



SAFETY.

ASSISTANCE.

RESPONSIBILITY.



BUSINESS OVERVIEW

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BUSINESS OVERVIEW

1. FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP IN 2008

1.1 ZAVAROVALNICA TRIGLAV D.D. - COMPANY PROFILE

COMPANY NAME	ZAVAROVALNICA TRIGLAV D.D.
Registered office	Miklošičeva cesta 19, 1000 Ljubljana, Slovenia Phone: +386 1 474 72 00 Fax: +386 1 432 63 02 Email: info-triglav@triglav.si Website: www.triglav.si
Entered in the Companies Register	District Court of Ljubljana, registration no. 1/10687/00
Company registration number	5063345
Tax number	80040306
Share capital	EUR 23,701,391.79
President of the Management Board	Andrej Kocič
Chairman of the Supervisory Board	Damjan Mihevc, as of 7 April, 2009 Borut Jamnik
Activities of Zavarovalnica Triglav d.d. according to the Standard Classification of Activities	Life insurance Pension funds Other non-life insurance Risk and damage evaluation services Services of insurance agents and brokers Other services auxiliary to insurance and pension funding
Activities of the Triglav Group	Insurance and reinsurance Investment fund and asset management Banking

1.2 FINANCIAL HIGHLIGHTS OF THE TRIGLAV GROUP

	IN EUR		
	2008	2007	INDEX
Gross written premium	1,024,451,610	915,424,885	112
Gross claims paid*	617,964,516	498,960,083	124
Gross operating expenses	298,754,233	269,621,218	111
Insurance contract liabilities	1,904,571,984	1,814,693,465	105
Equity - total	526,960,357	624,871,422	84
- Triglav Group	481,806,347	579,111,070	83
Net profit - Total	1,559,610	54,458,346	3
- Triglav Group	2,951,518	51,939,235	6
Return on equity - Total	0.3%	9.5%	3
- Triglav Group	0.6%	9.8%	6
Number of employees as at 31 December	5,174	4,829	107
Share book value	21.19	25.47** (101.89)	83
Net earnings per share	0.13	2.28** (9.14)	6

* Gross claims paid include claim-handling costs.

** Following the split of ZVTG share in the ratio of 1 to 4.

1.3 PERFORMANCE OF ZAVAROVALNICA TRIGLAV D.D.

PERFORMANCE OF ZAVAROVALNICA TRIGLAV D.D.

	IN EUR		
	2008	2007	INDEX
Gross written premium	753,937,387	708,252,940	106
Gross claims paid*	464,864,019	388,231,415	120
Gross operating expenses	168,527,412	156,101,308	108
Insurance contract liabilities	1,683,576,582	1,627,871,604	103
Equity	482,671,724	587,736,800	82
Profit after tax	14,931,170	42,967,923	35
Return on equity	2.79%	8.20%	34
Number of employees as at 31 December	2.507	2.496	100
Share book value	21.23	25.85** (103.41)	82
Net earnings per share	0.66	1.89** (7.56)	35

* Gross claims paid include claim-handling costs

** Following the split of ZVTG share in the ratio of 1 to 4.

1.4 TRIGLAV GROUP

Controlling company:

- **Zavarovalnica Triglav, d.d.**, Miklošičeva 19, Ljubljana

Direct subsidiaries:

- **Pozavarovalnica Triglav Re d.d.**, Miklošičeva 19, Ljubljana, Slovenia
- **Triglav Zdravstvena zavarovalnica d.d.**, Pristaniška 10, Koper, Slovenia
- **Triglav Osiguranje d.d.**, Antuna Heinza 4, Zagreb, Croatia
- **Triglav BH Osiguranje d.d.**, Dolina 2, Sarajevo, Bosnia and Herzegovina
- **Triglav Pojišt'ovna a.s.**, Novobranska 544/1, Brno, Czech Republic
- **Lovćen Osiguranje a.d.**, Ulica Slobode 13a, Podgorica, Montenegro
- **Triglav Kopaonik a.d.o.**, Kralja Petra 28, Belgrade, Serbia
- **Triglav Krajina Kopaonik a.d.**, Kralja Petra I. Karadjordjevića 103, Banja Luka, Republic Srpska, Bosnia and Herzegovina
- **Vardar Osiguruvanje a.d.**, Gradski zid, blok br. 8, Skopje, Former Yugoslav Republic of Macedonia
- **Triglav DZU d.o.o.**, Slovenska c. 54, Ljubljana, Slovenia
- **Triglav Naložbe finančna družba d.d.**, Slovenska 54, Ljubljana, Slovenia
- **Triglav Netherland b.v.**, Koningslaan 14, Amsterdam, Netherlands
- **Triglav penzijski fondovi a.d.**, Zmaj Jovina 15, Beograd, Serbia
- **TRI-PRO d.o.o.**, Ljubljanska c. 86, Domžale, Slovenia
- **AS Triglav-servis in trgovina d.o.o.**, Verovškova 60b, Ljubljana, Slovenia
- **Zenit nepremičnine, inženiring in trženje d.d.**, Verovškova 60c, Ljubljana, Slovenia
- **Slovenijales d.d.**, Dunajska 22, Ljubljana, Slovenia
- **Golf Arboretum d.o.o.**, Volčji potok 3a, Radomlje, Slovenia
- **Gradis IPGI d.d.**, Industrijska cesta 2, Ljubljana, Slovenia



1.5 ACTIVITIES OF THE TRIGLAV GROUP

The Triglav Group is the leading insurance/financial group in Slovenia and the leading insurance/financial company in Slovenia, gaining ground in the markets of South-East Europe in which it is expanding.

