

9. Financial standing of the Triglav Group in 2013

- The balance sheet total of the Triglav Group amounted to EUR 3,077.1 million as at reporting date.
- Total equity capital increased by 3% and reached EUR 590.5 million.

9.1 Equity and liabilities

The total value of equity as at 31 December 2013 was EUR 590.5 million or 3% more than the year before. The share of equity in total liabilities increased by 0.8 percentage point; from 18.4% to 19.2%. Equity attributable to the controlling company amounted to EUR 584.3 million, while non-controlling interest holders had EUR 6.2 million. Share capital, divided into 22,735,148 ordinary shares, remained at the 2012 year-end level and totalled EUR 73.7 million.

As a result of a decrease in the value of available-for-sale financial assets, fair value reserve was EUR 44.6 million, having decreased by 14% compared to the 2012 year-end. Share premium equalled EUR 56.9 million, whereas the amount of reserves from profit of EUR 276.7 million includes legal and statutory reserves of EUR 19.6 million, credit risk equalisation reserves of EUR 32.3 million, contingency reserves of EUR 0.5 million, treasury share reserves of EUR 0.5 million and other reserves from profit of EUR 224.2 million. The latter increased by EUR 23.2 million over 2012.

Accumulated profits for the year were EUR 136.3 million (index 101). Apart from net profit this includes 90.1 million of net profit brought forward (index 104). Net profit for the year disclosed in the balance sheet totalled EUR 46.2 million, which was EUR 23.2 million less than net profit disclosed in the income statement, as the Company in compliance with the Companies Act used part of the net profit to form other reserves from profit. According to the Companies Act, the Management Board of Zavarovalnica Triglav may allocate net profit to other reserves, however only up to one half of the net profit remaining after statutory allocations.

As at 31 December 2013, subordinated liabilities totalled EUR 28.2 million, having decreased by 24% over the 2012 year-end, since the bonds with the ticker symbol ZT01 fell due. They accounted for 0.9% of total liabilities.

On the liabilities side, gross insurance technical provisions decreased by 2% to EUR 2,261.4 million as at 31 December 2013. In total liabilities, their share decreased by 0.3 percentage point, from 73.8% to 73.5%. As at 31 December 2013, mathematical provisions amounted to EUR 1,305.9

million, which was 1% higher than at the end of the previous year. Provisions for gross unearned premiums shrunk by 4%, gross claims provisions by 7% and other insurance technical provisions by 13%. Insurance technical provisions are discussed in greater detail under Section 7.8.1.

Financial liabilities as at the 2013 year-end totalled EUR 34.8 million and were 12% below the figure reported one year earlier. Their share accounted for 1.1% of total liabilities.

Operating liabilities as at the reporting date totalled EUR 56.3 million or 3% below the figure reported one year earlier. They accounted for 1.8% of total liabilities, which is 0.1 percentage point less than as at 31 December 2012. Liabilities from direct insurance operations dropped as well, by 3% to EUR 20.2 million. Liabilities from co-insurance and reinsurance operations decreased by 4% to EUR 35.3 million. Current tax liabilities equalled EUR 739 thousand.

Other liabilities increased by 3%. As at the reporting date, they stood at EUR 59.7 million and represented 1.9% of total liabilities.

9.2 Assets

Financial assets equalled EUR 2,432.2 million, decreasing by 1% compared to the 2012 year-end. Their share in total assets grew by 0.7 percentage point and reached 79.0%. Unit-linked insurance assets amounted to EUR 437.7 million and financial investments to EUR 1,994.5 million. In total financial investments, EUR 199.3 million was accounted for by deposits and loans and EUR 224.9 million by investments held to maturity. Moreover, investments available for sale totalled EUR 1,431.0 million and investments recognised at fair value through profit and loss equalled EUR 139.3 million. The structure of financial assets is discussed in greater detail under Section 7.9.

The Triglav Group's financial investments in associates fell by 29%, caused mostly by Triglav Skladi d.o.o. divesting from ZIF Polara Invest Fond a.d., Banja Luka. Reaching EUR 10.2 million, they accounted for 0.3% of total assets.

Investment property stood at EUR 97.2 million and represented 3.2% of total assets, having decreased by 3%.



Insurance technical provisions



Structure of financial assets

The Group's **receivables** as at 31 December 2013 were 1% higher compared to the 2012 year-end and equalled EUR 196.3 million. They accounted for 6.4% of total assets. Receivables from direct insurance operations decreased to EUR 96.0 million (index 92). Receivables from co-insurance and reinsurance operations reached EUR 43.3 million (index 101), other receivables stood at EUR 42.3 million (index 109) and current tax receivables at EUR 14.7 million (index 158).

As at 31 December 2013, **insurance technical provisions transferred to reinsurance contracts** amounted to EUR 64.7 million, which was 23% less than one year earlier. Assets from reinsurance contracts from claim provisions totalled EUR 49.6 million, while unearned premium equalled EUR 15.1 million.

Property, plant and equipment amounted to EUR 122.9 million (index 94), representing 4.0% of total assets. **Intangible assets** equalled EUR 71.7 million (index 107), accounting for 2.3% of total assets.

As at 31 December 2013, **cash and cash equivalents** amounted to EUR 29.1 million and were 68% higher than as the end of 2012.

