2013	Reserves from profit								Fair value reserve	Net profit/loss brought forward	Net profit/loss	Treasury shares (deductible item)	Translation differences	Total equity attributable to the controlling company	Equity attributable to non-controlling interest holders	TOTAL
	Share capital	Share premium	Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves form profit	in EUR								
OPENING BALANCE FOR THE PERIOD	73,701,388	56,710,713	529,798	364,681	19,517,386	32,185,894	201,000,001	51,819,054	86,769,095	48,809,660	-364,680	-3,179,169	567,863,821	6,699,937	574,563,758	
Comprehensive income for the period from 1 January 2013 to 31 March 2013	0	0	0	0	0	0	0	-9,668,826	0	22,758,537	0	-182,089	12,907,622	260,320	13,167,942	
Treasury share reserve formation from other equity items	0	0	4,524	0	0	0	0	0	-4,513	0	0	0	11	-11	0	
Allocation and use of reserves for credit risk	0	0	0	0	0	64,695	0	0	0	-64,695	0	0	0	0	0	
Allocation to net profit/loss brought forward	0	0	0	0	0	0	0	0	48,809,660	-48,809,660	0	0	0	0	0	
Recognition of reserves resulting from intragroup transactions	0	118,328	0	0	0	0	0	0	0	0	0	0	118,328	-804,334	-686,006	
Other	0	-13,887	0	0	0	0	0	0	13,843	0	0	0	-44	0	-44	
CLOSING BALANCE FOR THE PERIOD	73,701,388	56,815,154	534,322	364,681	19,517,386	32,250,589	201,000,001	42,150,228	135,588,085	22,693,842	-364,680	-3,361,258	580,889,738	6,155,912	587,045,650	

CONSOLIDATED CASH FLOW STATEMENT

	in EUR	
	Q 1 2014	Q 1 2013
A. OPERATING CASH FLOW		
Income statement items	40,446,607	24,503,466
Operating income(excluding revaluation) and financial income from operating receivables	260,194,974	257,319,431
Operating expenses excluding depreciation (except for revaluations) and financial expenses for operating liabilities	-215,950,496	-226,601,132
Corporate income tax and other taxes excluded from operating expenses	-3,797,871	-6,214,833
Changes in net current assets (and deferred items, provisions and deferred tax assets and liabilities) and in operating balance-sheet items	-19,336,778	-4,279,272
Movements in receivables and prepayments and accrued income	-55,605,774	-58,406,343
Movements in deferred tax assets	1,270,230	-242,981
Movements in inventories	491,137	-195,358
Movements in operating debts	23,257,898	35,325,640
Movements in accruals and deferred income and provisions	4,321,618	21,601,835
Movements in deferred tax liabilities	6,928,113	-2,362,065
OPERATING CASH FLOW	21,109,829	20,224,194
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows from investing activities	778,042,570	813,991,717
Cash inflows from interest received and profit sharing arising from investing activities	26,523,738	20,576,811
Income from dividends and profit sharing	223,984	1,362,270
Cash inflows from the disposal of intangible assets	0	319,704
Cash inflows from the disposal of property, plant and equipment	408,159	189,060
Cash inflows from the disposal of financial investments	750,886,689	791,543,872
Cash outflows from investing activities	-796,827,981	-822,927,555
Cash outflows for the purchase of intangible assets	-577,403	-764,927
Cash outflows for the purchase of property, plant and equipment	-2,682,779	-2,058,487
Cash outflows for the purchase of financial investments	-793,567,799	-820,104,141
Cash outflows for the acquisition of financial investments in associates	-18,785,411	-8,935,838
CASH FLOWS FROM INVESTING ACTIVITIES		
C. CASH FLOWS FROM FINANCING ACTIVITIES	1,652,689	54,361
Cash inflows from financing activities	0	0
Cash inflows from loans received and bonds issued	1,652,689	54,361
Cash outflows from financing activities	-5,192,364	-9,001,301
Interest paid from financing activities	-2,484,547	-2,489,086
Cash outflows for payments of financial liabilities	-2,691,966	-6,510,779
Cash outflows from dividends paid and profit sharing	-15,851	-1,436
CASH FLOWS FROM FINANCING ACTIVITIES	-3,539,675	-8,946,940
D. Opening balance of cash and cash equivalents	29,068,558	17,251,420
E. Net cash flow for the period	-1,215,257	2,341,416
Foreign exchange differentials	-56,969	58,329
F. Closing balance of cash and cash equivalents	27,796,332	19,651,165

3. SELECTED NOTES TO THE FINANCIAL STATEMENTS

3.1 Statement of compliance

The financial statements for the period from 1 January 2014 to 31 March 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 31 March 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 quarter of 2014. The tax expense calculation for the first quarter 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 quarter of 2014, gross written premium in non-life insurance was somewhat higher than in the remaining part of the year, as insurance to corporate clients is sold at the beginning of the year (as policies expire at the beginning of the financial year).

