



DUNAV INSURANCE COMPANY a.d.o.

STATEMENT OF OPERATIONS

I-XII 2013

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1. ECONOMIC TRENDS

1.1. Economic trends in the Republic of Serbia

- **Mean exchange rate of EURO** as at 31 December 2013 was 114,6421 RSD. As at 31 December 2012 the mean exchange rate of EUR was 113,7183 RSD. The growth in EUR exchange rate was 0,8%. **0,8% the growth in EUR exchange rate.**
- **Prices of goods and services** used for personal consumption in December 2013 in relation to November 2013 increased by 0,2% in average. Consumer prices in December 2013, when compared to December 2012, increased by 2,2%, whereas the average annual growth was 7,8%. **Annual inflation rate 2,2%.**
- **Industrial production** in the Republic of Serbia in December 2013 when compared to December 2012, increased by 0,5%, and in relation to 2012 average, it increased by 9,5%. In the period January – December 2013, compared to the same period of 2012, the industrial production increased by 5,5%. **Industrial production increase in the period January – December 2013- 5,5% increase.**
- **The average earnings** paid out in the period January – December 2013 in the Republic of Serbia, compared to average earnings paid out in the same period of 2012, increased in nominal terms by 5,7%, and decreased by 1,9% in real terms. **5,7% rise in average earnings for 2013.**

Average earnings (gross) in the Republic of Serbia, paid out in December 2013 were 70.071 RSD. Compared to the average earnings paid out in November 2013, they grew by 15,1% in nominal terms. (Average earnings without taxes and contributions (net) paid out in December 2013 in the Republic of Serbia was 50.820 RSD).
- In 2013, Index Belex 15 (index of 15 most liquid shares) recorded a 6,51% growth, whereas Index Belex line ("benchmark" index of the Belgrade Stock Exchange) recorded 9,88% growth. **6,51% growth in Index Belex 15 in the third quarter.**
- GDP in the fourth quarter of 2013 increased by 2,6% when compared to the same period of the previous year.

1.2. Insurance market in the Republic of Serbia

The share of Dunav Insurance Company in the total gross premium earned in the insurance market of the Republic of Serbia in the period I-IX 2013 was **29,1%**. The share of Company non-life insurance in the total **non-life** gross premium in the period I-IX 2013 was **33,5%**, whereas the share of **life insurance** was **10,1%**. When compared to the same period of 2012, the share of Company non-life insurance premium in total gross non-life insurance premium in insurance market amounted to 34,6%.

Company share of 29,1%.

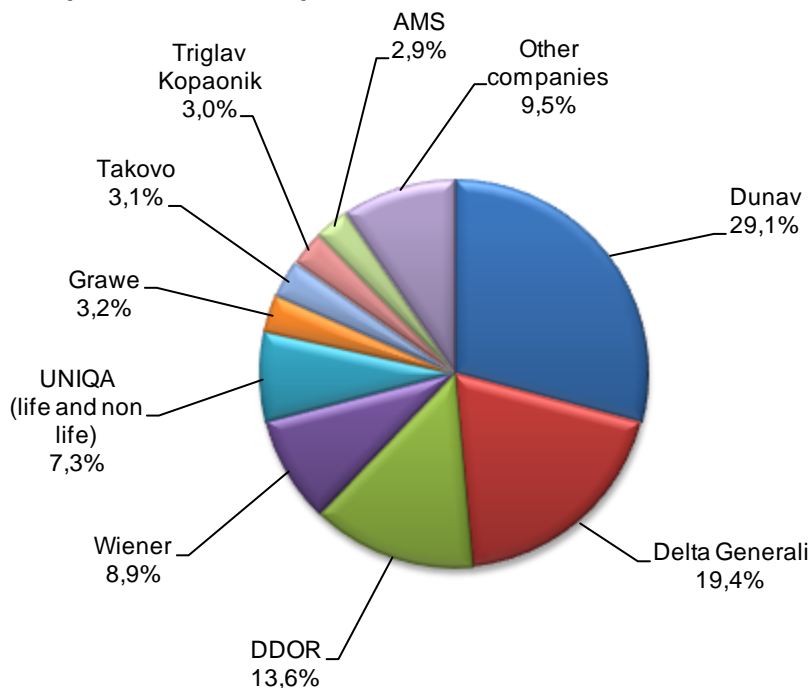
In the observed period, three insurance companies („Dunav Insurance”, „Delta Generali” and „DDOR Novi Sad”) accounted for the majority part of total premium in Serbia (62,1%).

Ranking of insurance companies by their share in gross premium:

(in 000 RSD.)

No.	Insurance company	TOTAL PREMIUM - share of companies in the total premium in Serbia					
		I-IX 2013		2012		2011	
		Amount	Share (in %)	Amount	Share (in %)	Amount	Share (in %)
1.	Dunav	14.218.013	29,1%	17.873.280	29,1%	15.435.121	26,9%
2.	Delta Generali	9.491.321	19,4%	12.289.118	20,0%	10.886.843	19,0%
3.	DDOR	6.664.583	13,6%	8.213.624	13,4%	9.864.495	17,2%
4.	Wiener	4.333.327	8,9%	5.660.843	9,2%	5.134.142	9,0%
5.	UNIQA (life and non life)	3.582.564	7,3%	4.474.927	7,3%	3.821.842	6,7%
6.	Grawe	1.538.607	3,2%	2.206.972	3,6%	1.994.711	3,5%
7.	Takovo	1.534.570	3,1%	2.239.969	3,6%	2.305.159	4,0%
8.	Triglav Kopaonik	1.444.168	3,0%	1.812.947	2,9%	2.119.446	3,7%
9.	AMS	1.414.648	2,9%	1.524.277	2,5%	1.436.343	2,5%
10.	Other companies	4.622.087	9,5%	5.167.747	8,4%	4.315.901	7,5%
TOTAL		48.843.888	100,0%	61.463.704	100,0%	57.314.003	100,0%

Share of companies in the total premium earned in insurance market in the period I-IX 2013



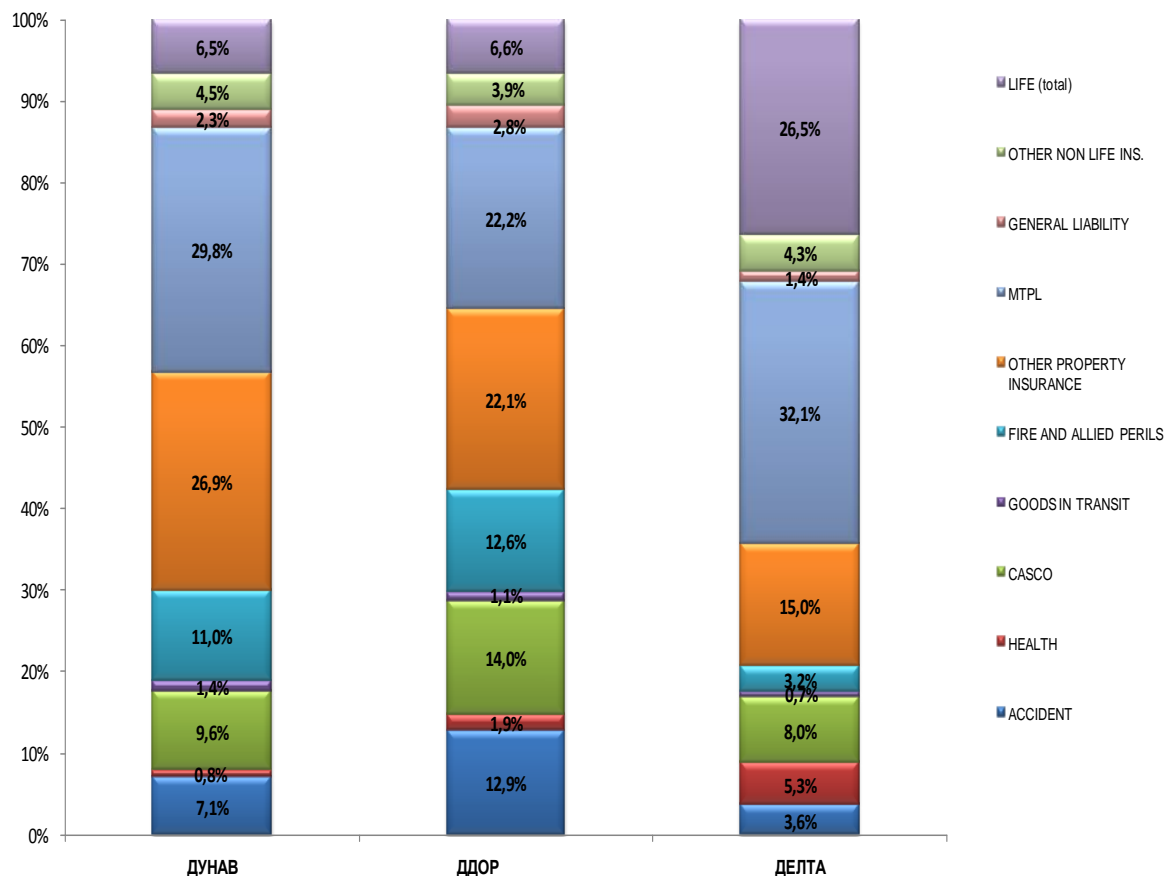
In the period I-IX 2013 when compared to 2012, the Company recorded the biggest increase in market share in Fire and Allied Perils Insurance (by 3,0 percentage points), Voluntary Health Insurance (by 1,0 percentage points) and in Accident Insurance (by 1,0 percentage points). The biggest market share drop was recorded in Goods in Transit Insurance (by 7,3 percentage points).

(in %)

Insurance type	DUNAV		
	Premium share of Dunav Insurance in the total market premium of the corresponding class		
	I-IX 2013	2012	2011
OTHER PROPERTY INSURANCE	46,5	47,9	47,3
FIRE AND ALLIED PERILS	43,3	40,3	39,2
GOODS IN TRANSIT	33,9	41,2	38,2
ACCIDENT	32,5	31,5	30,0
GENERAL LIABILITY	31,7	34,2	35,4
MTPL	28,6	30,3	23,8
CASCO	27,6	28,6	28,5
HEALTH	12,3	11,3	11,5
OTHER NON-LIFE INS.	26,2	24,4	26,4
LIFE (total)	10,1	9,2	8,0

Comparing the structure of gross premium realized in the period I-IX 2013 by the three biggest insurance companies in the market („Dunav Insurance Company”, „Delta Generali” and „DDOR Novi Sad”), a similarity in terms of portfolio can be observed between "Dunav Insurance Company" and "DDOR Novi Sad" where Motor Insurance is predominant – casco and liability and property lines, whereas with Delta Generali, in addition to the said classes, life insurance takes a considerable share – in total (with the share of 26,5%).

Premium structure of the three biggest insurance companies in the Serbian market for the period I-IX 2013





Share of Dunav Insurance Company in the total amount of settled claims in the insurance market of the Republic of Serbia in the period I-IX 2013 was 28,4%.

**Company
share in
settled
claims
28,4%**

Ranking of insurance companies by their share in settled claims:

(in 000 RSD.)

No.	Insurance company	SETTLED CLAIMS - share of companies in the total settled claims in Serbia					
		I-IX 2013		2012		2011	
		Amount	Share (in %)	Amount	Share (in %)	Amount	Share (in %)
1.	Dunav	5.339.678	28,4%	7.255.289	28,9%	7.068.092	29,6%
2.	DDOR	3.392.097	18,1%	5.463.527	21,8%	5.200.203	21,8%
3.	Delta Generali	2.996.495	16,0%	3.808.743	15,2%	3.264.397	13,7%
4.	Wiener	1.745.976	9,3%	2.115.841	8,4%	1.982.775	8,3%
5.	UNIQA (life and nonlife)	1.265.990	6,7%	1.539.428	6,1%	1.555.042	6,5%
6.	Triglav Kopaonik	1.029.704	5,5%	942.497	3,8%	1.019.384	4,3%
7.	Takovo	629.635	3,4%	1.005.081	4,0%	908.955	3,8%
8.	Milenijum	520.359	2,8%	624.354	2,5%	507.991	2,1%
9.	Grawe	459.471	2,4%	645.532	2,6%	506.280	2,1%
10.	Other companies	1.390.590	7,4%	1.704.226	6,8%	1.833.968	7,7%
TOTAL		18.769.995	100,0%	25.104.518	100,0%	23.847.087	100,0%

Ranking order of insurance companies by their share in settled claims, allowing for minor deviations, follows the ranking order of their share in gross premium, which is not surprising considering that claims are directly connected with the portfolio size.

Compared to 2012 and observed by insurance classes, in the period I-IX 2013, the share of claims settled by Dunav Insurance Company in the total settled claims in the market saw the rise, notably in Other Non-life Insurance (by 7,6 percentage points), MTPL (by 3,4 percentage points), Life (by 2,7 percentage points) and Accident (by 1,0 percentage points).

(in %)

Class of insurance	DUNAV		
	Share of claims settled by Dunav Insurance in the total settled claims in the market		
	I-IX 2013	2012	2011
OTHER PROPERTY INS.	53,1	58,8	56,6
ACCIDENT	38,0	37,0	36,9
GENERAL LIABILITY	37,6	41,2	34,3
CASCO	28,0	28,1	27,6
MTPL	26,8	23,4	22,1
FIRE AND ALLIED PERILS	21,3	37,7	43,1
HEALTH	12,2	11,4	12,7
GOODS IN TRANSIT	9,0	44,2	7,4
OTHER NON-LIFE INSURANCE	25,2	17,6	54,5
LIFE (total)	8,8	6,1	6,6



2. COMPANY BACKGROUND

Dunav Insurance Company a.d.o. is a business entity established as an open joint-stock company for property and personal insurance and other insurance-related services.

**140-year
long tradition.**

Registered Office of the Company: Belgrade, Makedonska 4.

Company ID Number: 07046898.

Tax Identification Number (TIN): 100001958.

The Company is a legal successor of the Company „Osiguranje Dunav“ d.d. organized under the Decision of the Shareholder's Meeting of the Shareholding Insurance Company “Dunav” passed in IX session held on 26/04/1994 and entered in the Register of the Commercial Court in Belgrade under the Decision IV-Fi No. 9281/94, of 01/09/1994 which, under the Decision of the Commercial Court in Belgrade II-Fi No. 7821/97, court registry entry 4-01-00, of 03/07/1997, was registered in accordance with the Law on Property and Personal Insurance as a joint stock company.

Under the Decision of the Business Registers Agency in Belgrade No. 1992/2005 of 02/03/2005, the Company was registered in the Register of Companies as a joint stock insurance company.

Dunav Insurance Company a.d.o. Belgrade is organized and existing under the Insurance Law („Official Gazette of RS“ Nos. 55/04, 70/04, 61/05, 101/07 and 99/11) and the Company Law („Official Gazette of RS“, Nos. 36/11 and 99/11).

Business entities founded by the Company as the majority or substantive shareholder are subsidiaries controlled by the Company in proportion to its share in capital. The enterprises operating as Company's subsidiaries are: Dunav Re, Dunav Auto, Dunav Tourist, Dunav Voluntary Pension Fund Management Company, Dunav Stockbroker, Dunav Osiguranje a.d. Banja Luka and Dunav Banka a.d. Zvečan.

% share in capital of subsidiaries:

**Eight
subsidiaries.**

No.	SUBSIDIARIES	% SHARE IN CAPITAL
1	Dunav Auto, Beograd	100,00%
2	Dunav Voluntary Pension Fund Management, Beograd	100,00%
3	Dunav Stockbroker, Beograd	100,00%
4	Dunav Re, Beograd	88,41%
5	Dunav Osiguranje, Banja Luka	76,34%
6	Dunav Auto, Banja Luka	76,34%
7	Dunav Tourist, Beograd	96,15%
8	Dunav Banka, Zvečan	70,87%

2.1. Classes of insurance business

The Company is licensed by the National Bank of Serbia to draw profit from business operations in the following lines of insurance:

non-life insurance: accident insurance including worker's compensation and insurance of occupational diseases, voluntary health insurance, motor insurance, aviation insurance, vessel insurance, rolling stock insurance, goods in transit insurance, insurance of property against fire and allied perils, other property lines, motor vehicle liability, aircraft liability insurance, vessel liability insurance, general liability insurance, credit insurance, guarantee insurance, financial losses insurance, insurance of legal expenses, travel assistance and other lines of non-life insurance;

life insurance: life assurance, annuity insurance, life rider, voluntary pension insurance and other lines of life assurance.

**The only
company in
the
domestic
market
registered
for all
insurance
lines.**

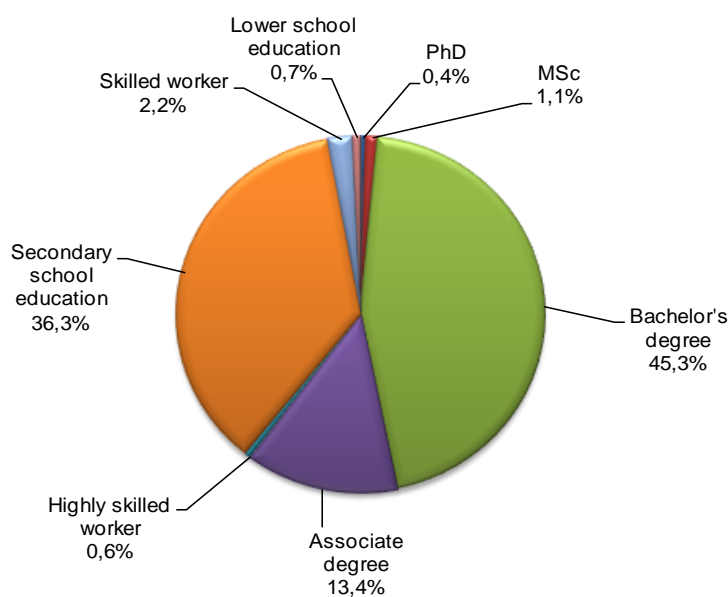
2.2. Age and qualification structure of employees

C O M P A N Y	Qualification / age	PhD	MSc	Bachelor's degree	Associate degree	Highly skilled worker	Secondary school education	Skilled worker	Lower school education	Total
	18-25	0	0	21	6	0	35	1	0	63
	26-35	2	6	409	93	2	206	15	0	733
	36-45	1	10	360	96	7	257	13	1	745
	46-55	5	6	254	102	4	312	18	7	708
	56-65	3	8	185	66	2	177	12	10	463
	over 65	0	0	0	0	0	0	0	0	0
	Total	11	30	1.229	363	15	987	59	18	2.712

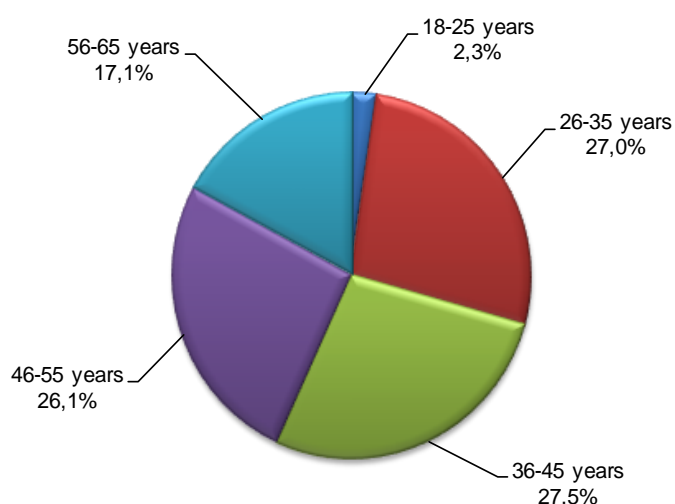
**Number of employees
2.712.**

Total number of employees as at December 31, 2013 amounted to **2.712**.