Other assets equalled EUR 27.0 million (index 80) and **non-current assets held for sale** stood at EUR 2.1 million (index 91).

Financial position indicators

Financial position indicators	2013	2012	2011
The portion of equity in total liabilities	19.2%	18.4%	16.5%
Average equity balance as % of gross written premium	64.7%	56.8%	50.0%
Return on equity	12.0%	13.8%	9.6%
Share of gross insurance technical provisions in total liabilities	73.5%	73.8%	75.4%
Average balance of gross insurance technical provisions as % of gross written premium	253.5%	242.4%	227.7%
Financial assets to total assets ratio	79.0%	78.3%	78.5%
Financial assets to gross insurance technical provisions ratio	107.6%	106.1%	104.1%

Balance sheet as at 31 December 2013 – according to IFRS

	in EUR				
	31 December 2013	31 December 2012	Index	Structure 2013	Structure 2012
TOTAL ASSETS	3,077,107,344	3,123,808,393	99	100.0%	100.0%
Intangible assets	71,724,243	66,878,286	107	2.3%	2.1%
Property, plant and equipment	122,850,884	130,350,482	94	4.0%	4.2%
Deferred tax receivables	23,696,799	34,434,717	69	0.8%	1.1%
Investment property	97,245,384	100,186,863	97	3.2%	3.2%
Investments in associates	10,204,674	14,384,184	71	0.3%	0.5%
Financial assets	2,432,183,379	2,445,878,652	99	79.0%	78.3%
Financial investments:	1,994,515,763	2,026,996,736	98	64.8%	64.9%
- loans and deposits	199,264,326	273,278,022	73	6.5%	8.7%
- held to maturity	224,880,951	228,416,165	98	7.3%	7.3%
- available for sale	1,431,023,178	1,417,564,782	101	46.5%	45.4%
- recognised at fair value through profit and loss	139,347,308	107,737,767	129	4.5%	3.4%
Unit-linked insurance assets	437,667,616	418,881,916	104	14.2%	13.4%
Reinsurers' share of insurance technical provisions	64,707,528	83,575,712	77	2.1%	2.7%
Receivables	196,328,781	194,850,052	101	6.4%	6.2%
- receivables from direct insurance operations	95,959,929	103,865,001	92	3.1%	3.3%
- receivables from reinsurance and co-insurance operations	43,322,539	42,942,784	101	1.4%	1.4%
- current tax receivables	14,724,095	9,331,709	158	0.5%	0.3%
- other receivables	42,322,218	38,710,558	109	1.4%	1.2%
Other assets	26,973,765	33,680,408	80	0.9%	1.1%
Cash and cash equivalents	29,068,558	17,251,420	168	0.9%	0.6%
Non-current assets held for sale	2,123,349	2,337,617	91	0.1%	0.1%
EQUITY AND LIABILITIES	3,077,107,344	3,123,808,393	99	100.0%	100.0%
Equity	590,537,457	574,563,757	103	19.2%	18.4%
Controlling interests	584,314,877	567,863,820	103	19.0%	18.2%
- share capital	73,701,392	73,701,392	100	2.4%	2.4%
- share premium	56,866,194	56,710,713	100	1.8%	1.8%
- reserves from profit	276,678,464	253,233,080	109	9.0%	8.1%
- treasury share reserves	452,880	364,680	124	0.0%	0.0%
- treasury shares	-452,880	-364,680	124	0.0%	0.0%
- fair value reserve	44,605,435	51,819,054	86	1.4%	1.7%
- net profit/loss brought forward	90,083,115	86,769,095	104	2.9%	2.8%
- net profit/loss for the year	46,213,507	48,809,667	95	1.5%	1.6%
- currency translation differences	-3,833,230	-3,179,181	121	-0.1%	-0.1%
Non-controlling interests	6,222,580	6,699,937	93	0.2%	0.2%
Subordinated liabilities	28,244,484	37,025,550	76	0.9%	1.2%
Insurance technical provisions	1,826,231,310	1,887,920,781	97	59.3%	60.4%
- unearned premiums	258,066,669	268,424,573	96	8.4%	8.6%
- mathematical provisions	870,733,006	869,949,936	100	28.3%	27.8%
- claims provisions	674,436,244	723,176,114	93	21.9%	23.2%
- other insurance technical provisions	22,995,391	26,370,158	87	0.7%	0.8%
Insurance technical provisions for unit-linked insurance contracts	435,201,724	417,338,984	104	14.1%	13.4%
Employee benefits	11,401,382	10,573,673	108	0.4%	0.3%
Other provisions	16,218,730	19,621,552	83	0.5%	0.6%
Deferred tax liabilities	18,465,042	21,351,998	86	0.6%	0.7%
Other financial liabilities	34,790,998	39,380,566	88	1.1%	1.3%
Operating liabilities	56,325,533	58,150,107	97	1.8%	1.9%
- liabilities from direct insurance operations	20,247,893	20,811,717	97	0.7%	0.7%
- liabilities from reinsurance and co-insurance operations	35,338,592	36,744,115	96	1.1%	1.2%
- current tax liabilities	739,048	594,275	124	0.0%	0.0%
Other liabilities	59,690,684	57,881,425	103	1.9%	1.9%