3.4 Segmental analysis of Zavarovalnica Triglav's operations

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

STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT

in EUR

	31 March 2014			31 December 2013		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
ASSETS	1,279,094,638	1,419,058,270	2,698,152,908	1,189,909,138	1,381,235,603	2,571,144,742
Intangible assets	55,966,262	1,950,685	57,916,947	50,469,368	2,169,076	52,638,444
Property, plant and equipment	52,068,169	10,944,174	63,012,343	53,068,155	11,233,975	64,302,130
Deferred tax receivables	19,248,208	2,211,969	21,460,177	17,119,571	1,986,974	19,106,545
Investment property	16,851,273	1,341,629	18,192,902	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	741,963,571	1,378,561,335	2,120,524,905	716,515,971	1,348,014,060	2,064,530,031
Financial investments	741,963,571	956,460,508	1,698,424,079	716,515,971	925,164,690	1,641,680,661
- loans and deposits	99,211,515	65,883,536	165,095,051	108,391,469	65,086,312	173,477,782
- held to maturity	0	194,006,193	194,006,193	0	197,096,116	197,096,116
- available for sale	628,224,269	555,186,871	1,183,411,139	593,151,274	542,255,233	1,135,406,507
- investments recognised at fair value	14,527,787	141,383,909	155,911,696	14,973,228	120,727,028	135,700,257
Unit-linked insurance assets	0	422,100,826	422,100,826	0	422,849,370	422,849,370
Reinsurers' share of insurance technical provisions	88,613,072	23,037	88,636,108	68,615,087	28,264	68,643,350
Receivables	140,099,898	6,978,795	147,078,693	103,840,317	3,860,063	107,700,380
- receivables from direct insurance operations	91,958,367	485,023	92,443,390	62,884,284	417,913	63,302,197
- receivables from reinsurance and co-insurance operations	7,928,652	75,773	8,004,425	9,127,019	13,971	9,140,990
- current tax receivables	16,435,701	0	16,435,701	12,912,838	0	12,912,838
- other receivables	23,777,178	6,417,999	30,195,177	18,916,176	3,428,179	22,344,355
Other assets	2,573,041	11,065	2,584,106	1,720,653	19,468	1,740,121
Cash and cash equivalents	3,447,090	5,883,588	9,330,678	3,576,560	1,423,521	5,000,081
EQUITY AND LIABILITIES	1,279,094,638	1,419,058,270	2,698,152,908	1,189,909,138	1,381,235,603	2,571,144,742
Equity	434,999,278	101,481,662	536,480,940	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	39,417,591	13,499,405	52,916,995	26,108,583	9,254,261	35,362,843
- net profit/loss brought forward	73,846,686	3,979,484	77,826,170	52,735,703	0	52,735,703
- net profit/loss for the year	9,326,456	9,810,124	19,136,580	21,110,982	3,979,484	25,090,466
Subordinated liabilities	17,979,240	11,986,154	29,965,395	17,974,032	11,982,682	29,956,713
Insurance technical provisions	752,758,918	862,324,832	1,615,083,750	695,398,847	843,540,265	1,538,939,112
- unearned premiums	228,482,809	499,018	228,981,827	187,858,030	428,747	188,286,777
- mathematical provisions	0	842,382,565	842,382,565	0	823,783,519	823,783,519
- claims provisions	507,226,227	19,443,249	526,669,477	490,762,992	19,328,000	510,090,992
- other insurance technical provisions	17,049,882	0	17,049,882	16,777,825	0	16,777,825
Insurance technical provisions for unit-linked insurance contracts	0	419,450,535	419,450,535	0	420,333,091	420,333,091
Employee benefits	7,030,699	1,518,097	8,548,796	6,956,543	1,502,552	8,459,095
Other provisions	440,824	3,969	444,793	566,480	3,969	570,449
Deferred tax liabilities	12,678,192	6,818,431	19,496,623	9,952,251	4,102,829	14,055,080
Other financial liabilities	2,768,880	3,445,836	6,214,716	1,337,704	0	1,337,704
Operating liabilities	24,454,077	6,508,766	30,962,843	16,946,992	5,832,498	22,779,490
- liabilities from direct insurance operations	4,507,595	6,508,766	11,016,361	5,811,129	5,832,498	11,643,628
- liabilities from reinsurance and co-insurance operations	14,238,209	0	14,238,209	11,135,863	0	11,135,863
- current tax liabilities	5,708,272	0	5,708,272	0	0	0
Other liabilities	25,984,530	5,519,987	31,504,517	28,412,476	6,511,323	34,923,799

INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV BY BUSINESS SEGMENT

in EUR

	Q 1-3 2014			Q 1-3 2013		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
NET PREMIUM INCOME	86,616,119	43,337,566	129,953,684	91,489,974	46,364,181	137,854,155
- gross written premium	136,484,550	43,498,655	179,983,205	136,033,990	46,573,704	182,607,694
- ceded written premium	-26,363,174	-90,818	-26,453,992	-25,628,841	-103,963	-25,732,804
- change in unearned premiums	-23,505,257	-70,271	-23,575,528	-18,915,176	-105,559	-19,020,735
TOTAL INVESTMENT INCOME	10,815,968	37,198,921	48,014,890	8,658,696	26,522,464	35,181,160
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	557,504	0	557,504	499,795	0	499,795
- interest income	555,397	0	555,397	499,255	0	499,255
- other financial income	2,107	0	2,107	539	0	539
INCOME FROM OTHER FINANCIAL ASSETS	10,258,464	27,199,795	37,458,259	8,158,901	14,327,508	22,486,409
- interest income	5,643,689	8,849,806	14,493,495	6,098,992	8,443,493	14,542,485
- dividends	4,785	119,244	124,029	19,048	119,893	138,941
- fair value gains	570,739	8,574,785	9,145,524	120,606	1,605,883	1,726,488
- realised gains on disposals	3,364,514	9,041,357	12,405,871	1,770,654	4,010,094	5,780,749
- other financial income	674,736	614,603	1,289,339	149,601	148,145	297,746
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	9,999,127	9,999,127	0	12,194,956	12,194,956
OTHER INCOME FROM INSURANCE OPERATIONS	5,980,682	94,183	6,074,866	4,301,420	40,918	4,342,338
- fees and commission income	4,919,734	94,183	5,013,917	3,333,183	40,918	3,374,101
- other income from insurance operations	1,060,948	0	1,060,948	968,237	0	968,237
OTHER INCOME	1,013,026	835,675	1,848,701	798,062	796,618	1,594,680
NET CLAIMS INCURRED	61,453,248	39,452,424	100,905,672	51,704,180	47,169,694	98,873,874
- gross claims settled	58,682,533	39,337,945	98,020,478	62,140,713	46,755,167	108,895,881
- reinsurers' and co-insurers' share	-5,049,053	-5,998	-5,055,050	-4,531,620	-10,799	-4,542,420
- changes in claims provisions	7,819,768	120,477	7,940,244	-5,904,913	425,326	-5,479,587
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding UNIT-LINKED)	272,057	8,565,338	8,837,395	769,184	-5,209,347	-4,440,162
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-882,556	-882,556	0	9,755,286	9,755,286
EXPENSES FOR BONUSES AND DISCOUNTS	2,927,967	0	2,927,967	2,202,807	0	2,202,807
OPERATING EXPENSES	24,635,355	7,378,415	32,013,769	24,503,039	6,802,419	31,305,457
- acquisition costs	17,879,019	5,050,985	22,930,004	17,321,738	4,174,222	21,495,961
- other operating costs	6,756,336	2,327,429	9,083,765	7,181,300	2,628,196	9,809,496
TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	2,534,127	14,000,710	16,534,837	5,763,414	8,387,904	14,151,318
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	815	0	815	3,788	0	3,788
- other expenses from financial assets and liabilities	815	0	815	3,788	0	3,788
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	2,533,312	5,109,698	7,643,010	5,759,626	6,745,615	12,505,240
- interest expense	278,590	177,953	456,543	363,941	197,631	561,572
- fair value losses	356,093	891,138	1,247,232	61,806	4,046,568	4,108,374
- realised loss on disposals	724,882	3,173,641	3,898,523	266,057	1,222,231	1,488,289
- permanent impairment of financial assets	0	0	0	4,472,901	941,927	5,414,828
- other expenses from financial assets and liabilities	1,173,747	866,966	2,040,713	594,920	337,257	932,177
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	8,891,012	8,891,012	0	1,642,289	1,642,289
OTHER INSURANCE EXPENSES	2,859,972	75,767	2,935,740	1,800,319	144,340	1,944,659
OTHER EXPENSES	97,103	30,993	128,096	330,517	39,985	370,502
PROFIT/LOSS BEFORE TAX	9,645,965	12,845,255	22,491,220	18,174,690	6,633,902	24,808,592
Income tax expense	319,509	3,035,131	3,354,640	3,539,713	1,292,023	4,831,736
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	9,326,456	9,810,124	19,136,580	14,634,977	5,341,879	19,976,856