Qualification structure of the employees



Age structure of the employees



Permanently		Temporary		Trainee		Total		Total number of employees for 8 working hours
full time	part time	full time	part time	full time	part time	full time	part time	
2.360	6	120	219	7	0	2.487	225	
2.366		339		7		2.712		2.575



3. FINANCIAL PERFORMANCE INDICATORS IN THE PERIOD I-XII 2013

3.1. Summary of performance in the period I-XII 2013

(in 000 RSD)

ITEM	Realization I-XII 2012	Correction 01.01.2013	Plan I-XII 2013	Realization I-XII 2013	% increase/ decrease I-XII 2013 / I-XII 2012	% increase/ decrease I-XII 2013 / plan I-XII 2013
Total income	19.254.042	19.254.042	22.909.490	20.404.808	6,0	-10,9
Total expenses	18.971.758	20.455.572	22.529.290	20.305.248	7,0	-9,9
Profit / loss before taxation	282.284	(1.201.530)	380.200	99.560	-64,7	-73,8
Profit / loss after taxation	72.016	(1.411.798)	351.685	15.976	-77,8	-95,5
Gross premium	17.873.280	17.873.280	18.487.062	17.528.367	-1,9	-5,2
Collected premium (without tax)	17.075.885	17.075.885	17.415.978	18.006.407	5,4	3,4
- Collected premium (money, offset)	16.264.489	16.264.489	-	16.921.218	5,4	-
- Other	811.396	811.396	-	1.085.189	33,7	-
Settled claims	7.255.289	7.255.289	7.876.368	7.313.898	0,8	-7,1
Paid claims	6.928.195	6.928.195	7.836.986	7.461.290	7,7	-4,8
Operating expenses	9.152.884	9.152.884	9.215.495	8.883.953	-2,9	-3,6
Share of operating expenses in gross premium	51,2	51,2	49,8	50,7	-0,5	0,9

(in 000 RSD)

ITEM	Realization 31.12.2012	Correction 01.01.2013	Relization 31.12.2013	% increase/decrease
Total balance sheet assets / liabilites	29.864.898	28.761.732	29.159.781	-2,4
Total contingent assets / liabilites	744.495	744.495	425.531	-42,8

(in RSD)

ITEM	December 2012.	December 2013.	% increase/decrease
Average net income per employee	72.025	72.909	1,2
Average net earnings per employee	101.100	102.283	1,2
Number of employees as at 31 December of the current year	3.052	2.712	-11,1



Indicators	(in %)				
	Realization I-XII 2012	Plan I-XII 2013	Realization I-XII 2013	COMPARISON - DEVIATION	
				Plan	Previous year
<i>Share of collected premium in gross premium</i>	95,5	94,2	102,7	8,5	7,2
<i>Share of settled claims in gross premium</i>	40,6	42,6	41,7	-0,9	1,1
<i>Share of gross earnings in gross premium</i>	22,9	22,1	23,2	1,1	0,3
<i>Share of gross earnings in collected premium</i>	24,0	23,4	22,6	-0,8	-1,4
<i>Share of settled claims in collected premium</i>	42,5	45,2	40,6	-4,6	-1,9
<i>Share of paid claims in total claims payable</i>	95,1	95,2	97,2	2,0	2,1

- Fixed and other capital of the Company was 5,9 billion Dinars, out of which 5,3% was the share capital, 92,5% socially-owned capital and 2,2% accounted for other (socially-owned) capital.
- As at 31 December 2013, short-term and long-term investments of the Company were 3,7 billion RSD and 4,3 billion RSD respectively.
- In the period I-XII 2013, total gross premium was 17,5 billion Dinars, which was by 1,9% less compared to the previous year and 5,2% less compared to the plan for the observed period.
- In the total portfolio, the respective share of non-life and life insurance was 92,8% and 7,2%.
- The collected premium amounting to 18,0 billion Dinars is higher by 5,4% compared to the previous year, while compared to the plan, it was higher by 3,4%.
- In the period I-XII 2013, claims settled totaled 7,3 billion Dinars which, compared to the previous year, was an increase of 0,8%.
- In the period I-XII 2013, net profit totaled 15,9 million Dinars.

**Fixed and other
capital 5,9 bln RSD.**

**Total investments
8,0 bln RSD.**

**Gross premium 17,5
bln RSD.**

**Non-life 92,8%, life
7,2%.**

**Collected premium
18,0 bln RSD.**

**Settled claims 7,3
bln RSD.**

Profit 15,9 mln RSD.



3.2. Financial result from MTPL business in the period I-XII 2013

Total gross premium of compulsory motor insurance realized in the period I-XII 2013 was 5.578.660 thousand Dinars, which is by 3,8% less compared to the previous year.

**Gross
premium
MTPL 5,6
bln RSD.**

Gross premium structure:

(in 000 RSD)							
Tariff	Gross premium	Tehcnical premium	Expense loading	Prevention	% share TP/GP	% share EL/GP	% share Prev./GP
1	2	3	4	5	6 (3/2)	7 (4/2)	8 (5/2)
Tariff 26 - Compulsory Motor Third Party Liability Insurance - MTPL	5.578.660	4.462.928	1.004.159	111.573	80,0	18,0	2,0
Tariff 29 - Insurance of vehicles with foreign licence plates	0	0	0	0			
TOTAL - INSURANCE	5.578.660	4.462.928	1.004.159	111.573	80,0	18,0	2,0
Tariff 26 - Compulsory Motor Third Party Liability Insurance - MTPL - coinsurance	0	0	0	0			
TOTAL - COINSURANCE	0	0	0	0			
TOTAL - INSURANCE + COINSURANCE	5.578.660	4.462.928	1.004.159	111.573	80,0	18,0	2,0

*Note: In the period I-XII 2013, there was no gross premium realization per Tariff 29 - Insurance of vehicles with foreign license plates.

Expense loading realized in MTPL business was 18,0% of gross premium earned in this insurance, which is in accordance with the Law on Compulsory Traffic Insurance (Article 45), which stipulates that the expense loading can be maximum 23% of the gross premium.

Within the contribution to loss prevention fund, 66.943 thousand Dinars is allocated to the introduction, operation and improvement of the system for traffic monitoring, control and management – road video surveillance system.

The above result relates to all income and expenses directly connected to the tariffs 26 and 29, including the part of income and expenses which cannot be directly connected to a particular tariff/type of insurance and instead are allocated with the help of keys to all insurance classes (*Decision on the manner of defining the costs for provision of original services, sources for coverage of costs for provision of original services, recording of subledgers for costs of acquisition, administration, investigation, assessment and settlement of claims, criteria on the manner of allocation of indirect income and expenses to additional subledgers by individual balance-sheet categories*).

**Structure of income and expenses from MTPL business (tariffs 26 and 29, with allocation of unallocated amounts):**

(in 000 RSD)

No.	DESCRIPTION	EXECUTION I-XII 2012	EXECUTION I-XII 2013	COMPARISON realization I-XII 2012/ realization I-XII 2011
1	2	3	4	5 (4/3)
1	Revenues from premium	5.153.710	5.821.981	113,0
2.1.	Prevention reserves	(103.866)	(117.881)	113,5
2.2.	Guarantee fund	(280.524)	(272.662)	97,2
2.3.	Republic Fund Of Health Insurance	(287.441)	(278.933)	97,0
2. (2.1.+2.2.+2.3.)	Premium provisions - net (2.1+2.2+2.3)	(671.831)	(669.476)	99,6
3. (1.- 2.)	Revenues from premium deducted by provisons	4.481.879	5.152.505	115,0
4.1.	Premium ceded in coinsurance	0	0	
4.2.	Premium ceded in reinsurance	(113.519)	(102.091)	89,9
4. (4.1.+4.2.)	Premium ceded in reinsurance and coinsurance (4.1+4.2)	(113.519)	(102.091)	89,9
5. (3.-4.)	Self - retained net premium	4.368.360	5.050.414	115,6
6.	Settled claims (insurance and coinsurance)	(1.914.097)	(2.228.151)	116,4
7.	Recourses	307.390	255.679	83,2
8. (6.-7.)	Settled claims (recourses)	(1.606.707)	(1.972.472)	122,8
9.1.	Coinsurance returns for claims	0	0	
9.2.	Reinsurance returns for claims	12.630	8.850	70,1
9. (9.1+9.2.)	Coinsurance and reinsurance returns for claims (9.1+9.2)	12.630	8.850	70,1
10. (8.-9.)	Settled claims - net	(1.594.077)	(1.963.622)	123,2
11.a	Net increase / decrease of provision for reported claims	(1.223.426)	655.508	
11.6	Net increase / decrease of provision for not reported claims	(391.790)	75.972	
12.	Net increase of provisions for risk equalization	441.902	(370.795)	
13. (11.a+11.6-12.)	Net increase of provisions for claims	(1.173.314)	360.685	
14. (10.+13.)	Total claims	(2.767.391)	(1.602.937)	57,9
15.a	Discounts and bonuses	(158)	(94)	59,5
15.6	Operating expenses	(3.447.772)	(3.504.376)	101,6
15.	Total expenses (15a+15b)	(3.447.930)	(3.504.470)	101,6



(in 000 RSD)				
No.	DESCRIPTION	EXECUTION I-XII 2012	EXECUTION I-XII 2013	COMPARISON realization I-XII 2012/ realization I-XII 2011
1	2	3	4	5 (4/3)
16.a	Net increase/decrease in adjustment for premiums	5.725	(32.338)	
16.6	Net increase in adjustment for recourses	(49.728)	(179.862)	361,7
16. (16.a+16.6)	Total net increase in adjustment for premiums an recourses	(44.003)	(212.200)	482,2
RESULT FROM ORDINARY INSURANCE ACTIVITIES (5.-14.-15.-16.)		(1.890.964)	(269.193)	14,2
17. Financial income and expenses result		392.920	106.031	27,0
18. Result of other and extraordinary income and expenses		361.334	557.470	154,3
19. (17.+18.)	Investment and extraordinary profit (loss)	754.254	663.501	88,0
NET PROFIT (5.-14.-15.-16.+19.)		(1.136.710)	394.308	

Note: The table above refers to the situation before the adjustment of opening balance from 2012.

The amount of 469.164.327,29 Dinars was allocated to the MTPL business, after the Government of the Republic of Serbia had cancelled the provision for receivables from companies in restructuring amounting to 1.340.857.205,82 Dinars and after the allocations per insurance types according to the effective Decision on the manner of defining the costs for provision of original services, sources for coverage of costs for provision of original services, recording of subledgers for costs of acquisition, administration, investigation, assessment and settlement of claims, criteria on the manner of allocation of indirect income and expenses to additional subledgers by individual balance-sheet categories. This resulted in a positive financial result amounting to 394.308 thousand Dinars. Accordingly, the cancellation of the provision for receivables by the Republic of Serbia had the most important effect on the positive result from MTPL business.

Settled claims from compulsory motor insurance in the period I-XII 2013 amounted to 2.228.151 thousand Dinars, which is by 16,4% higher compared to the same period of the previous year. The share of settled claims in the gross premium was 39,9%, which is higher when compared to the previous year, when it was 33,0%.

Settled
claims
MTPL
2,2 bln RSD.

Total costs arising from MTPL business in the period I-XII 2013 were 3.504.470 thousand Dinars, comprising of:

- **Costs for provision of original services in the amount of 3.222.580 thousand Dinars;** (administration 941.654 thousand Dinars, acquisition 2.223.396 thousand Dinars, other 57.530 thousand Dinars);
- Costs of investigation, assessment, settlement and payment of claims, in the amount of 268.472 thousand Dinars;
- Expenses from investments in the amount of 13.324 thousand Dinars;
- Expenses from discounts and bonuses in the amount of 94 thousand Dinars.

Costs for providing original services so disclosed include, in addition to the costs directly allocated to tariffs 26, a part of costs which could not be allocated to particular tariffs/insurance types when recorded. Instead, they were allocated to the said tariffs by keys. Costs for providing original services from MTPL business, realized in the period I-XII 2013, were by 2.218.421 thousand Dinars higher than the expense loading.

Total commission granted for sales of MTPL policies in the period I-XII 2013 amounted to 165.710 thousand Dinars. The share of commission costs in the gross earned premium was 3,0%. If the amount of commission costs is included in the part of costs which are not directly allocated to tariff 26, commission costs amount to 186.017 thousand Dinars and their share in gross premium is 3,3%. In both cases, the costs of commission for sales of MTPL insurance policy do not exceed 5% of gross premium for this insurance, which is in accordance with the Law on Compulsory Traffic Insurance (Article 45).

* For technical reasons it was not possible to show the structure of costs for providing original services in MTPL and Casco Motor Insurance according to the questionnaires on work of the employees in terms of insurance types.



3.3. Insurance premium

3.3.1. Gross premium

In the period I–XII 2013, the total gross premium amounted to 17.528.367 thousand Dinars (17.428.256 thousand Dinars accounted for insurance premium, and 100.111 thousand Dinars accounted for the premium from accepted coinsurances), which is by 1,9% less than the gross premium earned in 2012. Compared to the plan for the period I–XII 2013, realized gross premium of insurance and coinsurance is lower by 5,2%.

**Gross
premium
17,5
bln RSD.**

(in 000 RSD.)

1	LINE OF INSURANCE	Gross premium I - XII 2012	Gross premium plan I - XII 2013	Gross premium I - XII 2013		Comparison performance I - XII 2013 / plan I - XII 2013		Comparison performance I - XII 2013 / performance I - XII 2012	
				Amount	Struc. Col. 5.	Absolute	Relative (index)	Absolute	Relative (index)
1	2	3	4	5	6	7 (5-4)	8 (5/4)	9 (5-3)	10 (5/3)
01	Accident	1.242.788	1.403.770	1.277.643	7,3	-126.127	91,0	34.855	102,8
02	Voluntary health	122.313	144.906	137.131	0,8	-7.775	94,6	14.818	112,1
03	Motor vehicle - casco	1.978.635	2.032.815	1.756.375	10,0	-276.440	86,4	-222.260	88,8
04	Rolling stock	92.973	105.785	89.203	0,5	-16.582	84,3	-3.770	95,9
05	Aircraft	103.109	103.290	81.326	0,5	-21.964	78,7	-21.783	78,9
06	Vessels	39.916	40.713	40.440	0,2	-273	99,3	524	101,3
07	Goods in transit	327.677	337.105	271.465	1,5	-65.640	80,5	-56.212	82,8
08	Property against fire and allied perils	1.898.573	1.993.194	1.814.761	10,4	-178.433	91,0	-83.812	95,6
09	Other property	4.280.899	4.536.683	4.347.248	24,8	-189.435	95,8	66.349	101,5
10	Motor vehicle liability	5.865.185	5.533.449	5.583.072	31,9	49.623	100,9	-282.113	95,2
11	Aircraft liability	128.057	108.620	132.320	0,8	23.700	121,8	4.263	103,3
12	Vessel liability	8.618	9.793	9.474	0,1	-319	96,7	856	109,9
13	General liability	389.979	408.727	386.332	2,2	-22.395	94,5	-3.647	99,1
14	Credit	7.937	8.169	11.835	0,1	3.666	144,9	3.898	149,1
15	Guarantee	47.783	36.000	40.431	0,2	4.431	112,3	-7.352	84,6
16	Financial losses	32.565	35.818	28.175	0,2	-7.643	78,7	-4.390	86,5
17	Legal protection expenses	0	0	0		0		0	
18	Roadside assistance	209.759	237.725	258.547	1,5	20.822	108,8	48.788	123,3
19	Other non-life insurance lines	0	0	0		0		0	
TOTAL NON-LIFE		16.776.766	17.076.562	16.265.778	92,8	-810.784	95,3	-510.988	97,0
20	Life insurance	1.012.703	1.301.835	1.166.283	6,7	-135.552	89,6	153.580	115,2
21	Annuities insurance	0	0	0		0		0	
22	Life rider	83.811	108.665	96.306	0,5	-12.359	88,6	12.495	114,9
23	Voluntary pension insurance	0	0	0		0		0	
24	Other life insurance	0	0	0		0		0	
TOTAL LIFE		1.096.514	1.410.500	1.262.589	7,2	-147.911	89,5	166.075	115,1
ALL INSURANCE LINES - TOTAL		17.873.280	18.487.062	17.528.367	100,0	-958.695	94,8	-344.913	98,1

In the total portfolio, the respective share of non-life and life insurance was 92,8% and 7,2%.

**Non-life
92,8%;
life 7,2%.**

The following insurance lines have the biggest share in non-life insurance:

- Motor Vehicle Liability 31,9%;
- Other Property Insurance 24,8%;
- Fire and Allied Perils 10,4% and
- Motor Vehicle – Casco 10,0%.



- **The most important growth** in gross premium was achieved in the following insurance lines:

- Credit Insurance
(plan exceeded by 44,9%, growth compared to the previous year 49,1%),
- Roadside Assistance
(plan exceeded by 8,8%, growth compared to the previous year 23,3%),

The biggest growth:

- Credit Insurance;
- Roadside Assistance;

- **When compared to the same period in the previous year**, the largest drop in gross premium was recorded in the following insurance lines:

- Motor Vehicle Liability	by	282.113	thousand RSD,	or	4,8%,
- Motor Vehicle - Casco	by	222.260	thousand RSD,	or	11,2%,
- Fire and Allied Perils	by	83.812	thousand RSD,	or	4,4%,
- Goods in Transit	by	56.212	thousand RSD,	or	17,2%,
- Aircraft (Casco and Liability)	by	17.520	thousand RSD,	or	7,6%,
- Guarantee Insurance	by	7.352	thousand RSD,	or	15,4%,
- Financial losses	by	4.390	thousand RSD,	or	13,5%,
- Rolling stock	by	3.770	thousand RSD,	or	4,1%,
- General Liability	by	3.647	thousand RSD,	or	0,9%.

Largest drop 282,1 mln RSD – Motor Liability Insurance

- **When compared to the plan**, the biggest shortfall in the period I-XII 2013 was recorded in the following insurance lines:

- Motor Vehicle – Casco	by	276.440	thousand RSD	or	13,6%,
- Other Property	by	189.435	thousand RSD	or	4,2%,
- Fire and Allied Perils	by	178.433	thousand RSD	or	9,0%,
- Life	by	135.552	thousand RSD	or	10,4%,
- Accident	by	126.127	thousand RSD	or	9,0%.
- Goods in Transit	by	65.640	thousand RSD	or	19,5%,
- General Liability	by	22.395	thousand RSD	or	5,5%,
- Rolling Stock	by	16.582	thousand RSD	or	15,7%,
- Life Rider	by	12.359	thousand RSD	or	11,4%,
- Voluntary Health Insurance	by	7.775	thousand RSD	or	5,4%,
- Financial Losses	by	7.643	thousand RSD	or	21,3%.

Biggest shortfall 276,4 mln RSD – Motor Vehicle – Casco.

When compared to the previous year, the drop in premium was recorded in **Motor Liability Insurance**, which was influenced by the number of insurance policies and introduction of bonus-malus system which decreased the amount of average premium per MTPL policy.

The reasons for underachievement of the gross premium plan in **Motor Vehicle – Casco** insurance and significantly poorer results when compared to the previous year are numerous. Economic situation in the country brought about the shrinking of motor vehicle market, while the number of new vehicles, the owners of which opt for casco insurance, is significantly smaller. There are less casco policies for leased vehicles whereas the data from the Association of Serbian Banks shows that the number of lease agreements decreased by 15,8% in the first eleven months of 2013 (from 7.009 to 5.899). Due to the decrease in the number of new vehicles that are being insured, the average age of vehicles insured by the Company went up. Since the amount of premium is influenced by both new replacement value (as a basis for premium calculation) and age of a vehicle, the decrease in premium amount is inevitable. The deviation from the planned categories and significant drop in written premium when compared to the previous year, was the consequence of the drop in written premium regarding the important insureds: The Ministry of Interior (when compared to the previous year, the amount of premium written was decreased by 27,6 mln RSD due to the downsizing of their budget), GSP (12 mln RSD less when compared to the previous year due to the allocation of premium part to the tariff for rolling stock insurance), RTS (7,5 mln RSD less when compared to the previous year), "Messer Tehnogas" (6 mln RSD less).

Underachievement of the plan and when compared to the same period of the previous year regarding **Fire and Allied Perils Insurance**, is mainly influenced by the decrease in premium from health care centers in SMEs segment due to the lack of joint tender for all health care institutions. In addition, when compared to the previous year, the premium for particular major insureds was decreased: "PKB" Corporation, DP "HIP Petrohemija", "Ministry of Interior" or, particular insureds, such as "Ušće Shopping Center", "Dipos", "Nicefoods", "Soko Štark" and others, failed to renew insurance.

The main reason for underachievement of the plan regarding **Goods in Transit Insurance** is a significant decrease in the amount of written premium from the insureds "JP Jugoimport-SDPR", "Lukoil" and "OMV Serbia" and non-renewal of insurance by the following insureds "Andrić Company", Treasury, "Promist", "Nafta AD" and "Naftachem".

