

9. Financial Standing of the Triglav Group

- As at the reporting date, balance sheet total increased by 6% compared to the 2013 year-end, whilst total equity capital rose by 17%.
- Financial assets went up by 8%.

9.1 Equity and liabilities

The **total equity capital** as at the 2014 year-end was EUR 688.1 million or 17% more than in 2013. The share of equity in total liabilities increased by 1.8 percentage points, from 19.2% to 21.0%. Equity attributable to the controlling company amounted to EUR 681.4 million, while non-controlling interest holders had EUR 6.7 million. Share capital, divided into 22,735,148 ordinary shares, remained at the 2013 year-end level and totalled EUR 73.7 million.

As a result of an increase in the value of available-for-sale financial assets, **fair value reserve** increased by 113% to EUR 94.9 million.

Share premium remained approximately at the same level as the year before (index 100), reaching EUR 56.9 million.

Reserves from profit amounting to EUR 299.7 million include legal and statutory reserves of EUR 20.0 million, credit risk equalisation reserves of EUR 32.4 million, contingency reserves of EUR 0.6 million and other reserves from profit of EUR 246.7 million. The latter increased by EUR 22.5 million over 2013 and stood at EUR 246.7 million.

As at 31 December 2014, **accumulated profits** for the year grew by 17% to EUR 159.5 million nominally, including net profit for the year and net profit brought forward of EUR 96.7 million (index 107). Net profit brought forward decreased by EUR 38.6 million due to the payment of dividends and increased by EUR 46.2 million as a result of transferring the net profit of the preceding year. Net profit for the year disclosed in the balance sheet totalled EUR 62.8 million, which was EUR 22.5 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 the reporting date, **subordinated liabilities** were 1% lower than in the previous year, accounting for 0.9% of total liabilities or EUR 28.1 million in nominal terms.

On the liabilities side, **gross insurance technical provisions** rose by 3% to EUR 2,333.7 million. In total liabilities, their share decreased by 2.2 percentage points, from 73.5% to 71.2%. Mathematical provisions increased by 8% and amounted to EUR 1,413.0 million. Provisions for gross unearned premiums and gross claims provisions shrunk by 5% and by 4% respectively. Other insurance technical provisions grew by 12%. Insurance technical provisions are discussed in greater detail under [\[→ Section 7.8.1\]](#).

Financial liabilities accounted for 0.5% of total liabilities as at the 2014 year-end. They totalled EUR 15.1 million or 57% less compared to 2013.

Operating liabilities as at 31 December 2014 totalled EUR 58.5 million or 4% above the figure reported one year earlier. They accounted for 1.8% of total liabilities. Liabilities from direct insurance operations declined by 23% and equalled EUR 15.6 million. Liabilities from co-insurance and reinsurance operations increased by 3% to EUR 36.3 million. Current tax liabilities equalled EUR 6.5 million (EUR 739 thousand as at 31 December 2013).

Employee benefits totalled EUR 12.3 million (index 108), whilst **other provisions** amounted to EUR 3.9 thousand (index 24).

Deferred tax liabilities amounted to EUR 30.8 million (index 167), which was mainly due to the large increase in unrealised surplus from financial investments.

As at 31 December 2014, **other liabilities** increased by 10% and stood at EUR 65.6 million, representing a 2.0% share of total liabilities.

Liabilities arising from non-current assets held for sale were formed in the amount of EUR 39.3 million.

9.2 Assets

Financial assets as at the 2014 year-end totalled EUR 2,619.4 million and were 8% above the figure reported one year earlier. Their share accounted for 80.0% of total assets (an increase of 0.9 percentage point). **Unit-linked insurance assets** amounted to EUR 465.8 million and **financial investments** to EUR 2,153.6 million. In total financial investments, EUR 130.0 million was accounted for by deposits and loans, EUR 210.6 million by investments held to maturity, EUR 204.3 million by investments recognised at fair value through profit/loss and EUR 1,608.7 million by investments available for sale, accounting for the bulk of total financial investments. The structure of financial assets is discussed in greater detail under [\[→ Section 7.9\]](#).

The Triglav Group's financial investments in associates rose by 2%, totalling EUR 10.4 million and maintained its 0.3% share of total assets.

Investment property rose by 8% and totalled EUR 104.9 million [\[→ for details see Section 7.9\]](#). They accounted for 3.2% of total assets.

Receivables as at 31 December 2014 were 7% lower compared to the 2013 year-end and equalled EUR 181.8 million. They accounted for 5.6% of total assets. Receivables from direct insurance operations amounted to EUR 86.4 million (index 90), receivables from co-insurance and reinsurance operations totalled EUR 41.5 million (index 96), other receivables equalled EUR 52.1 million (index 123) and current tax receivables EUR 1.8 million (2013: EUR 14.7 million).

The **insurance technical provisions transferred to reinsurance contracts** stood at EUR 71.1 million, having increased by 10% compared to 31 December 2013. Assets from reinsurance contracts from claim provisions totalled EUR 55.6 million (index 112), while those from unearned premiums equalled EUR 15.5 million (index 102).

Property, plant and equipment totalled EUR 123.7 million (index 101), representing 3.8% of total assets. **Intangible assets** equalled EUR 71.8 million (index 100), accounting for 2.2% of total assets.

Cash and cash equivalents equalled EUR 22.9 million (index 79), whilst **other assets** totalled EUR 8.5 million (index 31). Compared to the 2013 year-end, **deferred tax receivables** decreased by 14% and stood at EUR 20.5 million.