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 31 MARCH 2014						
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL (before eliminations)	ELIMINATIONS	TOTAL (by eliminations)
ASSETS	1,823,304,720	1,498,219,144	41,342,947	300,759,774	3,663,626,585	-438,211,439	3,225,415,146
Intangible assets	68,806,051	1,960,838	315,477	4,999,530	76,081,896	648,495	76,730,391
Property, plant and equipment	83,842,696	10,982,206	1,417,482	28,699,737	124,942,121	235,355	125,177,476
Deferred tax receivables	20,388,218	2,250,889	76,718	3,133,617	25,849,442	0	25,849,442
Investment property	32,938,101	2,536,124	0	46,822,222	82,296,447	11,597,126	93,893,573
Investments in subsidiaries	163,223,032	1,600,756	0	97,717,838	262,541,626	-262,541,626	0
Investments in associates	0	6,713,965	0	3,166,228	9,880,193	0	9,880,193
Financial assets	1,007,281,529	1,454,903,495	35,046,310	64,848,024	2,562,079,358	-54,132,007	2,507,947,351
Financial investments:	1,007,281,529	1,017,728,662	35,046,310	64,848,024	2,124,904,525	-54,132,007	2,070,772,518
- loans and deposits	156,230,658	76,040,747	2,759,131	11,882,509	246,913,045	-52,472,193	194,440,852
- held to maturity	2,632,663	215,687,944	0	0	218,320,607	0	218,320,607
- available for sale	831,513,911	583,063,460	32,287,179	52,916,695	1,499,781,245	-1,659,814	1,498,121,431
- investments recognised at fair value	16,904,297	142,936,511	0	48,820	159,889,628	0	159,889,628
Unit-linked insurance assets	0	437,174,833	0	0	437,174,833	0	437,174,833
Reinsurers' share of insurance-technical provisions	176,552,023	23,037	1,198	0	176,576,258	-92,761,209	83,815,049
Receivables	253,401,330	9,405,075	4,403,758	14,703,025	281,913,188	-38,722,043	243,191,145
- receivables from direct insurance operations	125,613,902	882,274	3,948,901	0	130,445,077	-1,605,901	128,839,176
- receivables from reinsurance and co-insurance operations	75,438,887	77,563	0	0	75,516,450	-31,169,506	44,346,944
- current tax receivables	18,244,011	154	0	10,626	18,254,791	0	18,254,791
- other receivables	34,104,530	8,445,084	454,857	14,692,399	57,696,870	-5,946,636	51,750,234
Other assets	4,889,260	253,250	42,345	26,082,082	31,266,937	-2,535,530	28,731,407
Cash and cash equivalents	11,703,042	7,589,509	39,659	8,464,122	27,796,332	0	27,796,332
Noncurrent assets for sale	279,438	0	0	2,123,349	2,402,787	0	2,402,787
EQUITY AND LIABILITIES	1,823,304,720	1,498,219,144	41,342,947	300,759,774	3,663,626,585	-438,211,439	3,225,415,146
Equity	544,420,408	118,139,479	20,864,490	209,576,575	893,000,952	-252,783,963	640,216,989
Controlling interests	544,420,408	118,139,479	20,864,490	209,576,575	893,000,952	-259,261,586	633,739,366
- share capital	117,213,885	31,799,855	25,822,144	184,424,712	359,260,596	-285,559,204	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	238,710,216	39,295,891	0	4,032,661	282,038,768	-5,164,565	276,874,203
- fair value reserve	53,565,799	9,893,440	1,214,945	20,941,646	85,615,830	-16,905,580	68,710,250
- net profit/loss brought forward	84,747,675	15,669,435	-10,345,255	-22,654,477	67,417,378	68,769,927	136,187,305
- net profit/loss for the year	9,499,913	9,454,403	4,172,656	2,895,174	26,022,146	-675,340	25,346,806
- currency translation differences	-2,178,732	-1,041,452	0	-537,566	-3,757,750	-189,034	-3,946,784
Non-controlling interests	0	0	0	0	0	6,477,623	6,477,623
Subordinated liabilities	19,346,315	11,986,154	1,500,000	0	32,832,469	-4,526,889	28,305,580
Insurance technical provisions	1,075,247,835	910,935,248	11,223,832	0	1,997,406,915	-92,801,001	1,904,605,914
- unearned premiums	326,247,326	518,878	2,682,683	0	329,448,887	-26,296,762	303,152,125
- mathematical provisions	0	890,072,930	0	0	890,072,930	0	890,072,930
- claims provisions	726,985,742	20,259,119	7,453,058	0	754,697,919	-66,504,239	688,193,680
- other insurance technical provisions	22,014,767	84,321	1,088,091	0	23,187,179	0	23,187,179
Insurance technical provisions for unit-linked insurance contracts	0	434,418,533	0	0	434,418,533	0	434,418,533
Employee benefits	8,574,502	1,526,240	170,674	1,085,373	11,356,789	0	11,356,789
Other provisions	6,203,745	78,987	324,102	9,569,592	16,176,426	0	16,176,426
Deferred tax liabilities	13,894,930	5,065,303	0	5,531,543	24,491,776	351,293	24,843,069
Other financial liabilities	19,726,458	3,445,833	24,375	54,619,889	77,816,555	-38,888,110	38,928,445
Operating liabilities	91,019,756	6,973,018	1,845,225	459,749	100,297,748	-32,489,036	67,808,712
- liabilities from direct insurance operations	10,796,672	6,972,260	1,443,689	0	19,212,621	-656,930	18,555,691
- liabilities from reinsurance and co-insurance operations	74,420,205	758	151	0	74,421,114	-31,832,106	42,589,008
- current tax liabilities	5,802,879	0	401,385	459,749	6,664,013	0	6,664,013
Other liabilities	44,870,771	5,650,349	5,390,249	19,917,053	75,828,422	-17,073,733	58,754,689