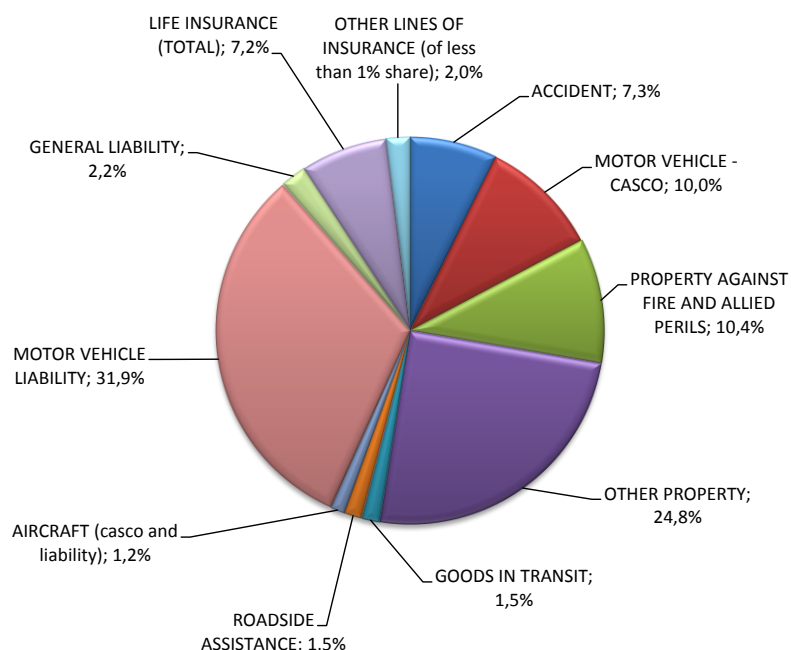
The reason for underachievement in case of **Aircraft Insurance** is mainly the result of lower written premium in case of the Ministry of Interior, which amounted to 7,5 mln RSD (budget cuts in the Ministry of Interior), whereas the insured JP "Jugoimport-SDPR" in 2012 had a premium written to the amount of 20 mln RSD which related to the periodical work (helicopter testing). This insurance was not renewed in 2013. The drop in premium is partly lessened by the written premium relating to the insured SMATSA, which is by 6 mln Dinars higher than in the previous year.

The decrease in premium relating to **Guarantee Insurance** in comparison to 2012 was expected due to the lowering of standard TIR carnet prices and introduction of new TIR carnet type which is geographically limited to transports relating to the European Union.

The underachievement of the plan regarding the **Life Insurance** is the consequence of a smaller number of active field insurance agents (on average, 260 agents were active instead of planned 330) whereas poorer results were significantly influenced by a large number of cancelled or paid-up policies mostly related to the attachment of salary due to a company winding-up or inability of the insured to receive the salary to which the attachment is linked.

The underachievement in case of **Financial Loss Insurance** mainly results from failure of several major insureds to renew the premium under the insurance tariff for business interruption due to fire. ("McDonalds", "Ušće" Shopping Center, "Vino Župa", "Ball Packaging").

Structure of gross premium in the period I–XII 2013 per insurance lines





3.3.2. Collected premium

In the period I–XII 2013, the total collected premium amounted to 18.006.407 thousand RSD (17.843.038 thousand RSD refers to insurance premium and 163.369 thousand RSD refers to the premium from accepted coinsurances), which is by 5,4% higher than the collected premium realized in 2012. In comparison with the plan for I-XII 2013, the realized collected insurance and coinsurance premium was higher by 3,4%.

**Collected premium
18,0 bln
RSD.**

(in 000 RSD.)

LINE OF INSURANCE		Collected premium I-XII 2012	Collected premium plan I-XII 2013	Collected premium I-XII 2013		Comparison performance I-XII 2013 / plan I-XII 2013		Comparison performance I-XII 2013 / performance I-XII 2012	
				Amount	Struct. col. 5.	Absolute	Relative	Absolute	Relative
1	2	3	4	5	6	7 (5-4)	8 (5/4)	9 (5-3)	10 (5/3)
01	Accident	1.231.994	1.266.727	1.253.279	7,0	-13.448	98,9	21.285	101,7
02	Voluntary health	116.147	127.950	119.093	0,7	-8.857	93,1	2.946	102,5
03	Motor vehicle - casco	1.917.534	1.733.415	1.886.138	10,5	152.723	108,8	-31.396	98,4
04	Rolling stock	50.976	134.513	117.638	0,7	-16.875	87,5	66.662	230,8
05	Aircraft	90.289	98.900	79.655	0,4	-19.245	80,5	-10.634	88,2
06	Vessels	43.066	38.811	42.916	0,2	4.105	110,6	-150	99,7
07	Goods in transit	330.206	319.264	276.633	1,5	-42.631	86,6	-53.573	83,8
08	Property against fire and allied perils	1.774.023	1.878.924	1.913.205	10,6	34.281	101,8	139.182	107,8
09	Other property	3.928.177	4.309.976	4.613.015	25,6	303.039	107,0	684.838	117,4
10	Motor vehicle liability	5.857.335	5.515.564	5.549.466	30,8	33.902	100,6	-307.869	94,7
11	Aircraft liability	78.177	106.970	145.763	0,8	38.793	136,3	67.586	186,5
12	Vessel liability	10.366	9.817	9.545	0,1	-272	97,2	-821	92,1
13	General liability	360.554	377.109	375.085	2,1	-2.024	99,5	14.531	104,0
14	Credit	8.275	8.170	11.402	0,1	3.232	139,6	3.127	137,8
15	Guarantee	43.626	34.800	44.639	0,2	9.839	128,3	1.013	102,3
16	Financial losses	33.403	30.081	17.247	0,1	-12.834	57,3	-16.156	51,6
17	Legal protection expenses	0	0	0	0,0	0		0	
18	Roadside assistance	202.776	226.050	276.248	1,5	50.198	122,2	73.472	136,2
19	Other non-life insurance lines	0	0	0	0,0	0		0	
TOTAL NON - LIFE		16.076.924	16.217.041	16.730.967	92,9	513.926	103,2	654.043	104,1
20	Life insurance	921.529	1.103.019	1.179.482	6,6	76.463	106,9	257.953	128,0
21	Annuities ins.	0	0	0	0,0	0		0	
22	Life rider	77.432	95.918	95.958	0,5	40	100,0	18.526	123,9
23	Voluntary pension ins.	0	0	0	0,0	0		0	
24	Other life ins.	0	0	0	0,0	0		0	
TOTAL LIFE		998.961	1.198.937	1.275.440	7,1	76.503	106,4	276.479	127,7
ALL INSURANCE LINES - TOTAL		17.075.885	17.415.978	18.006.407	100,0	590.429	103,4	930.522	105,4

Within non-life insurance lines, the largest share in total collected premiums accounted for the following:

- Motor Vehicle Liability 30,8%,
- Other Property 25,6%,
- Fire and Allied Perils 10,6% and
- Motor vehicle - casco 10,5%.



- **The most considerable growth** in collected premium was realized in the following lines of insurance:

- Credit insurance
(plan exceeded by 39,6%, growth compared to the previous year 37,8%),
- Guarantee insurance
(plan exceeded by 28,3%, growth compared to the previous year 2,3%),
- Roadside Assistance
(plan exceeded by 22,2%, growth compared to the previous year 36,2%),
- Aircraft insurance – casco + liability
(plan exceeded by 9,5%, growth compared to the previous year 33,8%),
- Other Property insurance
(plan exceeded by 7,0%, growth compared to the previous year 17,4%),
- Fire and allied perils
(plan exceeded by 1,8%, growth compared to the previous year 7,8%).

The biggest growth:

- Credit insurance
- Guarantee insurance
- Roadside assistance;
- Aircraft insurance: casco + liability;
- Motor vehicle – casco
- Vessel insurance – casco and liability

- **In comparison with the previous year,** the biggest drop in collected premium was recorded in the following lines:

- | | | | | | |
|---------------------------|----|---------|---------------|----|--------|
| - Motor Vehicle Liability | by | 307.869 | thousand RSD, | or | 5,3%, |
| - Goods in Transit | by | 53.573 | thousand RSD, | or | 16,2%, |
| - Motor Vehicle - Casco | by | 31.396 | thousand RSD, | or | 1,6%, |
| - Financial losses | by | 16.156 | thousand RSD, | or | 48,4%. |

Biggest drop 307,9 mln RSD – Motor Vehicle Liability

- **In comparison with the plan,** the shortfall was recorded by the following insurance lines:

- | | | | | | |
|------------------------------|----|--------|---------------|----|--------|
| - Goods in Transit | by | 42.631 | thousand RSD, | or | 13,4%, |
| - Rolling Stock | by | 16.875 | thousand RSD, | or | 12,5%, |
| - Accident | by | 13.448 | thousand RSD, | or | 1,1%. |
| - Financial losses | by | 12.834 | thousand RSD, | or | 42,7%, |
| - Voluntary Health Insurance | by | 8.857 | thousand RSD, | or | 6,9%. |
| - General Liability | by | 2.024 | thousand RSD, | or | 0,5%. |

Biggest shortfall 42,6 mln RSD – Goods in Transit

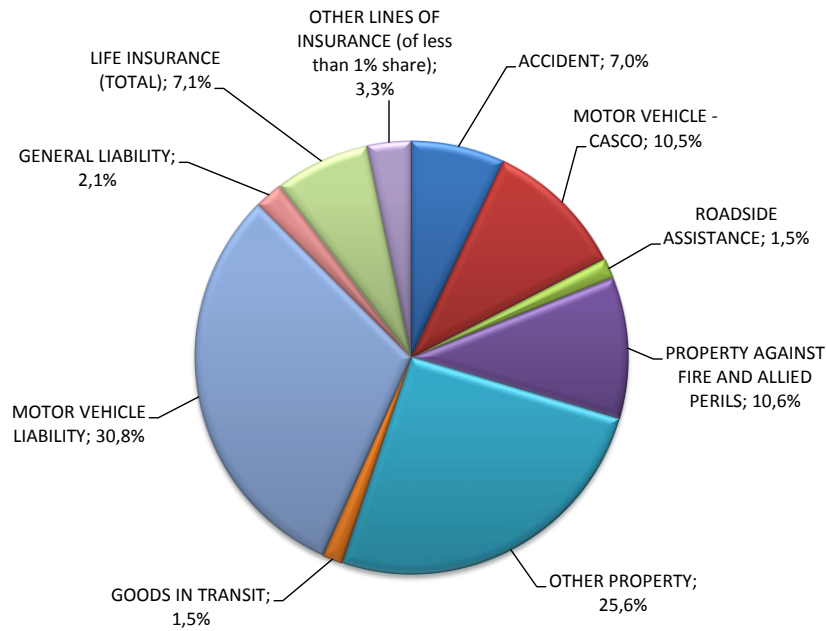
The main reason for underachievement of the plan for premium collection regarding the said insurance lines is the underachievement of the gross premium plan for such insurance lines.

In case of Voluntary Health Insurance and Rolling Stock Insurance, underachievement regarding the plan for collected premium is proportional to the underachievement of the gross premium plan.

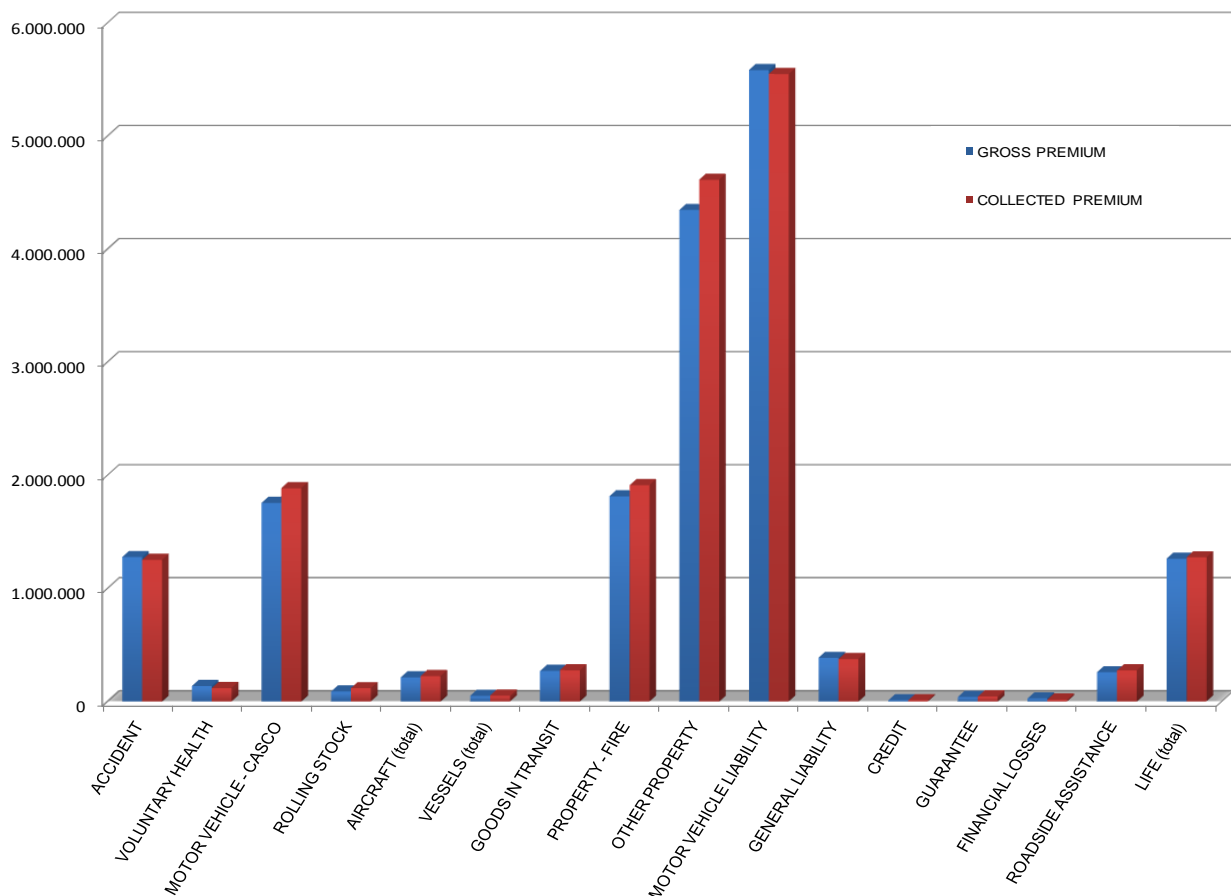
Regarding the Accident Insurance, Goods in Transit and General Liability Insurance, the underachievements of the collected premium plan are proportionally lower than those of the gross premium plan. In these insurance lines, underachievements of the gross premium plan are such that even the high percentage of written premium collection could not have made up for them.

In case of Financial losses Insurance, apart from the underachievement of the gross premium plan, the reason for being below the collected premium plan is the fact that major insolvent insureds failed to pay the premium- Galenika (3 mln RSD approx.) and Koncern Farmakom (8 mln RSD approx.).

Structure of collected premium in the period I-XII 2013 by insurance lines

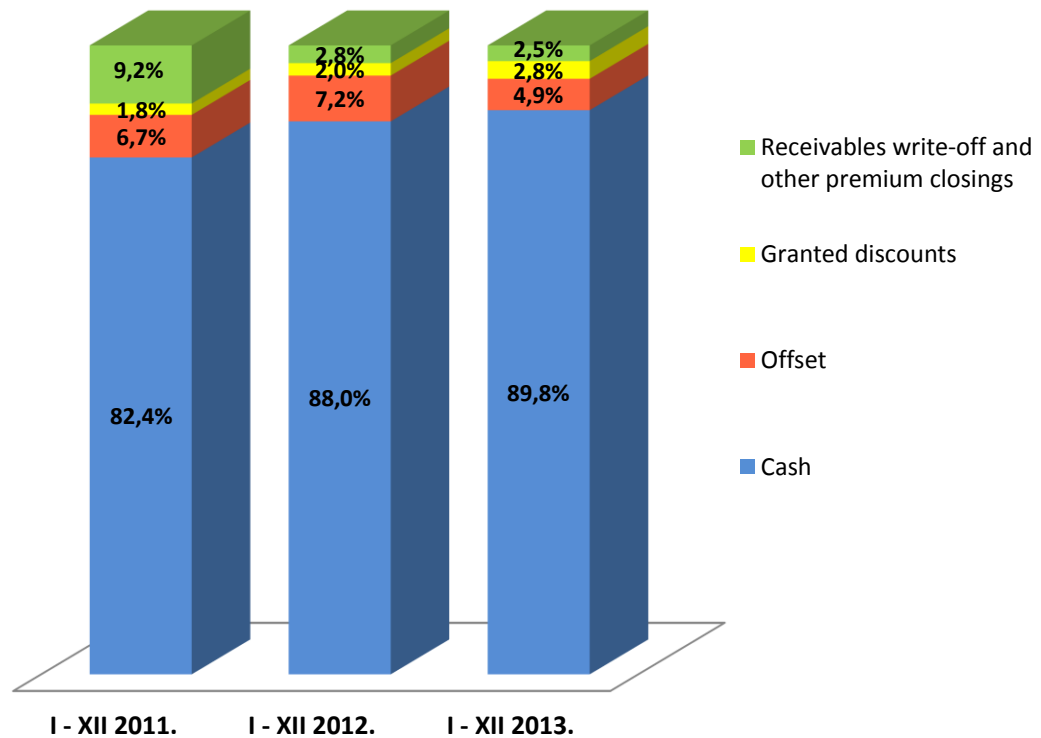


Gross and collected premium ratio by insurance lines for the period I-XII 2013



The structure of collected premium in the amount of 18.006.407 thousand RSD comprises:

- cash, 15.991.443 thousand RSD or 85,3%
- offset, 929.775 thousand RSD or 5,0%;
- granted discounts 441.929 thousand RSD or 2,4%;
- receivables write-off and other premium closings 643.260 thousand RSD or 3,4%.

Structure of premium collection in the period I-XII 2011, 2012 and 2013

The realization of collection task for the period I-XII 2013 was 77,0%, whereas the realization of collection task in the same period of previous year amounted to 74,5%.

**Realization
of collection
task 77,0%.**



3.4. Settled claims

Settled claims in the period I-XII 2013 amounted to 7.313.898 thousand RSD (7.287.399 thousand RSD refers to settled insurance claims, whereas 26.499 thousand RSD refers to settled coinsurance claims), which exceeds by 0,8% the amount of settled claims in the same period in 2012. Compared to the plan for I-XII 2013 the amount of realized settled claims was lower by 7,1%.

**Settled
claims 7,3
bln RSD**

(in 000 RSD.)

LINE OF INSURANCE		Settled claims I - XII 2012	Settled claims plan I - XII 2013	Settled claims I - XII 2013		Comparison performance I-XII 2013 / plan I-XII 2013		Comparison performance I-XII 2013 / performance I-XII 2012	
				Amount	Struct. col. 5.	Absolute	Relative	Absolute	Relative
1	2	3	4	5	6	7 (5-4)	8 (5/4)	9 (5-3)	10 (5/3)
01	Accident	795.757	868.427	821.737	11,2	-46.690	94,6	25.980	103,3
02	Voluntary health	69.701	71.345	84.322	1,2	12.977	118,2	14.621	121,0
03	Motor vehicle - casco	1.265.711	1.428.180	1.224.495	16,7	-203.685	85,7	-41.216	96,7
04	Rolling stock	23.634	29.860	15.341	0,2	-14.519	51,4	-8.293	64,9
05	Aircraft	1.756	15.516	34.947	0,5	19.431	225,2	33.191	
06	Vessels	12.635	14.423	12.093	0,2	-2.330	83,8	-542	95,7
07	Goods in transit	124.394	42.523	14.259	0,2	-28.264	33,5	-110.135	11,5
08	Property against fire and allied perils	646.884	507.915	399.050	5,5	-108.865	78,6	-247.834	61,7
09	Other property	1.967.808	2.117.203	1.897.677	25,9	-219.526	89,6	-70.131	96,4
10	Motor vehicle liability	1.955.134	2.307.409	2.256.632	30,9	-50.777	97,8	301.498	115,4
11	Aircraft liability	0	0	0		0		0	
12	Vessel liability	131	285	0		-285		-131	
13	General liability	111.103	94.267	118.764	1,6	24.497	126,0	7.661	106,9
14	Credit	23.004	6.400	25.275	0,3	18.875	394,9	2.271	109,9
15	Guarantee	25	438	635	0,0	197	145,0	610	
16	Financial losses	159	350	2.935	0,0	2.585	838,6	2.776	
17	Legal protection expenses	0	0	0		0		0	
18	Roadside assistance	65.873	76.340	80.495	1,1	4.155	105,4	14.622	122,2
19	Other non-life insurance lines	0	0	0		0		0	
TOTAL NON - LIFE		7.063.709	7.580.881	6.988.657	95,6	-592.224	92,2	-75.052	98,9
20	Life insurance	163.261	251.913	291.020	4,0	39.107	115,5	127.759	178,3
21	Annuities ins.	0	0	0		0		0	
22	Life rider	28.319	43.574	34.221	0,5	-9.353	78,5	5.902	120,8
23	Voluntary pension ins.	0	0	0		0		0	
24	Other life ins.	0	0	0		0		0	
TOTAL LIFE		191.580	295.487	325.241	4,4	29.754	110,1	133.661	169,8
ALL INSURANCE LINES - TOTAL		7.255.289	7.876.368	7.313.898	100,0	-562.470	92,9	58.609	100,8

The share of settled claims in gross premium amounted to 41,7%.