Non-current assets held for sale equalled EUR 40.6 million (2013: EUR 2.1 million). Since the subsidiary Triglav Pojišt'ovna, Brno, is in the process of selling, all assets and liabilities of that company were in accordance with accounting standards categorised as non-current assets held for sale and disclosed as separate items in the statement of financial position.

Balance sheet as at 31 December 2014 – according to IFRS

	in EUR				
	31 December 2014	31 December 2013	Index	2014 Structure	2013 Structure
ASSETS	3,275,428,004	3,077,107,344	106	100.0%	100.0%
Intangible assets	71,770,468	71,724,243	100	2.2%	2.3%
Property, plant and equipment	123,668,545	122,850,884	101	3.8%	4.0%
Deferred tax receivables	20,472,194	23,696,799	86	0.6%	0.8%
Investment property	104,861,479	97,245,384	108	3.2%	3.2%
Investments in associates	10,371,335	10,204,674	102	0.3%	0.3%
Financial assets	2,619,376,329	2,432,183,379	108	80.0%	79.0%
Financial investments:	2,153,588,590	1,994,515,763	108	65.7%	64.8%
- loans and deposits	130,037,423	199,264,326	65	4.0%	6.5%
- held to maturity	210,604,128	224,880,951	94	6.4%	7.3%
- available for sale	1,608,664,995	1,431,023,178	112	49.1%	46.5%
- recognised at fair value through profit and loss	204,282,044	139,347,308	147	6.2%	4.5%
Unit-linked insurance assets	465,787,739	437,667,616	106	14.2%	14.2%
Reinsurers' share of technical provisions	71,147,717	64,707,528	110	2.2%	2.1%
Assets from financial contracts	0	0		0.0%	0.0%
Receivables	181,810,510	196,328,781	93	5.6%	6.4%
- receivables from direct insurance operations	86,414,518	95,959,929	90	2.6%	3.1%
- receivables from reinsurance and co-insurance operations	41,461,923	43,322,539	96	1.3%	1.4%
- current tax receivables	1,819,015	14,724,095	12	0.1%	0.5%
- other receivables	52,115,054	42,322,218	123	1.6%	1.4%
Other assets	8,469,465	26,973,765	31	0.3%	0.9%
Cash and cash equivalents	22,858,388	29,068,558	79	0.7%	0.9%
Non-current assets held for sale	40,621,574	2,123,349		1.2%	0.1%
EQUITY AND LIABILITIES	3,275,428,004	3,077,107,344	106	100.0%	100.0%
Equity	688,140,772	590,537,457	117	21.0%	19.2%
Controlling interests	681,412,162	584,314,877	117	20.8%	19.0%
- share capital	73,701,392	73,701,392	100	2.3%	2.4%
- share premium	56,908,216	56,866,194	100	1.7%	1.8%
- reserves from profit	299,731,040	276,678,464	108	9.2%	9.0%
- treasury share reserves	452,880	452,880	100	0.0%	0.0%
- treasury shares	-452,880	-452,880	100	0.0%	0.0%
- fair value reserve	94,940,028	44,605,435	213	2.9%	1.4%
- net profit brought forward	96,705,983	90,083,115	107	3.0%	2.9%
- net profit for the year	62,769,801	46,213,507	136	1.9%	1.5%
- currency translation differences	-4,558,557	-3,833,230	119	-0.1%	-0.1%
- reserve of disposal group held for sale	1,214,258	0		0.0%	0.0%
Non-controlling interests	6,728,610	6,222,580	108	0.2%	0.2%
Subordinated liabilities	28,065,416	28,244,484	99	0.9%	0.9%
Insurance technical provisions	1,874,756,014	1,826,231,310	103	57.2%	59.3%
- unearned premiums	245,995,733	258,066,669	95	7.5%	8.4%
- mathematical provisions	954,072,939	870,733,006	110	29.1%	28.3%
- claims provisions	648,827,459	674,436,244	96	19.8%	21.9%
- other insurance technical provisions	25,859,883	22,995,391	112	0.8%	0.7%
Insurance technical provisions for unit-linked insurance contracts	458,899,160	435,201,724	105	14.0%	14.1%
Employee benefits	12,265,582	11,401,382	108	0.4%	0.4%
Other provisions	3,946,874	16,218,730	24	0.1%	0.5%
Deferred tax liabilities	30,752,195	18,465,042	167	0.9%	0.6%
Liabilities from financial contracts	0	0		0.0%	0.0%
Other financial liabilities	15,084,019	34,790,998	43	0.5%	1.1%

	in EUR				
	31 December 2014	31 December 2013	Index	2014 Structure	2013 Structure
Operating liabilities	58,533,223	56,325,533	104	1.8%	1.8%
- liabilities from direct insurance operations	15,644,384	20,247,893	77	0.5%	0.7%
- liabilities from reinsurance and co-insurance operations	36,341,671	35,338,592	103	1.1%	1.1%
- current tax liabilities	6,547,168	739,048	886	0.2%	0.0%
Other liabilities	65,641,718	59,598,649	110	2.0%	1.9%
Liabilities arising from long-term assets held for sale	39,343,031	92,035		1.2%	0.0%

Financial position indicators

	2014	2013	2012
The portion of equity in total liabilities	21.0%	19.2%	18.4%
Average equity balance as % of gross written premiums	64.7%	64.7%	56.8%
Return on equity	13.4%	12.0%	13.8%
Share of gross insurance technical provisions in total liabilities	71.2%	73.5%	73.8%
Average balance of gross insurance technical provisions as % of gross written premiums	253.5%	253.5%	242.4%
Financial assets to total assets ratio	80.0%	79.0%	78.3%
Financial assets to gross insurance technical provisions ratio	112.2%	107.6%	106.1%