	AS AT 31 MARCH 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 31 MARCH 2014				
	SLOVENIA	OTHER	TOTAL (before eliminations)	Eliminations	TOTAL (by eliminations)
ASSETS	3,283,199,487	380,427,098	3,663,626,585	-438,211,439	3,225,415,146
Intangible assets	62,539,172	13,542,724	76,081,896	648,495	76,730,391
Property, plant and equipment	86,021,054	38,921,067	124,942,121	235,355	125,177,476
Deferred tax receivables	24,670,229	1,179,213	25,849,442	0	25,849,442
Investment property	62,846,198	19,450,249	82,296,447	11,597,126	93,893,573
Investments in subsidiaries	257,396,586	5,145,040	262,541,626	-262,541,626	0
Investments in associates	9,880,193	0	9,880,193	0	9,880,193
Financial assets	2,356,238,479	205,840,879	2,562,079,358	-54,132,007	2,507,947,351
Financial investments:	1,934,137,653	190,766,872	2,124,904,525	-54,132,007	2,070,772,518
- loans and deposits	186,330,884	60,582,161	246,913,045	-52,472,193	194,440,852
- held to maturity	194,006,193	24,314,414	218,320,607	0	218,320,607
- available for sale	1,397,674,480	102,106,765	1,499,781,245	-1,659,814	1,498,121,431
- investments recognised at fair value	156,126,096	3,763,532	159,889,628	0	159,889,628
Unit-linked insurance assets	422,100,826	15,074,007	437,174,833	0	437,174,833
Reinsurers' share of insurance technical provisions	149,567,422	27,008,836	176,576,258	-92,761,209	83,815,049
Receivables	226,356,552	55,556,636	281,913,188	-38,722,043	243,191,145
- receivables from direct insurance operations	96,406,563	34,038,514	130,445,077	-1,605,901	128,839,176
- receivables from reinsurance and co-insurance operations	71,867,034	3,649,416	75,516,450	-31,169,506	44,346,944
- current tax receivables	16,442,591	1,812,200	18,254,791	0	18,254,791
- other receivables	41,640,364	16,056,506	57,696,870	-5,946,636	51,750,234
Other assets	28,088,441	3,178,496	31,266,937	-2,535,530	28,731,407
Cash and cash equivalents	17,471,812	10,324,520	27,796,332	0	27,796,332
Noncurrent assets for sale	2,123,349	279,438	2,402,787	0	2,402,787
EQUITY AND LIABILITIES	3,283,199,487	380,427,098	3,663,626,585	-438,211,439	3,225,415,146
Equity	812,957,246	80,043,706	893,000,952	-252,783,963	640,216,989
Controlling interests	812,957,246	80,043,706	893,000,952	-259,261,586	633,739,366
- share capital	275,730,021	83,530,575	359,260,596	-285,559,204	73,701,392
- share premium	75,034,014	1,369,970	76,403,984	-19,537,790	56,866,194
- reserves from profit	266,130,275	15,908,493	282,038,768	-5,164,565	276,874,203
- fair value reserve	81,771,907	3,843,923	85,615,830	-16,905,580	68,710,250
- net profit/loss brought forward	88,682,071	-21,264,693	67,417,378	68,769,927	136,187,305
- net profit/loss for the year	25,608,958	413,188	26,022,146	-675,340	25,346,806
- currency translation differences	0	-3,757,750	-3,757,750	-189,034	-3,946,784
Non-controlling interests	0	0	0	6,477,623	6,477,623
Subordinated liabilities	31,465,394	1,367,075	32,832,469	-4,526,889	28,305,580
Insurance technical provisions	1,778,233,445	219,173,470	1,997,406,915	-92,801,001	1,904,605,914
- unearned premiums	265,279,724	64,169,163	329,448,887	-26,296,762	303,152,125
- mathematical provisions	842,382,565	47,690,365	890,072,930	0	890,072,930
- claims provisions	651,946,707	102,751,212	754,697,919	-66,504,239	688,193,680
- other insurance technical provisions	18,624,449	4,562,730	23,187,179	0	23,187,179
Insurance technical provisions for unit-linked insurance contracts	419,450,535	14,967,998	434,418,533	0	434,418,533
Employee benefits	9,854,509	1,502,280	11,356,789	0	11,356,789
Other provisions	10,028,974	6,147,452	16,176,426	0	16,176,426
Deferred tax liabilities	24,030,698	461,078	24,491,776	351,293	24,843,069
Other financial liabilities	59,587,986	18,228,569	77,816,555	-38,888,110	38,928,445
Operating liabilities	83,141,321	17,156,427	100,297,748	-32,489,036	67,808,712
- liabilities from direct insurance operations	12,460,051	6,752,570	19,212,621	-656,930	18,555,691
- liabilities from reinsurance and co-insurance operations	64,041,770	10,379,344	74,421,114	-31,832,106	42,589,008
- current tax liabilities	6,639,500	24,513	6,664,013	0	6,664,013
Other liabilities	54,449,379	21,379,043	75,828,422	-17,073,733	58,754,689