In terms of insurance lines, the highest share in the total amount of settled claims was recorded in:

- Motor Vehicle Liability 30,9%,
- Other Property 25,9%,
- Motor Vehicle - Casco 16,7%,
- Accident 11,2%.



- **In comparison with the same period in the previous year**, the largest increase in settled claims was achieved in the following lines of insurance:

- Motor Vehicle Liability	by	301.498	thousand RSD,	or	15,4%,
- Life Insurance	by	127.759	thousand RSD,	or	78,3%,
- Aircraft - Casco	by	33.191	thousand RSD,	or	
- Accident	by	25.980	thousand RSD,	or	3,3%,
- Roadside Assistance	by	14.622	thousand RSD,	or	22,2%,
- Voluntary Health	by	14.621	thousand RSD,	or	21,0%,
- General Liability	by	7.661	thousand RSD,	or	6,9%.

The highest rise 301,5 mln RSD – Motor vehicle liability.

- **Compared to the plan**, the biggest overachievement in the period I- XII 2013 was recorded in the following lines of insurance:

- Life Insurance	by	39.107	thousand RSD,	or	15,5%,
- General Liability	by	24.497	thousand RSD,	or	26,0%,
- Aircraft	by	19.431	thousand RSD,	or	125,2%,
- Credit	by	18.875	thousand RSD,	or	294,9%,
- Voluntary Health	by	12.977	thousand RSD,	or	18,2%,
- Roadside Assistance	by	4.155	thousand RSD,	or	5,4%.

Biggest overachievement 39,1 mln RSD – Life insurance.

The settled claims regarding the **Motor Vehicle Liability** in 2013 are higher by 301,5 mln RSD (15,4%) when compared to 2012. Such increase is recorded in the segment of individual clients and entrepreneurs and SMEs, whereas the segment of major clients recorded the drop in the number of settled claims when compared to the previous year. Such overachievement of settled claims in Motor Vehicle Liability is expected, due to the increased number of sold policies per this insurance during 2012. Thus, the total amount of settled claims in Motor Vehicle Liability is less than the planned by 50,8 mln RSD (2,2%).

In the period I–XII 2013, the increase in the number of settled claims in **Life insurance** was the result of a larger number of reported and settled claims after maturity and surrender, which is the consequence of increased portfolio and large number of insurance policies written for the five-year period. In addition, the increase in claims is the consequence of the greater amount of settled claims (new insurance policies – higher sums insured), as well as the increased number of claims regarding the insurance stipulated in foreign currency.

In **Aircraft Insurance**, a higher amount of settled claims in 2013 than that recorded in the previous year is the consequence of a claim of the Insured AIR Tomisko, which was settled after litigation (damage at the airport in Osijek), and the damage on aircraft Piper Seneca belonging to the Ministry of Defense. The claim relating to AIR Tomisko was included in the annual plan for the said class (to the outstanding amount of 13 mln RSD, at the time). In addition, the claim of the Insured „MB AVIATION“ of the Policyholder „PRINCE AVIATION“ was settled to the amount of 8,4 mln RSD, whereas the claim related to the Ministry of Interior was partly settled to the amount of 9,5 mln RSD (damage to a helicopter from 2010 which was reported in 2011, while the outstanding amount was 5,2 mln RSD).

Accident insurance recorded the overachievement in 2013 when compared to the previous year by 26 mln RSD (by 3,3%), whereas, when compared to the plan, it recorded lower amount of settled claims by 46,7 mln RSD (or by 5,4%). The Group Workmen's Compensation Insurance had the biggest impact on settled claims realized in the said class (the share of claims under this tariff was 48% in the class), followed by special accident insurance (share of 29% in the total accident claims), and insurance of children, pupils and students (19% share). Regarding the Group Workmen's Compensation Insurance, the biggest impact on the amount of settled claims was in the segment of major clients, the Ministry of Interior and RB Kolubara, followed by Savez invalida rada Vojvodine which belongs to the segment of small and medium-sized enterprises. In the part relating to the special insurance against accident, the Association of Retired Persons had the biggest impact (individual clients and entrepreneurs segment).

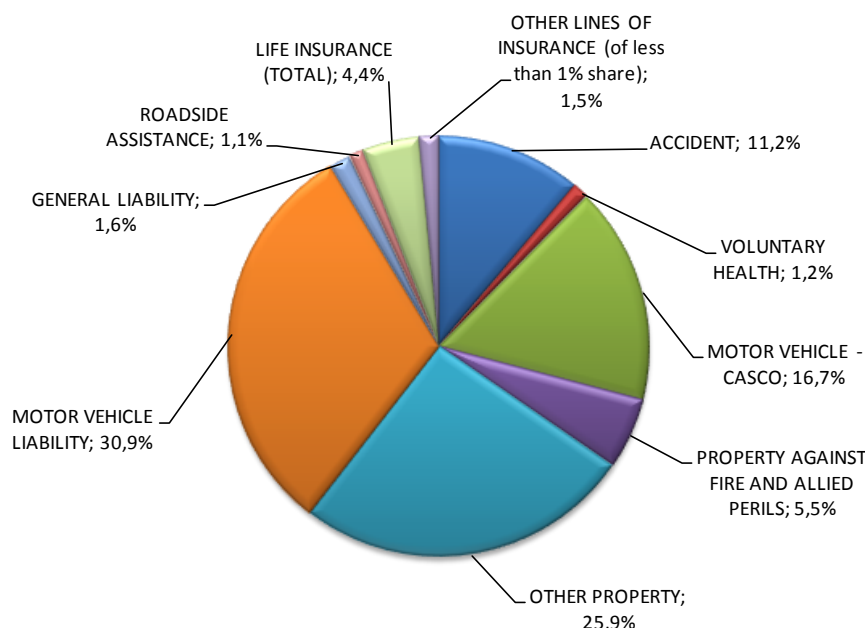
Overachievement of the plan regarding the settled claims in **Roadside Assistance** amounted to 4,1 mln RSD (5,4%), or 14 mln RSD (22,2%) when compared to the previous year. Overachievement was recorded in the segment of individual clients and entrepreneurs under Voluntary Health Insurance Tariff (with the 24% increase in gross premium under this Tariff in IC segment, when compared to the previous year).

The increase in the amount of settled claims regarding **Voluntary Health Insurance**, when compared to the same period of the previous year, was the consequence of the increase in the number of individual small claims in the SME segment, relating to the Policyholder the National Employment Service. Regarding the major clients segment, the Policyholder SMATSA recorded the increase in the number of settled claims by 3,2 mln RSD when compared to the previous year. According to the Voluntary Health Insurance Tariff, in major clients segment, the overachievement regarding the plan is the consequence of increased number of claims related to the Insured Lukoil, from 1,8 mln RSD to 3,5 mln RSD. In 2013, Lukoil has extended the insurance to include general medical check-up for the employees. The greatest number of such medical check-ups was in March and April. It was not possible to plan such increase since the Insured opted for this extended cover in January 2013 when the plan was already adopted.

The increase in the amount of settled claims under **General Liability Insurance** is accounted for by both an increased number of new insurances and consequently the number of indemnity claims. This is also the result of raised awareness of clients and claimants of their rights under this insurance. In the major clients segment, the increased amount of settled claims compared to the previous year and the plan, was caused by the settlement of big claims of the client Public Enterprise for Underground Coal Exploitation Resavica and the client PUC Beogradske elektrane. In the SME segment, the increase in the number of settled claims in the period I-XII 2013 when compared to the same period of the previous year and the plan, was recorded in the tariff of carrier liability insurance for shipments in international transit. This relates to the three major claims of the following clients: Miloš Trans (partly settled claim to the amount of 2,5 mln RSD), M & B Trans Frigo d.o.o. (2 mln RSD) and DP- Zaliv trgovinsko Crvenka (2 mln RSD).

Overachievement regarding the claims in **Credit Insurance** amounted to 18,9 mln RSD. Overachievement was recorded under the tariff for domestic credit insurance due to the claim of 20,1 mln RSD paid out to Dunav Banka, on the basis of non-settlement of outstanding liability to the bank of credit beneficiary Milenium group. In addition, two claims of the client TP Simić are also settled to the total amount of 3,5 mln RSD.

Structure of settled claims in the period I–XII 2013 by lines of insurance

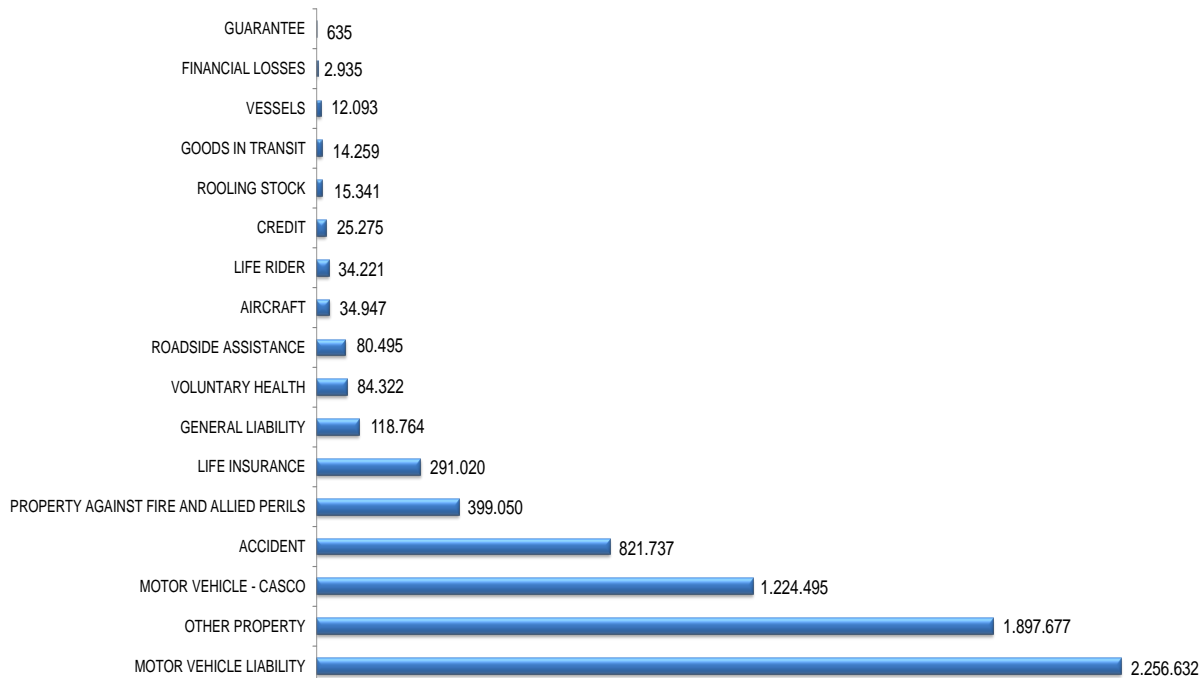




In the period I-XII 2013, the Company recorded 131.306 new claims for indemnity. In the period I-XII 2013 the total number of claims to be settled, together with outstanding claims carried forward and reinstated claims, was 137.525 out of which 132.768 claims for indemnity have been settled.

**132.768
claims for
indemnity
settled.**

Settled claims by lines of insurance in 000 RSD



In the period I-XII 2013 the amount of paid claims was 7.461.290 thousand RSD, which accounts for 90,6% of total claims payable. Total claims amount to be paid, for the observed period, was 8.235.078 thousand RSD, including settled but not paid out claims from the previous period (358.710 thousand RSD) and settled claims in the current period (7.313.898 thousand RSD).

**90,6% of
claims paid
out.**

Paid claims are by 7,7%, higher than the claims paid in the same period of the previous year whereas the increase in settled claims is 0,8%.

3.5. Technical result

In 2013 the Company realized a positive technical result to the amount 4.576.884 thousand RSD (61,11%). In the previous year the technical result was 2.987.726 thousand RSD (72,63%). The following technical results were realized per insurance lines:

(in RSD.)												
INSURANCE LINE		PURE SELF - RETAINED PREMIUM	UNEARNED PURE SELF - RETAINED PREMIUM		EARNED PURE PREMIUM	SETTLED SELF - RETAINED CLAIMS	TOTAL RESERVED REPORTED AND NON-REPORTED		Collected recourses	Earned claims	Loss ratio	%
			as at 31.12.2012	as at 31.12.2013			as at 31.12.2012	as at 31.12.2013				
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11(7+9-8-10)	12 (6-11)	13 (11/6)
01	Accident	893.781.442,76	173.086.868,70	166.962.862,44	899.905.449,02	905.845.728,40	356.759.024,46	346.316.405,28	0,00	895.403.109,22	4.502.339,80	99,50
02	Voluntary health	95.942.535,07	26.271.015,66	34.579.312,49	87.634.238,24	92.446.401,63	20.720.595,84	25.585.159,62	0,00	97.310.965,40	-9.676.727,16	111,04
ACCIDENT AND HEALTH TOTAL		989.723.977,83	199.357.884,36	201.542.174,93	987.539.687,26	998.292.130,03	377.479.620,30	371.901.564,89	0,00	992.714.074,62	-5.174.387,37	100,52
03	Motor vehicle	1.220.472.226,37	579.422.750,77	566.943.686,52	1.232.951.290,62	1.260.170.203,27	329.031.176,83	346.807.494,04	90.944.264,05	1.187.002.256,44	45.949.034,18	96,27
04	Rolling stock	45.207.772,26	17.853.142,47	17.391.065,54	45.669.849,19	13.316.452,71	3.570.067,96	3.179.841,50	0,00	12.926.226,25	32.743.622,94	28,30
05	Aircraft	32.357.758,16	1.027.888,17	12.277.609,46	21.108.036,87	28.836.236,58	4.426.579,54	19.268.600,85	0,00	43.678.257,90	-22.570.221,02	206,93
06	Vessels	27.653.223,77	10.236.522,81	10.464.792,99	27.424.953,59	13.201.596,88	3.981.418,74	6.842.341,60	0,00	16.062.519,74	11.362.433,85	58,57
10	Motor vehicle liability	4.384.816.504,07	2.421.234.534,97	2.248.201.349,57	4.557.849.689,47	2.516.442.577,91	4.578.364.111,14	3.848.971.976,30	140.889.403,68	1.646.161.039,40	2.911.688.650,07	36,12
11	Aircraft liability	76.454.841,63	1.634.010,97	46.197.696,41	31.891.156,19	0,00	4.400,00	0,00	0,00	-4.400,00	31.895.556,19	-0,01
12	Vessel Liability	6.514.866,70	2.646.430,23	2.991.231,30	6.170.065,63	0,00	35.399,18	0,00	0,00	-35.399,18	6.205.464,81	-0,57
MOTOR VEHICLE AND LIABILITY TOTAL		5.793.477.192,96	3.034.055.280,39	2.904.467.431,79	5.923.065.041,56	3.831.967.067,36	4.919.413.153,39	4.225.070.254,29	231.833.667,73	2.905.790.500,54	3.017.274.541,02	49,06
07	Goods in transit	148.257.213,94	54.365.789,73	37.678.177,57	164.944.826,10	14.749.216,78	9.919.716,64	25.249.400,74	0,00	30.078.900,88	134.865.925,22	18,24
08	Property against fire and allied perils	901.844.544,35	257.748.363,77	314.394.583,23	845.198.324,89	321.967.177,55	117.302.073,35	264.074.210,40	487.661,16	468.251.653,44	376.946.671,45	55,40
09	Other property	2.572.416.987,93	393.301.200,37	480.649.155,22	2.485.069.033,08	2.004.072.706,97	360.565.109,08	558.699.300,28	391.821,68	2.201.815.076,49	283.253.956,59	88,60
13	General liability	179.562.787,40	69.357.465,82	74.429.546,55	174.490.706,67	125.116.216,37	125.541.572,06	145.277.859,81	1.399.479,42	143.453.024,70	31.037.681,97	82,21
14	Credit	8.074.901,19	1.874.864,84	2.802.629,02	7.147.137,01	27.392.897,93	2.536.433,30	2.737.021,67	8.711.142,09	18.882.344,21	-11.735.207,20	264,19
15	Guarantee	4.523.756,58	833.957,00	388.173,62	4.969.539,96	639.121,63	563.010,56	256.402,71	0,00	332.513,78	4.637.026,18	6,69
16	Financial losses	19.722.434,66	7.393.809,49	6.703.205,88	20.413.038,27	3.244.629,26	17.450,11	948.273,06	54.500,00	4.120.952,21	16.292.086,06	20,19
17	Legal protection expenses	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
18	Roadside assistance	155.196.007,91	10.752.461,33	11.649.541,79	154.298.927,45	88.972.473,77	20.807.091,01	28.112.813,19	0,00	96.278.195,95	58.020.731,50	62,40
19	Other non-life	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
OTHER NON-LIFE TOTAL		3.989.598.633,96	795.627.912,35	928.695.012,88	3.856.531.533,43	2.586.154.440,26	637.252.456,11	1.025.355.281,86	11.044.604,35	2.963.212.661,66	893.318.871,77	76,84
TOTAL NON - LIFE		10.772.799.804,75	4.029.041.077,10	4.034.704.619,60	10.767.136.262,25	7.416.413.637,65	5.934.145.229,79	5.622.327.101,05	242.878.272,08	6.861.717.236,82	3.905.419.025,42	63,73
20	Life	923.974.113,91	0,00	0,00	923.974.113,91	296.482.165,54	9.984.141,84	5.809.443,57	0,00	292.307.467,27	631.666.646,64	31,64
21	Annuity	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
22	Life rider	77.044.308,29	1.042.708,73	1.061.874,17	77.025.142,85	34.878.333,26	15.857.294,16	18.205.902,94	0,00	37.226.942,04	39.798.200,81	48,33
23	Voluntary pension	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
24	Other life	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
LIFE TOTAL		1.001.018.422,20	1.042.708,73	1.061.874,17	1.000.999.256,76	331.360.498,79	25.841.435,99	24.015.346,51	0,00	329.534.409,31	671.464.847,46	32,92
ALL LINES TOTAL		11.773.818.226,95	4.030.083.785,83	4.035.766.493,77	11.768.135.519,01	7.747.774.136,44	5.959.986.665,78	5.646.342.447,56	242.878.272,08	7.191.251.646,13	4.576.883.872,88	61,11

3.6. Operating costs

At Company level, in the period I–XII 2013, operation costs amounted to 8.883.953 thousand RSD and they are lower by 2,9% in comparison to the same period of the previous year, whereas compared to the plan, the operating costs are lower by 3,6%.

Operating costs 8,9 bln RSD.

Operating costs account for 50,7% of total realized gross premium, which is less compared to the same period in the previous year when the observed share amounted 51,2%.

Total operating costs incurred in the period I–XII 2013 include:

- **costs for provision of original services**, amounting to 8.102.910 thousand RSD and accounting for 91,2% of total costs,
- **costs related to loss inspection, assessment, settlement and payment of claims**, amounting to 745.484 thousand RSD and accounting for 8,4% of total costs,
- **costs related to deposits and investments**, amounting to 35.559 thousand RSD and accounting for 0,4% of total costs.