	AS AT 31 MARCH				
	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 31 MARCH 2014				
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL
NET PREMIUM INCOME	127,057,484	46,465,713	27,191,379	0	200,714,576
- gross written premium	181,749,112	46,535,220	27,864,753	0	256,149,085
- ceded written premium	-28,545,486	-529	0	0	-28,546,015
- change in unearned premiums	-26,146,142	-68,978	-673,374	0	-26,888,494
INCOME FROM FINANCIAL ASSETS	13,982,589	38,794,732	419,104	364,672	53,561,097
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	0	2,145	0	58,032	60,177
- profit on equity investments accounted for using the equity method	0	2,145	0	58,032	60,177
- other financial income	0	0	0	0	0
INCOME FROM OTHER FINANCIAL ASSETS	13,982,589	28,348,357	419,104	306,640	43,056,690
- interest income	7,984,082	9,792,186	203,807	54,716	18,034,791
- dividends	4,785	119,244	0	0	124,029
- fair value gains	726,851	8,584,923	0	407	9,312,181
- realised gains on disposals	3,855,251	9,066,235	215,297	362	13,137,145
- other financial income	1,411,620	785,769	0	251,155	2,448,544
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	10,444,230	0	0	10,444,230
OTHER INCOME FROM INSURANCE OPERATIONS	4,157,691	23,696	7,630	0	4,189,017
- fees and commission income	3,048,021	18,800	0	0	3,066,821
- other income from insurance operations	1,109,670	4,896	7,630	0	1,122,196
OTHER INCOME	996,438	60,750	2,686	17,850,708	18,910,582
NET CLAIMS INCURRED	88,008,821	41,093,614	20,832,400	0	149,934,835
- gross claims settled	84,792,897	40,995,705	19,592,135	0	145,380,737
- reinsurers' and co-insurers' share	-4,795,888	-1,796	0	0	-4,797,684
- changes in claims provisions	8,011,812	99,705	-662,645	0	7,448,872
- equalisation scheme expenses for supplementary health insurance	0	0	1,902,910	0	1,902,910
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	226,857	9,424,730	-57,985	0	9,593,602
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	-658,109	0	0	-658,109
EXPENSES FOR BONUSES AND DISCOUNTS	3,206,255	344	0	0	3,206,599
OPERATING EXPENSES	36,413,001	7,395,573	1,825,379	0	45,633,953
- acquisition costs	24,910,946	4,746,689	380,042	0	30,037,677
- other operating costs	11,502,055	2,648,884	1,445,337	0	15,596,276
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	3,141,226	15,527,398	5,187	403,811	19,077,622
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	0	1,037,781	0	88,101	1,125,882
- loss on investments accounted for using the equity method	0	1,037,781	0	88,101	1,125,882
- other expenses from financial assets and liabilities					
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	3,141,226	5,153,972	5,187	315,710	8,616,095
- interest expense	290,806	190,217	0	256,085	737,108
- fair value losses	358,081	893,723	0	29,300	1,281,104
- realised loss on disposals	724,906	3,173,688	1,199	0	3,899,793
- permanent impairment of financial assets	37,127	3,158	0	0	40,285
- other expenses from financial assets and liabilities	1,730,306	893,186	3,988	30,325	2,657,805
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	9,335,645	0	0	9,335,645
OTHER INSURANCE EXPENSES	5,482,382	86,973	217,685	0	5,787,040
OTHER EXPENSES	475,453	38,745	0	15,100,035	15,614,233
PROFIT/LOSS BEFORE TAX	9,240,207	12,435,623	4,798,133	2,711,534	29,185,497
Income tax expense	382,676	3,035,131	0	208,911	3,626,718
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	8,857,531	9,400,492	4,798,133	2,502,623	25,558,779
Net profit / loss attributable to the controlling company	8,786,889	9,372,738	4,798,133	2,475,471	25,433,231
Net profit / loss attributable to non-controlling interest holders	70,642	27,754	0	27,152	125,548

in EUR

	FOR THE PERIOD FROM 1 JANUARY 2013 TO 31 MARCH 2013				
	NON-LIFE	LIFE	HEALTH	OTHER	TOTAL
NET PREMIUM INCOME	134,168,052	49,563,262	25,128,151	0	208,859,465
- gross written premium	183,074,274	49,667,732	25,980,732	0	258,722,738
- ceded written premium	-26,792,060	0	0	0	-26,792,060
- change in unearned premiums	-22,114,162	-104,470	-852,581	0	-23,071,213
INCOME FROM FINANCIAL ASSETS	12,246,240	28,396,358	193,789	296,045	41,132,432
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	539	187,454	0	73,366	261,359
- profit on equity investments accounted for using the equity method	0	187,454	0	73,366	260,820
- 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	539	0	0	0	539
INCOME FROM OTHER FINANCIAL ASSETS	12,245,701	15,419,304	193,789	222,679	28,081,473
- interest income	8,518,350	9,197,555	174,402	122,274	18,012,581
- dividends	19,048	119,893	0	58,951	197,892
- fair value gains	175,444	1,687,327	0	0	1,862,771
- realised gains on disposals	2,349,619	4,010,094	19,387	0	6,379,100
- other financial income	1,183,240	404,435	0	41,454	1,629,129
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	0	12,789,600	0	0	12,789,600
OTHER INCOME FROM INSURANCE OPERATIONS	2,325,295	40,667	7,741	0	2,373,703
- fees and commission income	947,283	36,190	0	0	983,473
- other income from insurance operations	1,378,012	4,477	7,741	0	1,390,230
OTHER INCOME	871,365	70,879	1,964	17,647,240	18,591,448
NET CLAIMS INCURRED	79,427,332	48,404,130	21,347,388	0	149,178,850
- gross claims settled	90,902,372	47,975,687	18,408,237	0	157,286,296
- reinsurers' and co-insurers' share	-3,525,523	0	0	0	-3,525,523
- changes in claims provisions	-7,949,517	428,443	1,013,156	0	-6,507,918
- equalisation scheme expenses for supplementary health insurance	0	0	1,925,995	0	1,925,995
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	349,965	-4,017,544	-254,861	0	-3,922,440
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	0	10,730,293	0	0	10,730,293
EXPENSES FOR BONUSES AND DISCOUNTS	2,453,978	412	0	0	2,454,390
OPERATING EXPENSES	36,468,934	6,998,313	1,595,707	0	45,062,954
- acquisition costs	23,911,912	4,038,149	248,777	0	28,198,838
- other operating costs	12,557,022	2,960,164	1,346,930	0	16,864,116
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	6,790,015	8,827,618	32,811	1,413,462	17,063,906
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	0	0	0	664,610	664,610
- loss on investments accounted for using the equity method	0	0	0	664,610	664,610
- interest expense	0	0	0	0	0
- fair value losses	0	0	0	0	0
- realised loss on disposals	0	0	0	0	0
- other expenses from financial assets and liabilities	0	0	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	6,790,015	7,166,435	32,811	748,852	14,738,113
- interest expense	353,214	197,634	7,990	279,341	838,179
- fair value losses	302,648	4,257,465	0	31,892	4,592,005
- realised loss on disposals	411,545	1,222,231	3,655	100,855	1,738,286
- permanent impairment of financial assets	4,544,218	1,126,547	0	336,257	6,007,022
- other expenses from financial assets and liabilities	1,178,390	362,558	21,166	507	1,562,621
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	0	0	0	0	1,661,183
OTHER INSURANCE EXPENSES	4,517,557	180,125	234,879	0	4,932,561
OTHER EXPENSES	1,188,604	49,137	0	15,759,157	16,996,898
PROFIT/LOSS BEFORE TAX	18,414,567	6,898,682	2,375,721	770,666	28,459,636
Income tax expense	4,034,701	1,280,462	0	241,206	5,556,369
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	14,379,866	5,618,220	2,375,721	529,460	22,903,267
Net profit / loss attributable to the controlling company	14,260,778	5,585,615	2,375,721	536,423	22,758,537
Net profit / loss attributable to non-controlling interest holders	119,090	32,605	0	-6,963	144,732

CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

in EUR

	FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 MARCH 2014		
	SLOVENIA	OTHER	TOTAL
NET PREMIUM INCOME	165,444,910	35,269,666	200,714,576
- gross written premium	215,747,823	40,401,262	256,149,085
- ceded written premium	-23,840,798	-4,705,217	-28,546,015
- change in unearned premiums	-26,462,115	-426,379	-26,888,494
INCOME FROM FINANCIAL ASSETS	49,855,738	3,705,359	53,561,097
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	60,177	0	60,177
- profit on equity investments accounted for using the equity method	60,177	0	60,177
- other financial income			
INCOME FROM OTHER FINANCIAL ASSETS	39,796,434	3,260,256	43,056,690
- interest income	15,726,822	2,307,969	18,034,791
- dividends	124,029	0	124,029
- fair value gains	9,179,692	132,489	9,312,181
- realised gains on disposals	12,962,320	174,825	13,137,145
- other financial income	1,803,571	644,973	2,448,544
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	9,999,127	445,103	10,444,230
OTHER INCOME FROM INSURANCE OPERATIONS	3,185,750	1,003,267	4,189,017
- fees and commission income	2,555,205	511,616	3,066,821
- other income from insurance operations	630,545	491,651	1,122,196
OTHER INCOME	17,530,037	1,380,545	18,910,582
NET CLAIMS INCURRED	129,595,295	20,339,540	149,934,835
- gross claims settled	122,915,886	22,464,851	145,380,737
- reinsurers' and co-insurers' share	-3,640,311	-1,157,373	-4,797,684
- changes in claims provisions	8,416,810	-967,938	7,448,872
- equalisation scheme expenses for supplementary health insurance	1,902,910	0	1,902,910
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	8,779,410	814,192	9,593,602
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	-882,556	224,447	-658,109
EXPENSES FOR BONUSES AND DISCOUNTS	2,928,203	278,396	3,206,599
OPERATING EXPENSES	33,356,132	12,277,821	45,633,953
- acquisition costs	22,709,416	7,328,261	30,037,677
- other operating costs	10,646,716	4,949,560	15,596,276
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	18,260,108	817,514	19,077,622
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	1,125,882	0	1,125,882
- loss on investments accounted for using the equity method	1,125,882	0	1,125,882
- other expenses from financial assets and liabilities			
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	8,243,214	372,881	8,616,095
- interest expense	649,807	87,301	737,108
- fair value losses	1,276,531	4,573	1,281,104
- realised loss on disposals	3,899,722	71	3,899,793
- permanent impairment of financial assets	0	40,285	40,285
- other expenses from financial assets and liabilities	2,417,154	240,651	2,657,805
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	8,891,012	444,633	9,335,645
OTHER INSURANCE EXPENSES	3,176,063	2,610,977	5,787,040
OTHER EXPENSES	13,666,499	1,947,734	15,614,233
PROFIT/LOSS BEFORE TAX	27,137,281	2,048,216	29,185,497
Income tax expense	3,626,718	0	3,626,718
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	23,510,563	2,048,216	25,558,779
Net profit / loss attributable to the controlling company	23,487,845	1,945,386	25,433,231
Net profit / loss attributable to non-controlling interest holders	22,718	102,830	125,548

in EUR

	FOR THE PERIOD FROM 1 JANUARY 2013 TO 31 MARCH 2013		
	SLOVENIA	OTHER	TOTAL
NET PREMIUM INCOME	173,256,547	35,602,918	208,859,465
- gross written premium	217,164,662	41,558,076	258,722,738
- ceded written premium	-22,481,453	-4,310,607	-26,792,060
- change in unearned premiums	-21,426,662	-1,644,551	-23,071,213
INCOME FROM FINANCIAL ASSETS	37,139,022	3,993,410	41,132,432
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	261,359	0	261,359
- profit on equity investments accounted for using the equity method	260,820	0	260,820
- 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	539	0	539
INCOME FROM OTHER FINANCIAL ASSETS	24,682,707	3,398,766	28,081,473
- interest income	15,695,499	2,317,082	18,012,581
- dividends	197,892	0	197,892
- fair value gains	1,726,603	136,168	1,862,771
- realised gains on disposals	6,276,131	102,969	6,379,100
- other financial income	786,582	842,547	1,629,129
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	12,194,956	594,644	12,789,600
OTHER INCOME FROM INSURANCE OPERATIONS	1,231,207	1,142,496	2,373,703
- fees and commission income	535,685	447,788	983,473
- other income from insurance operations	695,522	694,708	1,390,230
OTHER INCOME	17,170,552	1,420,896	18,591,448
NET CLAIMS INCURRED	127,139,571	22,039,279	149,178,850
- gross claims settled	134,805,596	22,480,700	157,286,296
- reinsurers' and co-insurers' share	-2,904,204	-621,319	-3,525,523
- changes in claims provisions	-6,687,816	179,898	-6,507,918
- equalisation scheme expenses for supplementary health insurance	1,925,995	0	1,925,995
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	-4,695,024	772,584	-3,922,440
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	9,755,286	975,007	10,730,293
EXPENSES FOR BONUSES AND DISCOUNTS	2,202,244	252,146	2,454,390
OPERATING EXPENSES	32,730,116	12,332,838	45,062,954
- acquisition costs	21,371,390	6,827,448	28,198,838
- other operating costs	11,358,726	5,505,390	16,864,116
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES	16,050,051	1,013,855	17,063,906
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	664,610	0	664,610
- loss on investments accounted for using the equity method	664,610	0	664,610
- interest expense	0	0	0
- fair value losses	0	0	0
- realised loss on disposals	0	0	0
- other financial expenses	0	0	0
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	13,743,152	994,961	14,738,113
- interest expense	823,418	14,761	838,179
- fair value losses	4,165,439	426,566	4,592,005
- realised loss on disposals	1,729,407	8,879	1,738,286
- permanent impairment of financial assets	5,765,619	241,403	6,007,022
- other expenses from financial assets and liabilities	1,259,269	303,352	1,562,621
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	1,642,289	18,894	1,661,183
OTHER INSURANCE EXPENSES	2,217,247	2,715,314	4,932,561
OTHER EXPENSES	14,493,482	2,503,416	16,996,898
PROFIT/LOSS BEFORE TAX	28,904,355	-444,719	28,459,636
Income tax expense	5,391,259	165,110	5,556,369
NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD	23,513,096	-609,829	22,903,267
Net profit / loss attributable to the controlling company	23,510,979	-752,442	22,758,537
Net profit / loss attributable to non-controlling interest holders	2,117	142,615	144,732

3.6 Significant items of the statement of financial position

Intangible assets

In the first three-month period of 2014, intangible assets of Zavarovalnica Triglav increased by EUR 5.3 million. The increase is attributable mostly to higher long-term deferred acquisition costs in the amount of EUR 5.8 million, newly acquired other intangible assets amount to EUR 521 thousand.

In the reporting period, intangible assets of the Triglav Group increased by EUR 5 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 6 million, newly acquired other intangible assets amount to EUR 624 thousand.

Property, plant and equipment

In the first three months of 2014, Zavarovalnica Triglav acquired new property, plant and equipment worth EUR 230 thousand. As at 31 March 2014, liabilities for the acquisition of property, plant and equipment amounted to EUR 619 thousand.

At the Group level acquisition of property, plant and equipment totalled EUR 2.1 million in the first three-month period of 2014.

Financial assets

Disclosure of fair value of financial assets as at 31 March 2014

Financial assets as at 31 March 2014	Zavarovalnica Triglav		Triglav Group	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and deposits ⁽¹⁾	165,095,051	165,095,051	194,440,852	194,440,852
Held to maturity	194,006,193	217,006,513	218,320,607	243,757,386
Available for sale	1,183,411,139	1,183,411,139	1,498,121,431	1,498,121,431
Investments recognised at fair value	155,911,696	155,911,696	159,889,628	159,889,628
Unit-linked insurance assets	422,100,826	422,100,826	437,174,833	437,174,833
TOTAL	2,120,524,905	2,143,525,225	2,507,947,351	2,533,384,130

⁽¹⁾The fair value of loan and deposits is recognised on the basis of book 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 31 March 2014.

Zavarovalnica Triglav	L&R	HTM	AFS	FVTPL	TOTAL
Equity securities	0	0	105,273,314	4,740,625	110,013,938
Debt securities	14,391,935	194,006,193	1,076,748,199	150,392,520	1,435,538,848
Derivative financial instruments	0	0	0	778,551	778,551
Unit-linked financial assets	6,994,027	0	0	415,106,799	422,100,826
Loans	150,703,116	0	1,389,628	0	152,092,744
TOTAL	172,089,078	194,006,193	1,183,411,139	571,018,495	2,120,524,905

	in EUR				
Triglav Group	L&R	HTM	AFS	FVTPL	TOTAL
Equity securities	0	0	164,020,224	6,645,333	170,665,557
Debt securities	28,661,354	218,320,607	1,332,711,579	152,150,935	1,731,844,475
Derivative financial instruments	0	0	0	831,595	831,595
Unit-linked financial assets	7,150,772	0	428,687	429,595,375	437,174,834
Loans	165,779,498	0	1,389,628	261,764	167,430,890
TOTAL	201,591,624	218,320,607	1,498,550,118	589,485,002	2,507,947,351

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	106,316,020	0	3,697,919	110,013,938
Debt securities	1,150,638,871	76,501,849	0	1,227,140,720
Derivative financial instruments	321,066	457,485	0	778,551
Unit-linked financial assets	318,956,870	96,149,929	0	415,106,799
TOTAL	1,576,232,827	173,109,262	3,697,919	1,753,040,008

	in EUR			
Triglav Group	Level 1	Level 2	Level 3	TOTAL
Equity securities	133,199,238	19,259,388	18,206,931	170,665,557
Debt securities	1,398,550,624	86,120,202	191,688	1,484,862,514
Derivative financial instruments	374,110	457,485	0	831,595
Unit-linked financial assets	333,874,132	96,149,929	0	430,024,061
TOTAL	1,865,998,104	201,987,004	18,398,619	2,086,383,727

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	0	0
Disposals	0	0
Revaluation through profit and loss	0	58,032
Revaluation through equity	-2,466	50,002
Reclassifications from Level 1 and Level 2	0	0
Foreign exchange differences	0	-2,568
Balance as at 31 March 2014	3,697,919	18,398,619

Impairment

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

Impairment loss in the consolidated income statement of the Triglav Group in the period from 1 January to 31 March 2014 amounted to EUR 40 thousand.

Subordinated debt instruments

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

Contingent liabilities

On 31 March 2014, Zavarovalnica Triglav recognised a contingent liability arising from a bank loan guarantee given to Triglav Osiguranje a.d.o, Belgrade, granted by Banca Intesa, a.d., Belgrade and amounting to EUR 3.0 million, the amount disclosed is the same as at 31 December 2013.

Distribution of accumulated profits for 2013

On 10 June 2014, the General Meeting of Shareholders of Zavarovalnica Triglav will decide on the distribution of accumulated profits.