Breakdown of operating costs per type of costs:

(in 000 RSD)										
P.6.	О П И С	OPERATING COSTS I-XII 2012	PLAN OF OPERATING COSTS I-XII 2013	OPERATING COSTS I-XII 2013					Index (I-XII 2013 / plan I-XII 2013)	Index (I-XII 2013 / I-XII 2012)
1	2	3	4	5	6	7	8 (5+6+7)	9	10 (8/4)	11 (8/3)
I	Costs related to depreciation and provisions for fringe and other employee benefits	609.209	633.163	571.356	0	0	571.356	6,4	90,2	93,8
II	Costs of material, energy, services and intangible costs (from 1 to 10)	3.837.532	3.805.581	3.449.274	125.661	25.058	3.599.993	40,5	94,6	93,8
1.	Costs of material (a+b+c)	130.148	151.709	119.442	16.177	31	135.650	1,5	89,4	104,2
a.	Costs of material	119.504	140.622	110.901	15.829	31	126.761	1,4	90,1	106,1
b.	Costs of spare parts	2.523	3.397	4.669	146	0	4.815	0,1	141,7	190,8
c.	Costs of small inventory	8.121	7.690	3.872	202	0	4.074	0,0	53,0	50,2
2.	Fuel and power costs	219.370	239.186	188.629	26.169	199	214.997	2,4	89,9	98,0
3.	Costs of production services (a+b+c+d+e+f+g+h+i)	997.005	1.056.820	966.864	18.115	181	985.160	11,1	93,2	98,8
a.	Transport services	93.019	102.889	87.009	8.304	141	95.454	1,1	92,8	102,6
b.	Maintenance costs	58.026	64.000	43.968	4.220	10	48.198	0,5	75,3	83,1
c.	Rental	288.995	292.645	269.970	3.423	0	273.393	3,1	93,4	94,6
d.	Other production services	23.641	27.609	22.384	1.902	30	24.316	0,3	88,1	102,9
e.	Fair exhibit	6.372	25.610	12.429	0	0	12.429	0,1	48,5	195,1
f.	Commission	461.035	459.642	477.676	0	0	477.676	5,4	103,9	103,6
g.	Research costs	8.392	23.000	2.869	0	0	2.869	0,0	12,5	
h.	Other services - not mentioned	57.525	61.425	50.559	266	0	50.825	0,6	82,7	88,4
i.	Services of other legal entities	0	0	0	0	0	0	0,0		
4.	Costs of commercials and advertising (a+b+c+d)	1.420.890	1.185.916	1.296.355	0	0	1.296.355	14,6	109,3	91,2
a.	Costs of advertising and commercials	1.218.267	1.022.241	1.083.023	0	0	1.083.023	12,2	105,9	88,9
b.	Costs of donorship	140.766	112.415	82.430	0	0	82.430	0,9	73,3	58,6
c.	Costs of donorship	61.857	51.260	130.902	0	0	130.902	1,5	255,4	211,6
5.	Business entertainment costs	99.231	68.347	67.572	2.532	1	70.105	0,8	102,6	70,6
6.	Costs of insurance premium	72.869	77.282	75.334	322		75.656	0,9	97,9	103,8
7.	Costs of taxes and contributions	144.826	153.620	151.754			151.754	1,7	98,8	104,8
8.	Costs of payment operations	37.362	40.333	37.306	4	375	37.685	0,4	93,4	100,9
9.	Non-productive services	378.825	492.351	258.255	23.453	24.234	305.942	3,4	62,1	80,8
10.	Other non-productive operating costs (a+b)	337.006	340.017	287.763	38.889	37	326.689	3,7	96,1	96,9
a.	Other non-productive operating costs	261.818	255.227	200.186	36.935	0	237.121	2,7	92,9	90,6
b.	Membership fees	75.188	84.790	87.577	1.954	37	89.568	1,0	105,6	119,1
III	Earnings, allowances and other personal expenses (from 1 to 3)	4.706.143	4.776.751	4.082.280	619.823	10.501	4.712.604	53,0	98,7	100,1
1.	Earnings, allowances and taxes on earnings and allowances debited to employer	4.084.978	4.064.767	3.526.242	514.821	9.707	4.050.770	45,6	99,7	99,2
2.	Allowances (service contracts, part-time and casual employment contracts, fees to members of Managing and Supervisory Board and other physical persons)	106.754	114.420	94.366	21.371	0	115.737	1,3	101,2	108,4
3.	Other personal expenses and allowances	514.411	597.564	461.672	83.631	794	546.097	6,1	91,4	106,2
	TOTAL COSTS (I+II+III)	9.152.884	9.215.495	8.102.910	745.484	35.559	8.883.953	100,0	96,4	97,1

* Note: Costs for provision of original services (Underwriting costs - col 5) do not include reinsurance and retrocession commission. Such costs decreased by said commission which was 222.928 thousand RSD, would amount to 7.879.982 thousand RSD.



Non-life operating costs account for 93,4% of total costs in the period I-XII 2013 whereas life operating costs account for 6,6% (gross non-life premium accounts for 92,8% of total premium, whereas life premium accounts for 7,2%). In comparison to the same period of the previous year, non-life insurance costs are lower by 3,4%, whereas life insurance costs recorded a 4,0% rise.

Operating costs:
non-life 93,4,
life 6,6.

Breakdown of non-life and life operating costs:

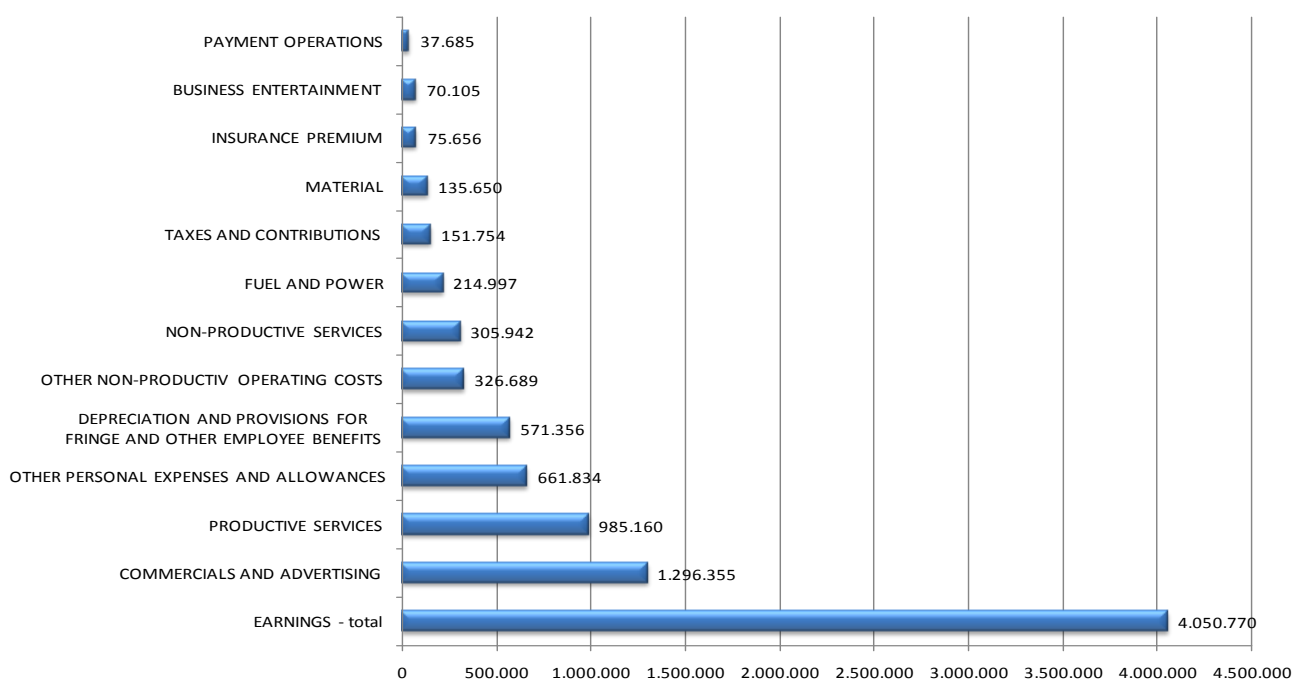
(in 000 RSD)

No.	DESCRIPTION	OPERATING COSTS I-XII 2012	PLAN OF OPERATING COSTS I-XII 2013	OPERATING COSTS I-XII 2013					Index (I-XII 2013 / plan I-XII 2013)	Index (I-XII 2013 / I-XII 2012)
				UNDERWRITING COSTS	Costs related to loss inspection, assessment and settlement	Depositing and investments costs	OPERATING COSTS	struct. col. 8		
1	2	3	4	5	6	7	8 (5+6+7)	9	10 (8/4)	11 (8/3)
1	Costs related to depreciation and provisions for fringe and other employee benefits	585.008	605.094	546.732	0	0	546.732	6,2	90,4	93,5
2	Costs of material, energy, services and intangible costs	3.787.232	3.734.818	3.385.421	125.475	25.045	3.535.941	39,8	94,7	93,4
3	Costs of earnings, allowances and other personal expenses	4.220.547	4.310.786	3.594.499	613.889	10.501	4.218.889	47,5	97,9	100,0
4	COSTS - NON-LIFE (1+2+3)	8.592.787	8.650.698	7.526.652	739.364	35.546	8.301.562	93,4	96,0	96,6
5	Costs related to depreciation and provisions for fringe and other employee benefits	24.201	28.069	24.624	0	0	24.624	0,3	87,7	101,7
6	Costs of material, energy, services and intangible costs	50.300	70.763	63.853	187	13	64.053	0,7	90,5	127,3
7	Costs of earnings, allowances and other personal expenses	485.596	465.965	487.781	5.933	0	493.714	5,6	106,0	101,7
8	COSTS - LIFE (5+6+7)	560.097	564.797	576.258	6.120	13	582.391	6,6	103,1	104,0
	TOTAL COSTS (4+8)	9.152.884	9.215.495	8.102.910	745.484	35.559	8.883.953	100,0	96,4	97,1

In total operating costs incurred in the period I-XII 2013 the largest shares were recorded by:

- costs of earnings – gross earnings including tax on earnings charged to the employer 45,6%;
- costs of commercials and advertising – together with sponsorships and donorships 14,6%;
- costs of production services, which mostly relate to commissions (5,4%) and rental fees (3,1%) 11,1%;
- costs related to depreciation and provisions 6,4%;
- other personal expenses (severance, transport, business trip and the like) 6,1%;

Realization of operating costs in the period I-XII 2013



- Operating costs in the observed period are by 3,6% or 331.542 thousand RSD below the plan. The costs which are below the planned values are the following:
 - **non-production services costs** amounted 305.942 thousand RSD, which is by 186.409 thousand RSD or by 37,9% lower than planned. As regards this group of costs, the most considerable savings were realized in other non-production services and maintenance costs of software, licenses and other intangible assets. The most considerable savings in this group of costs were realized in IT function (maintenance costs of software, licenses and other intangible assets), to the amount of 89.596 thousand RSD.
 - **costs of depreciation and provisions**, realized to the amount of 571.356 thousand RSD, which is less than planned by 61.807 thousand RSD or 9,8%.
 - **fuel and power costs**, realized to the amount of 214.997 thousand RSD, which is lower compared to the plan by 24.189 thousand RSD or 10,1%. Within this group of costs, the most considerable savings were recorded regarding the fuel and lubricants - by 11.114 thousand RSD. Non-life sales network recorded the biggest savings, to the amount of 28.517 thousand RSD.
 - **research costs** accounted for 2.869 thousand RSD, which is less when compared to the plan by 20.131 thousand RSD or 87,5%.
 - **costs of rental fees**, amounted to 273.393 thousand RSD, which is less compared to the plan by 19.252 thousand RSD or 6,6%. Within this group of costs, the most considerable savings were realized regarding the rental of business premises - by 11.532 thousand RSD or by 4,2%. Within this group of costs, the biggest savings were recorded regarding non-life sales, to the amount of 64.769 thousand RSD.
 - **other allowances – business trips within the country**, were realized to the amount of 21.757 thousand RSD, which is less when compared to the plan by 16.736 thousand RSD or by 43,5%. This group of costs recorded the biggest savings in terms of non-life sales network.
 - **maintenance costs**, were realized to the amount of 48.198 thousand RSD, which is less when compared to the plan by 15.802 thousand RSD or by 24,7%. Within this group, the savings were considerable in terms of investment maintenance and costs of services intended for current maintenance of property and equipment.
 - **other non-production operating costs** were realized to the amount of 326.689 thousand RSD, which is less compared to the plan by 13.328 thousand RSD or by 3,9%. Within this group of costs, the most considerable savings were recorded in other expenses arising from related legal entities. Non-life sales network recorded the biggest savings to the amount of 35.518 thousand RSD.
 - **other allowances – business trips abroad**, were realized to the amount of 3.050 thousand RSD, which is less compared to the plan by 11.920 thousand RSD or by 79,6%. In group of costs, the biggest savings were achieved in the Office of the General Manager.
 - **costs of other services – not mentioned elsewhere**, were realized to the amount of 50.825 thousand RSD, which is less compared to the plan by 10.600 thousand RSD or by 17,3%.
 - **fair exhibit costs**, were realized to the amount of 12.429 thousand RSD, which is less when compared to the plan by 13.181 thousand RSD or by 51,5%. This group of costs marked the biggest savings in the Marketing and PR Directorate to the amount of 12.903 thousand RSD.



In comparison to the previous year, operating costs are lower by 2,9% or by 268.931 thousand RSD. The costs that recorded the biggest savings in the observed period compared to the same period in 2012 are the following:

- **costs of commercials and advertising**, in the amount of 1.083.023 thousand RSD, which is less compared to the previous year by 135.244 thousand RSD or by 11,1%.
- **depreciation and provisions costs**, in the amount of 571.356 thousand RSD which is less compared to the previous year by 37.853 thousand RSD or 6,2%.
- **costs of earnings**, to the amount of 4.050.770. thousand RSD which is less compared to the previous year by 34.208 thousand RSD or by 0,8%.
- **business entertainment costs** to the amount of 70.105 thousand RSD, which is less compared to the same period of the previous year by 29.126 thousand RSD or by 29,4%. Business entertainment costs were burdened last year due to the costs related to the event that took place in Brussels.

This group of costs recorded the biggest savings in terms of non-life sales network.

- **rental fees**, realized to the amount of 273.393 thousand RSD, which is less compared to the previous year by 15.602 thousand RSD or by 5,4%.

In comparison to the previous year, operating costs that experienced the highest growth are the following:

- costs of donorship (growth 69.045 thousand RSD or 111,6%);
- Voluntary Pension Insurance (growth 52.584 thousand RSD or 37,9%);
- fees for use of utility services (growth 20.853 thousand RSD or 72,0%);
- costs of remunerations to NBS (growth 14.758 thousand RSD or 25,3%).
- costs of remunerations to individuals according to the agreement for lease (growth 12.720 thousand RSD or 52,5%).

4. STRUCTURE OF ASSETS

In the structure of Company assets as at December 31 2013, intangible assets, property, plant and equipment had the biggest share of 36,9%, followed by cash and cash equivalents 15,0%, long-term financial investments 14,8% and receivables which made 13,2%.

Structure of assets as at December 31 2013

(in 000 RSD.)

No.	ITEM	Balance as at 31.12.2013	Balance as at 31.12.2012	Amount of correction	Restated balance as at 01.01.2013
1	2	3	4	5(6-4)	6
1.	INTANGIBLE ASSETS, PROPERTY, PLANT, EQUIPMENT	10.760.011	11.151.552	0	11.151.552
2.	LONG-TERM FINANCIAL INVESTMENTS	4.315.416	3.394.837	-250.773	3.144.064
3.	SHORT-TERM FINANCIAL INVESTMENTS	3.680.162	4.776.063	0	4.776.063
4.	RECEIVABLES	3.837.505	5.805.424	-2.745.000	3.060.424
5.	CASH AND CASH EQUIVALENTS	4.384.434	3.954.215	0	3.954.215
6.	OTHER (stocks, prepaid expenses, unearned premium and reserved claims debited to reinsurers and reinsurers)	2.182.253	782.807	1.892.606	2.675.413
TOTAL ASSETS		29.159.781	29.864.898	-1.103.167	28.761.731

- 36,9% intangible assets, property, plant and equipment
- 15,0% cash and cash equivalents
- 14,8% long-term financial investments

According to the decisions of the Company Supervisory Board Nos. 277/13 and 278/13 of October 03 2013, in Company business books, the opening balance for 2012 and 2013 was adjusted, as follows:

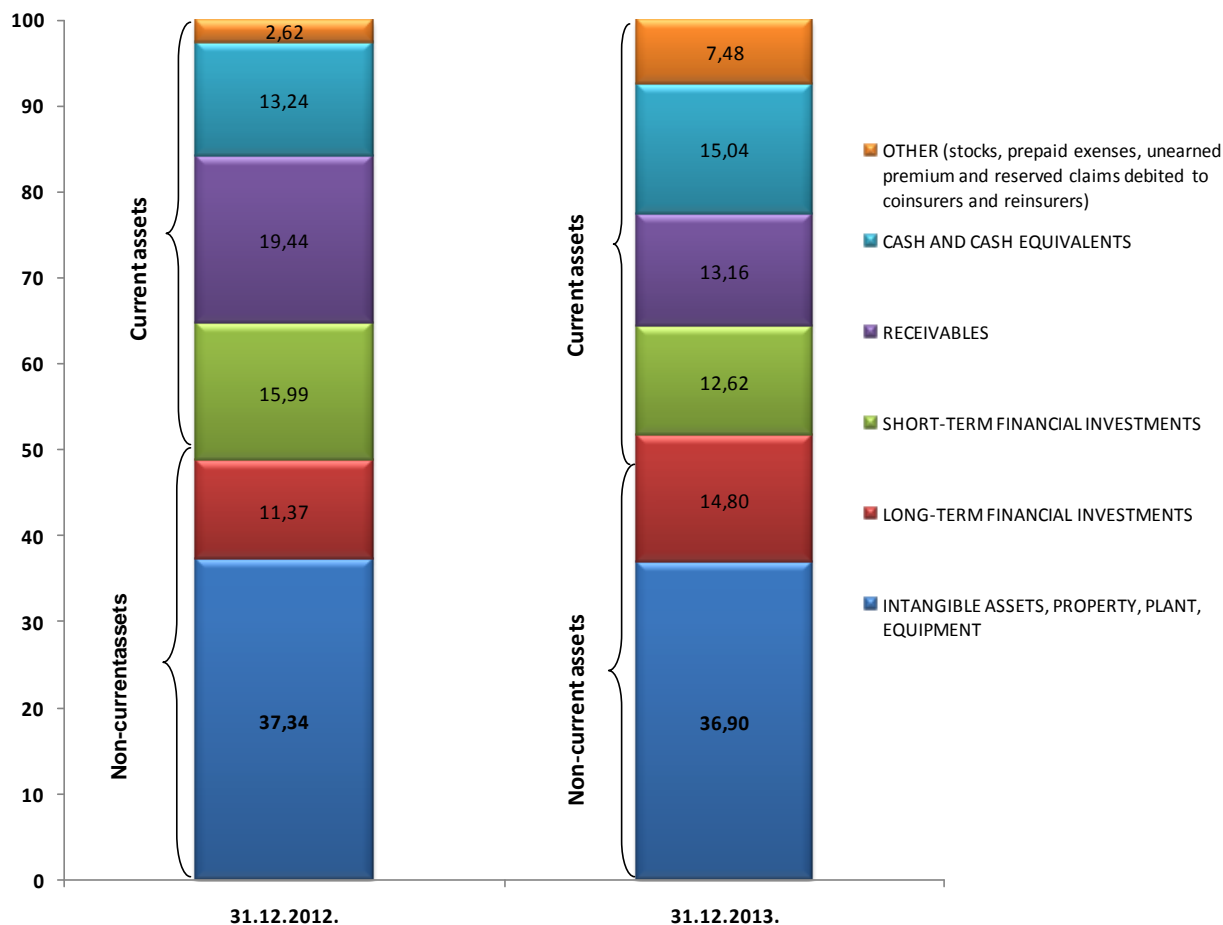
I Under the Decision No. 277/13, the Company Accounting Policy was changed. Accordingly, the initial balance for 2012 and 2013 was adjusted and deferred expenses of non-life insurance acquisition were booked. Thus, retained earnings of 01/01/2012 were increased by 1.721.505 thousand RSD, while the effect on income statement for 2012 was 171.101 thousand RSD.