3.7 Changes in equity stakes in subsidiaries and business combinations

In the reporting period, the capital of the Triglav Group subsidiary, Triglav Pojišt'ovna a.s., Brno was increased. 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.

3.8 Related party transactions

Management Board of Zavarovalnica Triglav

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

Surname and name	Fixed salaries (gross)	Net pay received	Insurance premiums*	Other benefits**	Reimbursements
Slapar Andrej	36,180	10,625	13,289	1,545	308
Vrtunski Stanislav	36,083	14,271	4,754	1,377	147
Jošar Benjamin	36,010	13,161	4,484	2,373	603
Makoter Marica	36,010	13,511	4,737	1,546	170
TOTAL	144,283	51,568	27,264	6,841	1,228

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

** Other benefits – company car

As at 31 March 2014, Zavarovalnica Triglav recorded following receivables from and liabilities to the Management Board members:

Surname and name	in EUR	
	Receivables as at 31 March 2014	Liabilities as at 31 March 2014
Slapar Andrej	0	11,502
Vrtunski Stanislav	14	8,059
Jošar Benjamin	0	5,343
Makoter Marica	16	10,183
TOTAL	30	35,087

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

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

						in EUR
Surname and name	Flat-rate remuneration	Attendance fee	Reimbursements	Total gross pay	Total net pay	
Blažič Matija	2,167	0	0	2,167	1,576	
Celar Peter	2,708	0	0	2,708	1,970	
Gobbo Mario	3,250	396	0	3,646	2,402	
Gorjan Branko	2,708	396	263	3,367	2,449	
Krštinč Miran	2,708	0	0	2,708	1,970	
Nose Barbara*	1,083	495	0	1,578	1,148	
Runjak Matej	4,063	0	0	4,063	2,955	
Stankovič Rajko	2,708	396	0	3,104	2,258	
Štimac Dubravko**	13,686	1,265	527	15,478	11,996	
Total	35,081	2,948	790	38,819	28,724	

* External members of committees

** Payment for the period June 2013 - February 2014

As at 31 March 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 31 March 2014	
Blažič Matija	1,073	
Celar Peter	1,345	
Gobbo Mario	2,918	
Gorjan Branko	1,877	
Kastelic Gregor	5,719	
Krštinč Miran	1,619	
Nose Barbara*	954	
Runjak Matej	1,997	
Stankovič Rajko	1,633	
Štimac Dubravko	204	
TOTAL	19,339	

* 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	31 March 2014	31 Dec. 2013
Stakes and shares	159,778,726	159,778,726
Debt securities and loans to subsidiaries	47,196,027	43,256,213
Other financial investments	1,389,627	1,426,466
Receivables from direct insurance operations – from insurance	1,368,650	1,581,610
Premium receivable from co-insurance	4,943	5,857
Receivables from reinsurers' share in claims	7,038,713	8,078,520
Other short-term receivables from insurance operations	14,959	12,500
Short-term receivables from financing	4,251,774	4,254,738
Other short-term receivables	1,058,610	1,053,339

	in EUR	
LIABILITIES	31 March 2014	31 Dec. 2013
Liabilities towards policyholders	325,084	686,996
Liabilities towards insurance brokers	251,814	245,340
Reinsurance liabilities premium	12,430,618	10,383,349
Other long-term liabilities	87,609	99,553

	IN EUR	
INCOME AND EXPENSES	Q 1-3 2013	Q 1-3 2012
Gross written premium	1,845,811	615,857
Assumed co-insurance written premium	1,154	7,465
Reinsurance written premium (-)	-22,585,465	-23,944,431
Reinsurance commission income	4,498,152	3,132,108
Income from dividends and profit sharing	901,252	796,860
Interest income	555,397	499,255
Income from land and buildings	42,923	51,119
Other net income from insurance operations	438,034	279,960
Other income	216,735	193,551
TOTAL INCOME	-14,086,007	-18,368,257
Gross claims settled	764,883	152,000
Co-insurers' share of claims	0	0
Reinsurers' share of claims	-4,555,407	-4,644,830
Other finance costs	0	0
Other expenses	0	0
TOTAL EXPENSES	-3,790,524	-4,492,830

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	31 March 2014	31 Dec. 2013	31 March 2014	31 Dec. 2013
Stakes and shares	9,637,324	9,637,324	9,880,193	10,204,674
Receivables from direct insurance operations – from insurance	651	0	651	0
Short-term receivables from financing	1,111,728	1,111,728	1,111,728	1,111,728
Other short-term receivables	28,061	28,061	38,061	38,061

	in EUR			
	Zavarovalnica Triglav		The Triglav Group	
LIABILITIES	31 March 2014	31 Dec. 2013	31 March 2014	31 Dec. 2013
Liabilities towards policyholders	0	0	0	0
Liabilities towards insurance brokers	24,830	24,846	24,830	26,259
Liabilities for reinsurance premiums	0	0	0	0
Other short-term liabilities	0	0	2,781	3,398
Accrued costs and expenses	0	0	3,120	14

	IN EUR			
	Zavarovalnica Triglav		The Triglav Group	
INCOME AND EXPENSES	Q 1-3 2014	Q 1-3 2013	Q 1-3 2014	Q 1-3 2013
Gross written premium	19,307	82,459	19,307	82,459
TOTAL INCOME	19,307	82,459	19,307	82,459
Gross claims settled	9,350	14,130	9,350	14,130
Reinsurers' share	0	0	0	54,312
TOTAL EXPENSES	9,350	14,130	9,350	68,442

3.9 Other significant events after the reporting data

Significant events in the reporting period for the first three months of 2014 are described in Section 1.5 of this interim report.

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

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

- In April 2014, the Merger by Acquisition Agreement between Triglav nepremičnine d.o.o. and Zavarovalnica Triglav d.d. was signed. The merger of this 100%-owned subsidiary and the parent company is in line with optimising the management of the real property owned by Zavarovalnica Triglav. The merger by acquisition procedure is subject to the approval by the Insurance Supervision Agency.
- In April 2014, a capital increase was made in the subsidiary Triglav Osiguranje a.d., Belgrade. The capital increase totalled 695,742,600 of Serbian dinars or EUR 6,060,475.61. This amount was paid by Triglav INT, as a result of which its equity stake in Triglav Osiguranje a.d., Belgrade, grew from 99.15% to 99.55%.