II According to the Decision No. 278/13 the adjustment of opening balance for 2012 and 2013 was booked:

- By the adjustment of opening balance for 2012, in the Company business books the provisions for receivables from the Government of the Republic of Serbia were made under the Conclusion of November 15 2011 to the amount of 1.340.857 thousand RSD chargeable to the retained earnings from previous years.
- By the adjustment of opening balance for 2013, impairment loss of the Company share in the capital of the subsidiary „Dunav Osiguranje“ a.d. Banja Luka was booked based on the Report on impairment test of value of subsidiaries as at January 01 2013, according to IAS 36, of October 04 2013. Based on the said Report, the impairment to the amount of 250.773 thousand RSD was booked.
- By the adjustment of opening balance for 2013 the provisions for receivables from non-life insurance premium were increased to the amount of 1.404.142 thousand RSD. Booking was made according to the findings of a certified auditor.

The loss due to the said adjustments was charged to the retained earnings from the previous year and reserves from earnings, according to the Decision of Shareholder's Assembly No. 5/14.

Structure of assets as at December 31 2012 and December 31 2013



4.1. Intangible assets, property, plant and equipment

As at December 31 2013 , intangible assets, property, plant and equipment decreased by 3,5% compared to December 31 2012.

Intangible assets, property, plant and equipment 10,8 bln RSD

No.	ITEM	Balance as at 31.12.2013	Balance as at 31.12.2012	Index
1	2	3	4	5 (3/4)
1.	INTANGIBLE ASSETS	579.481	733.649	79,0
2.	PROPERTY, PLANTS, EQUIPMENT AND BIOLOGICAL ASSETS (2.1 + 2.2)	10.180.530	10.417.903	97,7
2.1.	Property, plants and equipment intended for performing business activities	6.776.880	7.036.307	96,3
2.2.	Investment properties	3.403.650	3.381.596	100,7
TOTAL		10.760.011	11.151.552	96,5

4.2. Long-term and short-term financial investments

Total financial investments (long-term and short-term) as at December 31 2013 amounted to 7.995.578 thousand RSD and are lower by 175.322 thousand RSD or by 2,1% compared to December 31 2012.

4.2.1. Long-term financial investments

Long-term financial investments as at December 31 2013 amounted to 4.315.416 thousand RSD and recorded a growth in total assets from 11,4% in December 31 2012 to 14,8% in December 31 2013.

Long-term financial investments 4,3 bln RSD.

In 2013, an increase of 27,1% in value of long-term financial investments was recorded when compared to the end of the previous year.

Structure of long-term financial investments:

(in 000 RSD)

Long - term financial investments	Balance as at 31.12.2013	Balance as at 31.12.2012	Amount of correction	Restated balance as at 01.01.2013	Index
1	2	3	4	5	6(2/5)
Share in the capital of other legal entities	323.483	304.019	0	304.019	106,4
Komercijalna banka a.d. Beograd	258.270	239.760		239.760	107,7
"Robno transportni centar" a.d. Šabac	53.856	53.856		53.856	100,0
Holding Company Free zone Belgrade - Belgrade	8.381	8.381		8.381	100,0
Belgrade Stock Exchange, Belgrade	1.224	1.224		1.224	100,0
Gumoplastika Bujanovac	954	0	0	0	
Meat Industry Bek	497	497		497	100,0
Association of Serbian Insurers	127	127		127	100,0
Raška holding company a.d.	125	125		125	100,0
Yuhor - export", Jagodina	49	49		49	100,0
Share in the capital of associated legal entities	2.632.011	2.632.011	-250.773	2.381.238	110,5
Dunav banka a.d. Zvečan (Kosovsko Metohijska banka a.d.)	1.063.626	1.063.626		1.063.626	100,0
Dunav Insurance a.d. Banja Luka	649.836	649.836	-250.773	399.063	162,8
Dunav Re a.d.	433.626	433.626		433.626	100,0
DUNAV Company for voluntary pension fund management a.d.	229.470	229.470		229.470	100,0
Dunav Auto d.o.o.	196.733	196.733		196.733	100,0
Dunav Stockbroker a.d.	57.722	57.722		57.722	100,0
HTP Dunav Tourist d.o.o.	998	998		998	100,0
Other long - term financial investments (corporate)	1.359.922	458.807	0	458.807	296,4
Non-tradeable government bonds in EUR	1.359.922	309.836		309.836	438,9
Term deposits with banks in the country	0	148.971		148.971	0,0
TOTAL	4.315.416	3.394.837	-250.773	3.144.064	137,3

- 61,0% associated legal entities,
- 31,5% other long-term financial investments,
- 7,5% other legal entities.

Detailed report on long-term and short-term financial investments is provided in the Implementation of investment policy for the period I-XII 2013 prepared by the Capital and Investments Department and analyzed and adopted by the Executive and Supervisory Board.

4.2.2. Short-term financial investments

As at December 31 2013, short-term financial investments amounted to 3.680.162 thousand RSD. The share of short-term financial investments in the total assets recorded a drop compared to 2012, from 16,0% in December 31 2012 to 12,6% in December 31 2013.

Short-term financial investments 3,7 bln RSD.

In 2013 the value of short-term financial investments decreased compared to December 2012 by 22,9%.

Structure of short-term financial investments:

(in 000 RSD)

Item	Balance as at 31.12.2013	Balance as at 31.12.2012	Index
1	2	3	4 (2/3)
1. Time deposits with the banks in the country	2.652.674	2.824.449	93,9
2. Non-tradeable securities (corporate bonds)	487.181	1.376.943	35,4
3. Government issued securities (treasury notes, old savings bonds)	387.996	397.479	97,6
4. Securities tradeable in the domestic market - shares	152.311	177.192	86,0
TOTAL	3.680.162	4.776.063	77,1

4.2.3. Currency structure of financial investments

In the total investment structure, the share of investments in RSD decreased from 33,0% to 32,3%, compared to the beginning of the year. Total financial investments in RSD were cut by about 115 mln RSD or by 4,3% compared to December 31 2012. Foreign-exchange investments recorded growth in structure of total investments from 67,0% at the end of previous year to 67,7% as at December 31 2013.

Investments in RSD 32,3%, foreign currency investments 67,7%.

From the aspect of currency structure, total **investment in RSD** as at December 31 2013 amounted to 2.583.198 thousand RSD.

Investments in RSD 2,6 bln RSD.

(in 000 RSD.)

Type of investment		Balance as at 31.12.2013	%share	Balance as at 31.12.2012	%share
1.	Share in the capital of associated legal entities	1.982.174	76,7	1.982.175	73,5
2.	Share in the capital of other legal entities	323.483	12,5	304.019	11,3
I	Long-term financial investments	2.305.657	89,3	2.286.194	84,7
1.	Time deposits with the banks in the country	125.230	4,8	235.083	8,7
2.	Corporate bonds (RSD)	0	0,0	0	0,0
3.	Securities tradable in the domestic market - shares	152.311	5,9	177.192	6,6
II	Short-term financial investments	277.541	10,7	412.275	15,3
TOTAL		2.583.198	100,0	2.698.469	100,0

As at December 31 2013, the total **foreign-exchange investments** amounted to 5.412.380 thousand RSD i.e. 47.211.103 EUR according to the NBS mean exchange rate as at December 31 2013. Total foreign-exchange investments dropped by 60 mln RSD approx. compared to December 31 2012.

Foreign-exchange investments 5,4 bln.

(in 000 RSD.)

Type of investment		Balance as at 31.12.2013	%share	Balance as at 31.12.2012	%share	amount of correction	restatet balance as at 01.01.2013	%share
1.	Share in the capital of associated legal entities	649.836	12,0	649.836	11,9	-250.773	399.063	7,6
3.	Time deposits with the banks in the country	0	0,0	148.971	2,7	0,00	148.971	2,9
4.	Non-tradable government bonds in EUR	1.359.923	25,1	309.836	5,7	0,00	309.836	5,9
I	Long-term financial investments	2.009.759	37,1	1.108.643	20,3	-250.773	857.870	16,4
1.	Old savings bonds	110.580	2,0	167.247	3,1	0,00	167.247	3,2
2.	Time deposits with banks in the country	2.527.444	46,7	2.589.366	47,3	0,00	2.589.366	49,6
3.	Non-tradable government securities in EUR	277.415	5,1	230.232	4,2	0,00	230.232	4,4
4.	Corporate bonds (currency clause)	487.182	9,0	1.376.943	25,2	0,00	1.376.943	26,4
II	Short-term financial investments	3.402.621	62,9	4.363.788	79,7	0	4.363.788	83,6
TOTAL		5.412.380	100,0	5.472.431	100,0	-250.773	5.221.658	100,0

- Total amount of foreign currency time deposits as at December 31 2013 was 2.527.444 thousand RSD (22.046.386 EUR).
- Deposits of the Company with Univerzal Banka amounted to 10,5 mln EUR.
- The funds in foreign-currency account of Univerzal Banka in bankruptcy amounted to 214.066,65 EUR.



4.3. Receivables

4.3.1. Structure of receivables

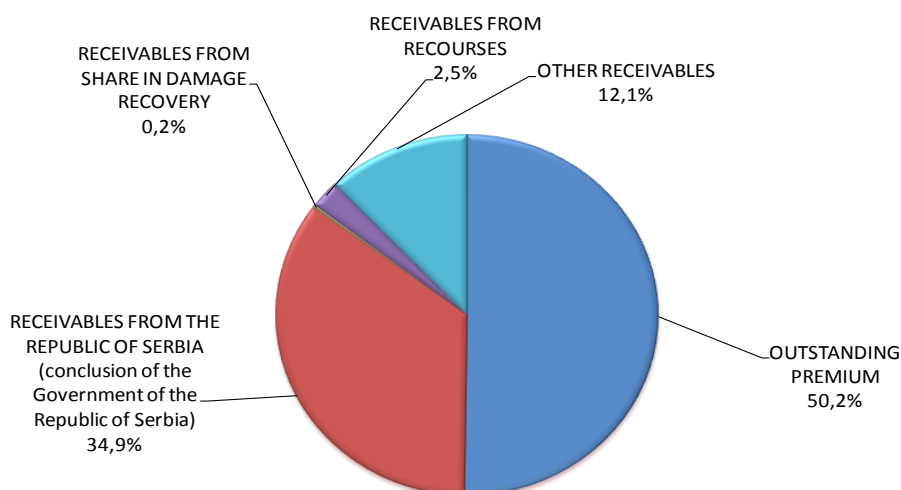
The **total receivables** (net) as at December 31 2013 amounted to 3.837.505 thousand RSD, with outstanding premium having a predominant share of 50,2%.

**Total
receivables
(net) 3,8
bln RSD.**

(in 000 RSD.)

No.	ITEM	Balance as at 31.12.2013	Balance as at 31.12.2012	Amount of correction	Restated balance as at 01.01.2013	Index
1	2	3	4	5(6-4)	6	7(3/6)
1.	OUTSTANDING PREMIUM	1.927.305	3.856.048	-1.404.143	2.451.905	78,6
2.	RECEIVABLES FROM THE REPUBLIC OF SERBIA (conclusion of the Government of the Republic of Serbia)	1.340.857	1.340.857	-1.340.857	0	
3.	RECEIVABLES FROM SHARE IN DAMAGE RECOVERY	6.409	5.874	0	5.874	109,1
4.	RECEIVABLES FROM RECOURSES	97.647	168.098	0	168.098	58,1
5.	OTHER RECEIVABLES	465.287	434.547	0	434.547	107,1
	RECEIVABLES TOTAL	3.837.505	5.805.424	-2.745.000	3.060.424	125,4

Structure of receivables as at December 31 2013



4.3.2. Valuation of receivables

(in 000 RSD.)

Receivables from	Outstanding receivables as at 31.12.2013	Adjustment of receivables as at:		Net amount of receivables as at 31.12.2013	Increase "+" / Decrease "-"	% adjustment
		1.1.2013	31.12.2013			
1	2	3	4	5=4-2	6 (4-3)	7=4/2
Insurance and coinsurance	7.193.646	5.219.284	5.266.341	1.927.305	47.057	73,21
Recourses	753.950	460.267	656.303	97.647	196.036	87,05
Premium and recourses - Total	7.947.596	5.679.551	5.922.644	2.024.952	243.093	74,52
Accrued interest	676.775	687.701	623.555	53.220	-64.146	92,14
Prepayments	235.251	52.870	101.488	133.763	48.618	43,14
Payroll deductions	18.047	10.468	17.813	234	7.345	98,70
Associated legal entities	16.071	267.483	16.071	0	-251.412	100,00
Other receivables	2.167.490	1.834.047	542.154	1.625.336	-1.291.893	25,01
Other receivables	3.113.634	2.852.569	1.301.081	1.812.553	-1.551.488	41,79
TOTAL	11.061.230	8.532.120	7.223.725	3.837.505	-1.308.395	65,31

**Adjustment of
receivables
65,31%.**

**Adjustment of
outstanding
premium
73,21%.**



4.4. Cash and cash equivalents

TOTAL BALANCE OF MONETARY ASSETS

(in 000 RSD.)

ACCOUNTS	Balance as at 31.12.2013	Balance as at 31.12.2012	Index
1	2	3	4 (2/3)
Dinar assets (sight deposits)	2.214.479	1.185.780	186,8
Foreign currency accounts in the country (sight deposits)	2.169.955	2.768.435	78,4
TOTAL	4.384.434	3.954.215	110,9

Cash and cash
equivalents 4,4
bln RSD.

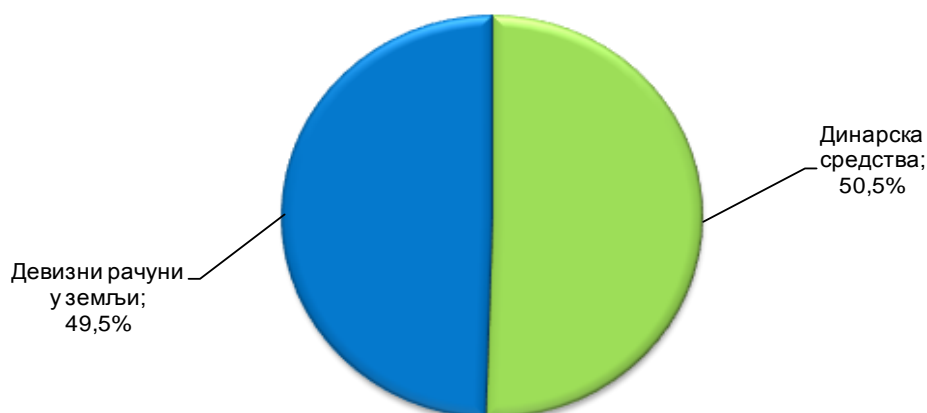
As at December 31 2013, the Company had 110 Dinar bank accounts with 17 commercial banks and 41 foreign-currency accounts with 14 commercial banks.

In country, dinar and foreign currency payment transactions of Dunav Insurance Company are mostly carried out through Dunav Banka and Komercijalna Banka. The Company has also developed payment operations through UniCredit Bank, Banca Intesa, CrediAgricole Bank, ProCredit Bank, Aik Banka and Univerzal Banka.

As at December 31 2013, funds with Univerzal Banka were as follows: foreign currency funds amounted to 142.774,98 EUR, funds in dinar account amounted to 101.982.570,24 RSD.

Credit line with Komercijalna Banka was used on the basis of Approval from the Deposit Insurance Agency No. 1840/13 of December 24 2013, Decision on Borrowing No. 333/13 of December 24 2013 and Agreement on revolving credit line per sub-account No. 00-410-0908648.8. Credit line to the amount of 1.000.000.000,00 RSD was extended on December 31 2013, and repayed on January 06 2014. The said credit was used to cover technical reserves of the Company on December 31 2013.

Structure of monetary assets – balance as at December 31 2013





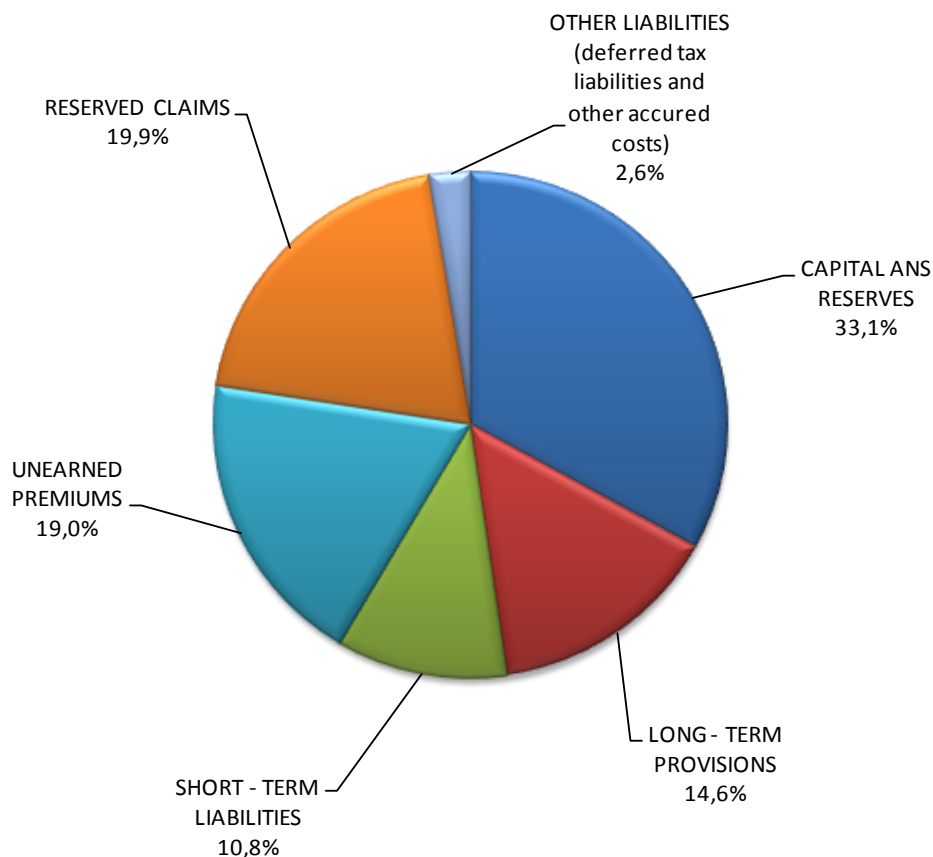
5. STRUCTURE OF CAPITAL AND LIABILITIES

In the capital and liabilities structure of Dunav Insurance Company as at December 31 2013, the capital and reserves were dominant accounting for 33,1%, and followed by the reserved claims accounting for 19,9% and unearned premium of 19,0%. The capital structure was not significantly changed compared to December 31 2012.

- 33,1% capital and reserves,
- 19,9% reserved claims,
- 19,0% unearned premiums.

(in 000 RSD)						
No.	ITEM	Balance as at 31.12.2013	Balance as at 31.12.2012	Correction	Balance as at 01.01.2013	Index
1	2	3	4	5 (6-4)	6	7 (3/6)
1.	CAPITAL AND RESERVES	9.641.167	10.719.215	-1.103.166	9.616.049	100,3
2.	LONG - TERM PROVISIONS	4.268.643	3.454.795	0	3.454.795	123,6
3.	SHORT - TERM LIABILITIES	3.149.273	2.808.585	0	2.808.585	112,1
4.	LONG - TERM LIABILITIES	0	0	0	0	
5.	UNEARNED PREMIUMS	5.528.730	5.746.176	0	5.746.176	96,2
6.	RESERVED CLAIMS	5.815.830	6.220.213	0	6.220.213	93,5
7.	OTHER LIABILITIES (deferred tax liabilities and other accrued costs)	756.138	915.914	0	915.914	82,6
TOTAL LIABILITIES		29.159.781	29.864.898	-1.103.166	28.761.732	101,4

Structure of capital and liabilities as at December 31 2013



5.1. Capital and reserves

Structure of capital and reserves:

(in 000 RSD)

No.	ITEM	Balance as at 31.12.2013	Balance as at 31.12.2012	Correction	Balance as at 01.01.2013	Index
1	2	3	4	5 (6-4)	6	7 (3/6)
1.	SHARE CAPITAL	313.607	313.607	0	313.607	100,0
2.	SOCIALLY - OWNED CAPITAL	5.508.247	5.508.247	0	5.508.247	100,0
3.	STAKES AND OTHER CAPITAL	131.421	131.421	0	131.421	100,0
4.	RESERVES	378.983	420.257	0	420.257	90,2
5.	REVALUATION RESERVES	3.063.684	3.195.667	0	3.195.667	95,9
6.	UNREALISED PROFITS FROM SECURITIES AVAILABLE FOR SALE	101.973	86.240	0	86.240	118,2
7.	UNREALISED LOSSES FROM SECURITIES AVAILABLE FOR SALE	0	0	0	0	
8.	UNDISTRIBUTED PROFIT FROM PREVIOUS YEARS	127.276	991.760	380.648	1.372.408	9,3
9.	UNDISTRIBUTED PROFIT FROM THE CURRENT YEAR YEARS	15.976	72.016	-72.016	0	
10.	LOSS UP TO CAPITAL SUM	0	0	1.411.798	1.411.798	0,0
TOTAL		9.641.167	10.719.215	-1.103.166	9.616.049	100,3

Total fixed and other capital of the Company includes share capital 5,3%, socially-owned capital 92,5% and other (socially-owned) capital 2,2%.

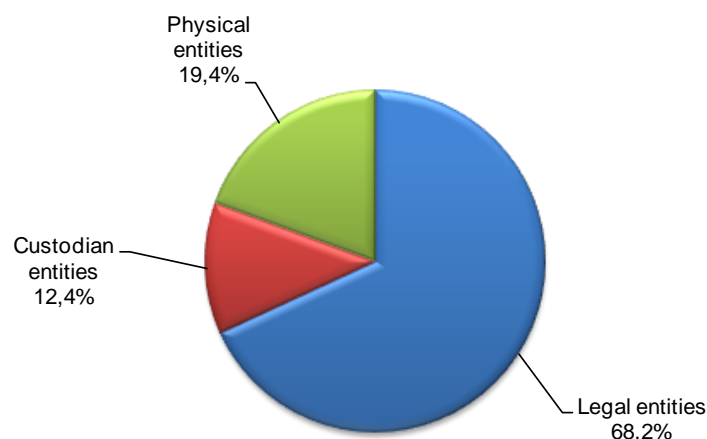
**Fixed capital
5,8 bln RSD.**

Fixed capital of the Company (share and socially-owned capital) amounting to 5.821.854 thousand RSD as at December 31 2013, significantly exceeded minimum fixed capital stipulated under Article 28 of the Insurance Law. Insurance shareholding companies providing both life and non-life insurance services are obliged to maintain at any time minimum 8.500.000 EUR fixed capital, which as at December 31 2013 was 974.458 thousand RSD in Dinar counter value (8.500.000 EUR, based on the mean exchange rate as at December 31 2013 (1 EUR = 114,6421 RSD)).

- **92,5% socially-owned capital,**
- **5,3% share capital,**
- **2,2% other capital.**

As at December 31 2013, the Company's total share capital amounted to 313.607 thousand RSD. Share capital was held by 3.572 shareholders (186 legal entities, 3.372 physical persons and 14 custodian entities), who altogether held 259.179 ordinary shares with unit nominal value 1.210 RSD.

Share capital structure





Ten major shareholders hold the total of 39,5% of the Company's share capital.

(in 000 RSD)

SHAREHOLDERS		% share	Number of shares	TOTAL SHARE CAPITAL AS AT 31.12.2013
I CUSTODIAN ENTITIES		12,39	32.124	38.870
II 10 MAJOR LEGAL ENTITIES		39,53	102.453	123.969
1	KOMERCIJALNA BANKA AD	10,11	26.207	31.710
2	"UTMA COMMERCE" DOO	6,75	17.493	21.167
3	AMS OSIGURANJE ADO	5,63	14.600	17.666
4	THE REPUBLIC OF SERBIA	3,67	9.513	11.511
5	RUDARSKO TOPIONIČARSKI BASEN BOR	2,97	7.709	9.328
6	SAOBRAĆAJNI FAKULTET	2,14	5.547	6.712
7	"PRUDENCE CAPITAL" AD BEOGRAD	2,12	5.484	6.636
8	METALAC AD GORNJI MILANOVAC	2,08	5.391	6.523
9	KLINIČKI CENTAR	2,03	5.267	6.373
10	TCK KOSJERIĆ DOO	2,02	5.242	6.343
III OTHER LEGAL ENTITIES		28,64	74.223	89.810
LEGAL ENTITIES TOTAL (II+III)		68,17	176.676	213.779
IV PHYSICAL PERSONS		19,44	50.379	60.958
TOTAL (I+II+III+IV)		100,00	259.179	313.607

- 3.572 shareholders,
- 259.179 ordinary shares,
- Nominal share value 1.210 RSD.

CATEGORIES – VALUE OF SHARE CAPITAL OF INDIVIDUAL SHAREHOLDER AS AT 31.12.2013	NUMBER OF SHAREHOLDERS (CUSTODY ACCOUNTS)	TOTAL SHARE CAPITAL OF A CATEGORY (in 000 RSD)	SHARE IN TOTAL SHARECAPITAL (in %)
OVER 10.000 thousand RSD	5	96.147	30,66
5.001 – 10.000 thousand RSD	8	55.564	17,72
1.001 – 5.000 thousand RSD	27	72.413	23,09
501 – 1.000 thousand RSD	48	30.734	9,80
101 – 500 thousand RSD	128	26.181	8,35
10 – 100 thousand RSD	860	26.072	8,31
under 10 thousand RSD	2.496	6.496	2,07
TOTAL	3.572	313.607	100,00

As at December 31 2013, revaluation reserves amounted to 3.063.684 thousand RSD, which is less by 4,1% compared to December 31 2012 when the revaluation reserves amounted to 3.195.667 thousand RSD.

Unrealized profits from securities available for sale amounted to 101.973 thousand RSD, which is significantly lower compared to December 31 2012 since the share of Komercijalna Banka recorded a drop in value.



5.1.1. Guarantee fund

Guarantee fund provides security for permanent performance of obligations.

Guarantee fund of the Company as at December 31 2013 amounted to 6.862.984 thousand RSD and it comprised the following items:

**Guarantee
fund 6,9
bln RSD.**

(in 000 RSD)

GUARANTEE FUND		Amount
1.	Socially - owned capital	5.508.247
2.	Ordinary share capital	313.607
3.	Profit reserve	30.763
4.	Revaluation reserves	1.341.834
5.	Up to 50% of undistributed profits from previous years	63.638
6.	Recognized % of undistributed profits from the current year	188.002
7.	Previous years loss	0
8.	Current year loss	583.107
Total (1+2+3+4+5+6-7-8)		6.862.984

5.1.2. Technical reserves

Technical reserves provide coverage for obligations arising from insurance activities.

Total self-retained technical reserves as at December 31 2013 amounted to 14.986.914 thousand RSD and comprised the following:

**Technical
reserves
15,0 bln
RSD.**

(in 000 RSD)

TECHNICAL RESERVES		NON-LIFE INSURANCES	LIFE INSURANCES	TOTAL
1.	Unearned insurance premium from own portfolio	5.522.455	1.327	5.523.782
2.	Unearned premium from received coinsurances	4.948	0	4.948
3.	Reserved claims from own portfolio	5.790.343	24.015	5.814.358
4.	Provisions for share in loss on account of received coinsurances	1.472	0	1.472
5.	Risk equalization funds	1.030.282	0	1.030.282
6.	Life insurance mathematical reserve	0	2.945.048	2.945.048
I	TOTAL TECHNICAL RESERVES (1+2+3+4+5+6)	12.349.500	2.970.390	15.319.890
7.	Unearned reinsurance premium	161.601	0	161.601
8.	Share of reinsurers in reserves claims	169.487	0	169.487
9.	Reinsurance mathematical reserve	0	1.888	1.888
II	TOTAL SELF-RETAINED TECHNICAL RESERVES (I-7-8-9)	12.018.412	2.968.502	14.986.914

5.2. Long-term provisions

Long-term provisions as at December 31 2013 amounted to 4.268.643 thousand RSD, which is higher by 23,6% compared to December 31 2012 and refer to:

**Long-term
provisions 4,3
bln RSD**

(in 000 RSD)

No.	CATEGORY	Balance as at 31.12.2013	Balance as at 31.12.2012	Index
1	2	3	4	5 (3/4)
1.	LIFE INSURANCE MATHEMATICAL RESERVE	2.945.048	2.319.242	127,0
2.	RISK EQUALIZATION PROVISIONS	1.030.282	840.718	122,5
3.	OTHER LONG-TERM PROVISIONS	293.313	294.835	99,5
TOTAL		4.268.643	3.454.795	123,6

Other long-term provisions refer to provisions for allowances (anniversary awards, severances) – IAS 19.



5.3. Long-term liabilities

The Company did not have any long-term liabilities as at December 31 2013.

5.4. Short-term liabilities

Short-term liabilities as at December 31 2013 amounted to 3.149.273 thousand RSD, which is by 12,1% higher than as at December 31 2012 and refer to:

**Short-term
liabilities 3,1
bln RSD.**

(in 000 RSD)

No.	CATEGORY	Balance as at 31.12.2013	Balance as at 31.12.2012	Index
1	2	3	4	5 (3/4)
1.	LIABILITIES ON ACCOUNT OF PREMIUM, SALARIES AND OTHER	1.852.502	2.373.857	78,0
2.	LIABILITIES ON ACCOUNT OF CLAIMS AND CONTRACTED AMOUNTS	211.318	358.710	58,9
3.	SHORT-TERM FINANCIAL LIABILITIES	1.000.000	57.540	1.737,9
4.	TAX LIABILITIES ON ACCOUNT OF PERFORMANCE	85.453	18.478	462,5
TOTAL		3.149.273	2.808.585	112,1

Liabilities on account of premium, salaries and other liabilities refer to:

(in 000 RSD)

CATEGORY	Balance as at 31.12.2013	Balance as at 31.12.2012	Индекс
1	2	3	4 (2/3)
Liabilities on account of reinsurance premium	537.732	600.708	89,5
Liabilities on account of coinsurance premium	356.287	479.393	74,3
Liabilities on account of recourses	2.648	470.107	0,6
Liabilities for salaries	176.894	176.535	100,2
Liabilities towards suppliers	207.540	342.516	60,6
Liabilities for building site contribution, premium tax and VAT	43.058	46.422	92,8
Other received prepayments	30.251	29.365	103,0
Received insurance and coinsurance prepayments	16.266	24.965	65,2
Other unmentioned liabilities	481.826	203.846	236,4
TOTAL	1.852.502	2.373.857	78,0

5.5. Unearned premium

As at December 31 2013, unearned premium amounted to 5.528.730 thousand RSD and was lower by 3,8% compared to the same period of previous year. The share of unearned premium in gross premium in the period I-XII 2013 was 31,5% while in the same period of the year earlier it was 32,1%.

**Unearned
premium
5,5 bln
RSD.**



5.6. Reserved claims

Reserved claims as at December 31 2013 amounted to 5.815.830 thousand RSD, which was lower by 6,5% then as at December 31 2012 (in absolute terms by 404.383 thousand RSD), when they amounted to 6.220.213 thousand RSD.

**Reserved claims
5,8 bln RSD.**

In the period I-XII 2013, 4.757 claims were reserved in total.

Reserved reported but not settled claims accounted for 3.321.221 thousand RSD or 57,1%, whereas reserved incurred but not reported claims accounted for 2.494.609 thousand RSD or 42,9%.

Claims from Motor Vehicle Liability, Property, Motor Vehicle, Accident, Property against Fire and Allied Perils and General Liability Insurance have the biggest share in structure of reserved claims.

The following table provides the structure of reserved claims:

(in 000 RSD)

CODE OF IC	INSURANCE CLASS	RESERVED REPORTED BUT NOT SETTLED CLAIMS	RESERVED INCURRED BUT NOT REPORTED CLAIMS	TOTAL RESERVED AND NON-REPORTED CLAIMS AS AT 31.12.2013	TOTAL REPORTED AND NON-REPORTED CLAIMS AS AT 31.12.2012	INDEX
1	2	3	4	5 (3+4)	6	7 (5/6)
01	Accident	49.094	297.222	346.316	357.031	97,0
02	Voluntary helath	1.700	23.886	25.586	20.721	123,5
03	Motor vehicle	123.250	233.543	356.793	348.139	102,5
04	Rolling stock	1.645	2.086	3.731	3.570	104,5
05	Aircraft	21.111	15.417	36.528	29.944	122,0
06	Vessels	2.293	4.550	6.843	3.982	171,8
07	Goods in transit	34.265	4.695	38.960	9.920	392,7
08	Property against fire and allied perils	243.450	51.989	295.439	225.619	130,9
09	Other property	295.451	291.468	586.919	401.930	146,0
10	Motor vehicle liability	2.449.649	1.458.452	3.908.101	4.637.894	84,3
11	Aircraft liability	0	0	0	3.825	
12	Vessel liability	0	0	0	35	
13	General liability	85.258	69.287	154.545	127.795	120,9
14	Credit	0	2.737	2.737	2.536	107,9
15	Guarantee	0	256	256	606	42,2
16	Financial losses	0	948	948	17	
17	Costs of legal protection	0	0	0	0	
18	Roadside assistance	2.729	25.384	28.113	20.808	135,1
19	Other non-life	0	0	0	0	
20	Life	5.809	0	5.809	9.984	58,2
21	Annuity	0	0	0	0	
22	Life rider	5.517	12.689	18.206	15.857	114,8
23	Voluntary pension	0		0	0	
24	Other life	0	0	0	0	
ALL CLASSES TOTAL		3.321.221	2.494.609	5.815.830	6.220.213	93,5

6. OPERATIONAL RISKS

Risk management process provides overall and preventive identification, assessment and measurement of the Company's risk exposure while performing its business activities, to ensure permanent risk exposure maintenance at the level that does not endanger its assets and operations. Risk management process means consideration of all key factors and elements which enable management of financial, human and other resources in such a manner as to ensure the biggest possible risk dispersion, distribution and minimization.

Risk management policy is applied at the level of mother company Dunav Insurance Company a.d.o., and at the same time is a framework for implementation of risk management system in subsidiary entities.

6.1. UNDERWRITING RISKS

Underwriting risks arise from insurance contract. They can result from inadequately established actuarial values (technical reserves, premium rates, assessment of the degree of underwritten risks, self-retention level, premium structure, insurance terms and the like) or inadequate procedures and non-compliance with the practice rules when stipulating insurance.

Analysis of technical result, loss ratio and operating costs provides an overall picture of the premium system adequacy and cost management quality. High combined ratio may indicate the presence of a premium risk which is a form of underwriting risk. Premium risk can occur due to incorrect risk assessment in tariff (premium rates) calculation, inadequate application of adopted tariffs or factors that are completely out of insurer's control. Also, due to organizational structure or inadequate cost management, cost ratio can exceed normative rate of expense loading or the level allowed by competition at the market. As a result of these mentioned factors, policy issue can cost insurer much more than what he has earned on account of premium.

However, it should be taken into account that in the insurance acquisition segment, a part of underwriting costs is a direct result of high market risk, or to be more precise of the risk of unfair competition at the insurance market.

Maximum retention for proportional contracts, defined according to the table for maximum retention per insurance classes for 2013 amounts to 340.000.000 RSD.

6.2. SOLVENCY AND LIQUIDITY RISKS

In order to protect itself against insolvency risks, the Company forms adequate reserves – technical and guarantee, to meet its insurance liabilities or liabilities that come from unexpected events, such as catastrophic losses or unexpected business losses.

Liquidity and solvency risk relates to the risk of inability of an insurance company to meet its financial liabilities, notably in terms of claims payment. In the event of well implemented policy relating to the definition and collection of premium and loss experience within the framework defined by actuarial calculations, liquidity should not be put into question.

In 2013, short-term liquidity ratio was within the frameworks above the minimum required level of liquidity – from 2,17 (February 2013) to 3,91 (May 2013). According to the Decision of NBS on the manner for ascertainment and monitoring of the insurance company liquidity, an insurance company has minimum liquidity if its cash flows are positive, that is, if the cash balance at the close of daily business amounts to more than zero (0) and if the liquidity coefficient amounts to at least one (1).

Measures that can affect liquidity improvement are of primary and secondary character. Primary measures refer to the transformation of assets from less liquid into the more liquid form and are related to assets restructuring. Secondary measures refer to the money inflow and outflow and directly depend on the manner and method of cost management and realized collection of receivables from premium.

In the following period it is necessary to carry on with the activities on the improvement of premium collection and implementation of other measures (contracting collateralized payment of premium, bringing actions against defaulting debtor and other) as well as on reduction of operating expenses. Sound planning ensures continuation of the practice of maturity matching between asset inflows and outflows as well as between asset depositing and investing and due liabilities.

6.3. DEPOSIT AND INVESTMENT RISKS

Investments of technical reserve funds and other funds at the disposal of insurance companies ensures the fulfillment of their liabilities to the insureds.

The unexpected movements in the market (volatility of prices of securities and movements of interest rates and foreign exchange rates) and sometimes the manner of investment policy implementation (most often due to the readiness to accept a higher risk for the purpose of higher yields) may increase the risk of investments of insurance funds.

Despite the fact that the Company's recent policy is aimed at ensuring the maximum possible income at the same time reducing the exposure to a high risk, general lack of liquidity increases the risk for parts of financial system in terms of their functioning.

The Company is obliged to invest technical reserves according to the Decision on Restrictions on Specific Forms of Depositing and Investing Technical Reserve Assets and on Maximum Levels of Specific Deposits and Investments of Guarantee Fund of insurance companies that stipulates the forms and limits of technical reserves deposit and investment. However, this decision often does not take into account the concentration risk which is connected with the size and financial capacity of the depository bank.

Underdeveloped financial market prevents generating relatively high proceeds while at the same time maintaining acceptable risk level. Risks related to the coverage of the Company's technical reserves are:

- insufficient quality for technical reserves coverage, given the reduction in the scope of funds which may serve for such purpose and the growth of the Company's technical reserves,
- general downward price and turnover tendency at the real estate and securities market that might affect the value and marketability of the part of the investment portfolio that is used for technical reserves coverage,
- risk related to investments in securities held to maturity, given a considerable lack of liquidity in economy and inadequate security for such investments, which may reduce the scope of funds used to cover technical reserves. For this reason, the changes in the solvency risk management policies of the Company determined very strict conditions for investments into corporate bonds whereby further investment of funds in this type of securities was actually stopped,
- risk related to the weaknesses of the part of the banking system where the receivables are exposed to a high credit risk thus increasing the Company investment risks. This requires a very prudent and selective approach when selecting the banks in which deposits are placed as well as the reduction of general and individual level of investments below the level defined by the appropriate decision of the National Bank of Serbia,

- assets outflow into cost coverage above the level established by the Company's policy related to premium distribution, which affects the drop in the solvency-related part of the investment portfolio.

Credit risk is the risk that the issuer (or some other debtor) will default on debt securities and it most often, but not always, occurs as the consequence of negative changes in the financial ability which, eventually, may lead to the bankruptcy of the issuer (debtor). In our circumstances, credit risk is usually manifested through difficult collection of receivables from premium, which results in the high concentration of Company's assets in receivables. Outstanding receivables from non-life insurance premium hold the biggest share in overall receivables.

The Risk Management Sector in the Company performs the analysis and assessment of the insured's financial position, credit rating and risk level according to the credit rating scheme (target list of insureds whose credit rating is taken into account when stipulating terms for contract conclusion). In addition, starting from February this year, after the changes made to the Company Rules regulating the depositions and investment of funds, the Risk Management Department performs the analysis and assesses the creditworthiness of corporate bond issuers. The said changes to these Rules prescribe stricter criteria for investment of corporate bonds and stricter conditions relating to the required security instruments.

In 2013, creditworthiness was assessed for 115 clients in total, out of which 95 related to the insureds and the remaining 20 to the corporate bond issuers. Out of 115 clients in total (insureds and issuers), only one client had very good credit score, fair credit score had 15 clients in total or about 13.0%, 34 or 29.6% of the clients had conditionally acceptable credit score whereas 65 clients or some 56.5% had a poor credit score, that is, they represented a credit risk clients which, in accordance with the Risk Management Policies, could be accepted to insurance i.e. bonds could be bought from them provided that they submit adequate security instruments (bank guarantees, mortgages, notes and the like). However, they should not be accepted as clients unless special Company's interests require otherwise.

6.4. MARKET RISKS

Market risk is a risk of asset value fluctuation due to changes in the level or volatility of market prices, and in wider sense it encompasses factors of loss risk due to changes in interest rates, prices of securities, exchange rates and prices of stock-exchange goods.

In 2013, Belgrade Stock-Exchange Indices mildly rose compared to the previous year. Belex15, index of the most liquid stocks listed on Belgrade Stock-Exchange, in 2013 ranged between 476.03 and 586.9 points. Compared to the end of the previous year, it went up by 6.51%, with standard deviation from the average value of 11.33%. The value of BelexLine, general index of Belgrade Stock-Exchange, in 2013 ranged between 948.12 and 1.104.92 points. Compared to the end of the previous year, it rose by 9.88% with standard deviation of 8.95%.

In 2013, Belgrade Stock-Exchange recorded considerable oscillations in trading with government frozen foreign currency savings shares and bonds. In the first quarter of 2013, the turnover on Belgrade Stock-Exchange went up to 15.420 million dinars (as the consequence of block transactions with Frikom, when Agrokor sold 95.83% of its share in the joint stock company Ledo from Zagreb) only to drop in the second quarter to just 2.299 million dinars, after which a mild growth in turnover was recorded to the amount of 5.473 million dinars in the third quarter and 6.972 million dinars in the last quarter of 2013.

In 2013, inter-annual inflation recorded a steady fall - from 12.8% in the beginning of the year, the inflation went down to 2.2% at the end of the fourth quarter of 2013. Key contribution to slowing down inflation was from monetary policy measures, falling prices of primary agricultural products, low aggregate demand, and relatively stable exchange rate. Subsiding inflation is expected to have a direct impact on the base savings rate in the next period.

According to the forecasts of NBS, a moderate rise in inflation is expected along with its gradual approach to the target (4.0 % with allowed deviation of $\pm 1,5\%$), as a consequence of rise in regulated prices and one-time effect of the forthcoming increase of special VAT rate.

On the last trading day of 2013, the official mean exchange rate of Dinar to Euro amounted to 114,6421 dinars for one Euro, which represents dinar depreciation of 0.03% compared to the previous quarter i.e. the depreciation of 0.81% compared to 2012 year-end. During the year, the official exchange rate of Dinar to Euro ranged between 110,5426 and 115,2574 dinars for one Euro, with maintenance of low volatility of 2.83% annually.

For the assessment of market risk i.e. price, foreign exchange and interest rate risk for securities which comprise investment portfolio, Value at Risk (VaR) method is used to measure potential maximum loss in value of a portfolio over the next day (next 10 days) at 99% confidence level. For the calculation of market risks by VaR method, a software package, RiskGuard, is used. The results of market risk assessment by VaR method are presented in detail in the report on implementation of internal control and risk management system for the period 01-01 to 31-12-2013.

6.5. OPERATIONAL RISKS

Operational risks arise from the omissions in the work of employees and Company bodies, inadequate internal procedures and processes, inadequate management of information and other systems, as well as unforeseeable external events.

Compliance Function monitors conformity of the Company's by-laws and procedures with the regulations, employee compliance with by-laws and procedures, and regularly submits reports thereof to relevant bodies.



ATTACHMENT

**BALANCE SHEET AS AT 31 DECEMBER 2013**

(in 000 RSD)							
ITEM			EDP mark	Amount			Index
				As at 31.12.2013	Correction 01.01.2013	As at 31.12.2012	
ASSETS							
A		NON-CURRENT ASSETS - INVESTMENTS (002 + 003 + 004 + 005+009)	001	15.075.427	14.295.616	14.546.389	105,5
	I	UNPAID SUBSCRIBED CAPITAL	002	0		0	
	II	INTANGIBLE ASSETS (PROPERTIES)	003	579.481	733.649	733.649	79,0
	III	GOODWILL	004	0		0	
	IV	PROPERTY, PLANTS, EQUIPMENT AND BIOLOGICAL RESOURCES (006+007+008)	005	10.180.530	10.417.903	10.417.903	97,7
		1. Property, plants and equipment engaged in business performance	006	6.776.880	7.036.307	7.036.307	96,3
		2. Biological assets	007	0	0	0	
		3. Investment property	008	3.403.650	3.381.596	3.381.596	100,7
	V	LONG-TERM FINANCIAL INVESTMENTS (010 + 014)	009	4.315.416	3.144.064	3.394.837	137,3
		1. Share in capital (011 + 012 + 013)	010	2.955.494	2.685.257	2.936.030	110,1
		a) subsidiaries	011	2.632.011	2.381.238	2.632.011	110,5
		b) other associated entities	012	0	0	0	
		c) other entities	013	323.483	304.019	304.019	106,4
		2. Other long-term financial investments (015 + 016 + 017)	014	1.359.922	458.807	458.807	296,4
		a) in associated entities - parent and subsidiary	015	0	148.971	148.971	0,0
		b) in other associated entities	016	0	0	0	
		c) other long-term financial investments	017	1.359.922	309.836	309.836	438,9
B		CURRENT ASSETS - RECEIVABLES (019+ 020+021+ 034)	018	14.084.354	14.466.116	15.318.509	97,4
	I	STOCKS	019	34.916	30.785	30.785	113,4
	II	NON-CURRENT ASSETS AVAILABLE FOR SALE AND ASSETS OF OPERATIONS BREAK	020	0	0	0	
	III	SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (022+023+024+028+029+030+031+032+033)	021	14.049.438	14.435.331	15.287.724	97,3
		1. Receivables	022	3.837.505	3.060.425	5.805.424	125,4
		2. Receivables for overpaid profit tax	023	33.980	89.383	89.383	38,0
		3. Short-term financial investments (025 + 026 + 027)	024	3.680.162	4.776.063	4.776.063	77,1
		a) in associated entities - parent and subsidiary	025	292.658	570.866	570.866	51,3
		b) in other associated entities	026	0	0	0	
		c) other short-term financial investments	027	3.387.504	4.205.197	4.205.197	80,6
		4. Cash and cash equivalents	028	4.384.434	3.954.215	3.954.215	110,9
		5. Value added tax	029	0	0	0	
		6. Prepaid expenses	030	4.278	8.031	8.031	53,3
		7. Prepaid acquisition costs	031	1.777.991	1.892.606	0	93,9
		8. Unearned insurance and coinsurance premium debited to coinsurer and reinsurer	032	161.601	394.381	394.381	41,0
		9. Reserved insurance and coinsurance claims debited to coinsurer and reinsurer	033	169.487	260.227	260.227	65,1
	IV	DEFERRED TAX ASSETS	034	0	0	0	
C		BUSINESS PROPERTY (001 + 018)	035	29.159.781	28.761.732	29.864.898	101,4
D		LOSS OVER CAPITAL	036	0	0	0	
E		TOTAL ASSETS (035 + 036)	037	29.159.781	28.761.732	29.864.898	101,4
F		OFF BALANCE SHEET ASSETS	038	425.531	744.495	744.495	57,2



(in 000 RSD)							
ITEM			EDP mark	Amount			Index
				As at 31.12.2013	Correction 01.01.2013	As at 31.12.2012	
LIABILITIES							
A		EQUITY AND RESERVES (102+107+108+109+110-111+112-115-116)	101	9.641.167	9.616.049	10.719.215	100,3
	I	FIXED CAPITAL AND OTHER CAPITAL (103+104+105+106)	102	5.953.275	5.953.275	5.953.275	100,0
		1. Share capital	103	313.607	313.607	313.607	100,0
		2. State-owned and socially - owned capital	104	5.508.247	5.508.247	5.508.247	100,0
		3. Mutual insurance company equities	105	0	0	0	
		4. Stakes and other capital	106	131.421	131.421	131.421	100,0
	II	SUBSCRIBED CAPITAL UNPAID	107	0		0	
	III	RESERVES	108	378.983	420.257	420.257	90,2
	IV	REVALUATON RESERVES	109	3.063.684	3.195.667	3.195.667	95,9
	V	UNREALIZED GAIN FROM SECURITIES AVAILABLE FOR SALE	110	101.973	86.240	86.240	118,2
	VI	UNREALIZED GAIN FROM SECURITIES NOT AVAILABLE FOR SALE	111	0		0	
	VII	RETAINED EARNINGS (113+114)	112	143.252	1.372.408	1.063.776	10,4
		1. Retained earnings from previous years	113	127.276	1.372.408	991.760	9,3
		2. Retained earnings for current year	114	15.976	0	72.016	
	VIII	LOSS UP TO CAPITAL SUM	115	0	1.411.798	0	0,0
	IX	REPURCHASED STOCK	116	0	0	0	
B		PROVISIONS AND LIABILITIES (118+124+128+137+147)	117	19.518.614	19.145.683	19.145.683	101,9
	I	LONG-TERM PROVISIONS (119+120+121+122+123)	118	4.268.643	3.454.795	3.454.795	123,6
		1. Life insurance mathematical reserve	119	2.945.048	2.319.242	2.319.242	127,0
		2. Provisions for share in profits	120	0	0	0	
		3. Risk equalization funds	121	1.030.282	840.718	840.718	122,5
		4. Provisions for bonuses and discounts	122	0	0	0	
		5. Other long-term provisions	123	293.313	294.835	294.835	99,5
	II	LONG-TERM LIABILITIES (125+126+127)	124	0	0	0	
		a) payables to parent and subsidiary entities	125	0	0	0	
		b) payables to other associated entities	126	0	0	0	
		c) other long-term liabilities	127	0	0	0	
	III	SHORT-TERM LIABILITIES (129+133+134+135+136)	128	3.149.273	2.808.585	2.808.585	112,1
		1. Short-term financial liabilities (130 + 131 + 132)	129	1.000.000	57.540	57.540	
		a) payables to parent and subsidiary entities	130	0	0	0	
		b) payables to other associated entities	131	0	0	0	
		c) other short-term financial liabilities	132	1.000.000	57.540	57.540	
		2. Liabilities for fixed assets available for sale and assets of operations break	133	0	0	0	
		3. Liabilities for claims and contractual amounts	134	211.318	358.710	358.710	58,9
		4. Liabilities for premium, salaries and other	135	1.852.502	2.373.857	2.373.857	78,0
		5. Liabilities for profit tax	136	85.453	18.478	18.478	462,5
	IV	ACCRUED COSTS (138+142+146)	137	11.472.546	12.255.059	12.255.059	93,6
		1. Unearned premiums (139 + 140 + 141)	138	5.528.730	5.746.176	5.746.176	96,2
		a) life insurance lines	139	1.327	1.303	1.303	101,8
		b) non-life insurance lines	140	5.522.455	5.702.304	5.702.304	96,8
		c) coinsurance, reinsurance and retrocession	141	4.948	42.569	42.569	11,6
		2. Reserved claims (143 + 144 + 145)	142	5.815.830	6.220.213	6.220.213	93,5
		a) life insurance lines	143	24.015	25.841	25.841	92,9
		b) non-life insurance lines	144	5.790.343	6.189.349	6.189.349	93,6
		c) coinsurance, reinsurance and retrocession claims participation	145	1.472	5.023	5.023	29,3
		3. Other accrued costs	146	127.986	288.670	288.670	44,3
	V	DEFERRED TAX LIABILITIES	147	628.152	627.244	627.244	100,1
C		TOTAL LIABILITIES (101 + 117)	148	29.159.781	28.761.732	29.864.898	101,4
D		OFF BALANCE SHEET LIABILITIES	149	425.531	744.495	744.495	57,2

**INCOME STATEMENT FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2013**

(in 000 RSD)

ITEM		АОП	AMOUNT		
			1-12 2013	Correction 1-12 2012	1-12 2012
A					
	OPERATING INCOME AND EXPENSES				
I	OPERATING (FUNCTIONAL) INCOME (202+209-215+216+217+218)	201	16.943.969	16.262.997	16.262.997
	1. Income from insurance and coinsurance premiums (203+204-205-206-207+208)	202	15.976.167	14.923.496	14.923.496
	1.1. Life insurance and coinsurance calculated premium	203	1.262.589	1.096.513	1.096.513
	1.2. Non-life insurance and coinsurance calculated premium	204	16.265.778	16.776.767	16.776.767
	1.3. Premium ceded into coinsurance – outwards	205	187.653	410.365	410.365
	1.4. Premium ceded into reinsurance	206	1.581.994	1.649.405	1.649.405
	1.5. Increase of unearned insurance and coinsurance premiums	207	0	890.014	890.014
	1.6. Decrease of unearned insurance and coinsurance premiums	208	217.447	0	0
	2. Income from reinsurance and retrocession premium (210-211-212-213+214)	209	0	0	0
	2.1. Calculated reinsurance and retrocession premium	210	0	0	0
	2.2. Reinsurance and retrocession commission	211	0	0	0
	2.3. Premium ceded through reinsurance retrocession and retrocession	212	0	0	0
	2.4. Increase of unearned reinsurance and retrocession premiums	213	0	0	0
	2.5. Decrease of unearned reinsurance and retrocession premiums	214	0	0	0
	3 Increase of unearned insurance, coinsurance, reinsurance and retrocession premiums for unexpired risks	215	0	0	0
	4. Income from direct insurance-related activities	216	209.554	187.743	187.743
	5 Income from depositions and investments of insurance, reinsurance and retrocession technical reserve funds	217	617.944	1.117.110	1.117.110
	6. Other operating income	218	140.304	34.648	34.648
II	OPERATING (FUNCTIONAL) EXPENSES (220 + 228 + 236-237-246+247 -248 + 249 + 250+251)	219	9.165.850	9.014.544	9.014.544
	1. Expenses for long-term provisions and functional contributions (221+222+223+224+225+226+227)	220	2.013.232	1.883.538	1.883.538
	1.1. Mathematical Life reserve, excluding Voluntary Pension	221	627.010	612.973	612.973
	1.2. Mathematical Voluntary Pension reserve	222	0	0	0
	1.3. Prevention contribution	223	352.697	314.499	314.499
	1.4. Fire brigade charge	224	0	17.032	17.032
	1.5. Guarantee fund contribution	225	275.425	281.939	281.939
	1.6. Risk equalization funds	226	479.167	369.654	369.654
	1.7. Other expenses for long-term provisions and functional contributions	227	278.933	287.441	287.441
	2. Expenses for damage recoveries and contractual amounts (229 + 230 +231 + 232 + 233 - 234 - 235)	228	7.763.402	7.505.210	7.505.210
	2.1. Life settled claims and contractual amounts	229	325.241	191.580	191.580
	2.2. Non-Life settled claims	230	6.962.158	7.051.291	7.051.291
	2.3. Settled claims - shares in coinsurance claims	231	26.499	12.418	12.418
	2.4. Settled claims - shares in reinsurance and retrocession claims	232	15.627	486.549	486.549
	2.5 Expenses for loss inspection, assessment, settlement and payment of indemnities and contracted	233	745.484	709.854	709.854
	2.6. Income from coinsurance share in damage recoveries	234	56.159	236.781	236.781
	2.7. Income from reinsurance and retrocession share in damage recoveries	235	255.448	709.701	709.701



(in 000 RSD)

ITEM		АОП	AMOUNT		
			1-12 2013	Correction 1-12 2012	1-12 2012
	3. Claims reserved - increase (238-239+240-241+242-243+244-245) > 0	236	0	1.200.304	1.200.304
	3. Claims reserved - decrease (238-239+240-241+242-243+244-245) < 0	237	313.644	0	
	3.1. Life claims reserved	238	6.696	17.739	17.739
	3.2. Life claims reserved	239	8.522	5.522	5.522
	3.3. Non-Life claims reserved	240	1.420.342	2.561.629	2.561.629
	3.4. Non-Life claims reserved	241	1.732.430	1.373.273	1.373.273
	3.5. Coinsurance, reinsurance and retrocession claims reserved	242	4.961	4.771	4.771
	3.6. Coinsurance, reinsurance and retrocession claims reserved	243	4.691	5.040	5.040
	3.7. Increase of claims reserved - reinsurers, reinsurers and retrocessionnaires claims participation	244	0	0	0
	3.8. Decrease of claims reserved - reinsurers i.e. retrocessionnaires claims participation	245	0	0	0
	4. Recourse - income from recourses	246	404.255	960.288	960.288
	5. Increase of other technical reserves - net	247	0	0	0
	6. Decrease of other technical reserves - net	248	529.440	1.071.177	1.071.177
	7. Expenses for bonuses and discounts	249	511.437	373.897	373.897
	8. Expenses on account of depositions and investments of technical reserve funds	250	125.118	83.060	83.060
	9. Other operating expenses	251	0	0	0
III	PROFIT - GROSS OPERATING RESULT (201 - 219)	252	7.778.119	7.248.453	7.248.453
IV	LOSS - GROSS OPERATING RESULT (219 - 201)	253	0	0	0
B	UNDERWRITING COSTS (255 + 260 + 265 - 266)	254	7.879.982	7.950.744	8.121.845
	1. Acquisition costs (256 + 257 - 258 + 259)	255	5.421.304	5.442.031	5.613.132
	1.1. Commissions	256	487.614	461.037	461.037
	1.2. Other acquisition costs	257	4.819.075	5.152.095	5.152.095
	1.3. Change in deferred acquisition costs - increase	258	0	171.101	0
	1.4. Change in deferred acquisition costs - decrease	259	114.615	0	0
	2. Administrative costs (261 + 262 + 263 +264)	260	2.529.853	2.655.861	2.655.861
	2.1. Depreciation	261	531.349	574.011	574.011
	2.2. Materials, energy, services and non-material costs	262	523.521	569.184	569.184
	2.3. Costs of salaries, salary compensations and other personal costs	263	1.402.973	1.444.684	1.444.684
	2.4. Other administrative costs	264	72.010	67.982	67.982
	3. Other underwriting costs	265	151.753	144.824	144.824
	4. Reinsurance and retrocession commission	266	222.928	291.972	291.972
I	OPERATING PROFIT - NET OPERATING RESULT (252 - 254)	267	0	0	0
II	OPERATING LOSS - NET OPERATING RESULT (254 - 252 + 253)	268	101.863	702.291	873.392
III	FINANCIAL INCOME, other than financial income from technical reserve funds	269	278.372	704.370	704.370
IV	FINANCIAL EXPENSES, other than financial expenses for technical reserve funds	270	134.280	210.826	210.826



(in 000 RSD)

ITEM			АОП	AMOUNT		
				1-12 2013	Correction 1-12 2012	1-12 2012
V	INCOME FROM PROPERTY VALUE ADJUSTMENT AND OTHER INCOME		271	3.182.467	2.286.675	2.286.675
VI	EXPENSES ON ACCOUNT OF PROPERTY IMPAIRMENT AND OTHER EXPENSES		272	3.031.879	3.212.255	1.557.340
VII	PROFIT FROM REGULAR BUSINESS OPERATIONS BEFORE TAX (267+269+271-268-270-272)		273	192.817	0	349.487
VIII	LOSS FROM REGULAR BUSINESS OPERATIONS BEFORE TAX (268+270+272-267-269-271)		274	0	1.134.327	0
IX	NET PROFIT FROM OPERATIONS TO BE DISCONTINUED		275	0		0
X	NET LOSS FROM OPERATIONS TO BE DISCONTINUED		276	93.257	67.203	67.203
C	PROFIT BEFORE TAXES (273 + 275 -274 - 276)		277	99.560	0	282.284
D	LOSS BEFORE TAXES (274 + 276 - 273 - 275)		278	0	1.201.530	0
E	TAX ON PROFIT		279	0	0	0
	1. Tax on profit		280	85.453	18.478	18.478
	2. Profit on account of the creation of deferred tax assets and reduction of deferred tax liabilities		281	1.869	0	0
	3. Loss on account of the creation of deferred tax assets and reduction of deferred tax liabilities		282	0	191.790	191.790
F	NET PROFIT (277-278-280+281-282)		283	15.976	0	72.016
G	NET LOSS (278-277+280-281+282)		284	0	1.411.798	0
H	NET PROFIT OF MINORITY INVESTORS		285	0	0	0
I	NET PROFIT OF EQUITY HOLDERS OF THE PARENT		286	0	0	0
J	EARNINGS PER SHARE		287	0	0	0
	1. Basic earnings per share (in dinars without decimals)		288	0	0	0
	2. Reduced (diluted) earnings per share (in dinars without decimals)		289	0	0	0

In Belgrade,
On February 28 2014

GENERAL MANAGER

Marko Čulibrk, PhD