The Group's business is based on three pillars:

- insurance;
- investment fund and asset management; and
- banking.

Insurance is our core business, including non-life, life, supplementary voluntary pension and health insurance.

The insurance part of the Group also encompasses:

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

Investment fund and asset management involves investments in securities, real property, loans and other instruments. Triglav DZU and Triglav Naložbe finančna družba provide these services.

Banking is a strategically important business line of the Triglav Group, which complements its offerings and enables the development of bancassurance products and services. Zavarovalnica Triglav is a shareholder in Abanka Vipava, one of the largest Slovene banks.

SUBSIDIARIES OF THE TRIGLAV GROUP, WHOSE BUSINESS IS ONE OF THE CORE BUSINESS LINES OF THE GROUP OR SUPPORTS SUCH CORE BUSINESS

	INSURANCE	INVESTMENT FUND AND ASSET MANAGEMENT	BANKING	OTHER
Slovenia	Zavarovalnica Triglav d.d. Pozavarovalnica Triglav Re d.d. Triglav, Zdravstvena zavarovalnica d.d.	Triglav DZU, d.o.o. Triglav Naložbe d.d.	Abanka d.d.	TRI-PRO d.o.o. Skupna pokojninska družba d.d. AS Triglav d.o.o. Zenit nepremičnine d.d. Zdravstveni center Morje d.o.o. Triglavko d.o.o.
Croatia	Triglav Osiguranje d.d.			
Bosnia and Herzegovina	Triglav BH Osiguranje d.d. Triglav Krajina Kopaonik a.d.o.	Polara Invest d.d. PROF-IN d.o.o.		TRI-PRO BH d.o.o. Autocentar BH d.o.o. Unis automobili i dijelovi d.o.o.
Serbia	Triglav Kopaonik a.d.o.			DU Penzijski fond Triglav a.d.
Montenegro	Lovćen Osiguranje a.d. Lovćen Re a.d.			Lovćen Avto a.d.
Former Yugoslav Republic of Macedonia	Vardar Osiguruvanje a.d.			
Czech Republic	Triglav Pojišť'ovna a.s.			



Management Board - from left to right: Tomaž Rotar - Member, Andrej Kocič - President, Borut Eržen - Member, Vladimir Mišo Čeplak - Member

2. ADDRESS BY THE PRESIDENT OF THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

there can hardly be two years of greater contrast than the last two in terms of business conditions. The strong development of the Triglav Group and favourable external factors in 2007 helped Triglav generate its highest profit ever. However, at the end of the 2006-2008 strategic period we operated in a completely different economic climate. As with any big investor, Triglav was not able to escape the impacts of the global financial and economic crisis, capital market developments and even natural catastrophes in Slovenia. On the other hand, these tough conditions at the beginning of the next three-year strategic period have shown Triglav to be a safe, liquid and stable insurance/financial group.

EXCEPTIONAL EVENTS AND ACHIEVEMENTS

The Triglav Group experienced several exceptional events and remarkable achievements.

1. The economic crisis did not significantly impact the level of demand for Triglav Group insurance products, but it changed the structure of earned premiums. A decline in life insurance and other unit-linked products was offset by higher growth in non-life insurance. The combined ratio, which measures the profitability of the core insurance business, dropped to its lowest and most favourable level in history.
2. Ranked by gross written premiums Triglav became a medium-sized European insurance group, underscoring its competitive position. Total gross written premiums hit a record level of more than EUR 1 billion, representing the achievement of a key strategic goal set out in the 2006-2008 business plan.

3. The value of investments decreased and was impaired due to the parlous state of capital markets. In our impairment accounting policy we decided to follow the recommendations of the Bank of Slovenia.
4. Natural catastrophes in Slovenia generated multiple losses totalling EUR 62 million. Three major storms in July and August gave rise to over 35,000 claims.
5. The Parliament of Slovenia passed the Ownership Transformation of Insurance Companies Act, on the basis of which the shares of Zavarovalnica Triglav held by Kapitalska družba were permanently transferred to the Institute of Pension and Invalidity Insurance of Slovenia.
6. Zavarovalnica Triglav shares were listed on the Ljubljana Stock Exchange. Despite the difficult situation on capital markets and a share price downturn since early June, which resulted in a 70% price decrease by the end of the year, the listing itself provided transparent and equitable trading opportunities for investors.
7. In late September, Zavarovalnica Triglav was ranked by an internationally recognised ratings agency for the first time. Standard & Poor's assigned it an »A« rating with a "stable" medium-term outlook, and an »A-« rating to its subsidiary, Pozavarovalnica Triglav Re, also with a "stable" medium-term outlook. The agency has stated that the credit rating of Zavarovalnica Triglav also reflects the financial strength of the Triglav Group.

IMPACT OF CAPITAL MARKET CRISIS AND STORMS

A crisis which seriously hit the global financial industry developed into an economic crisis in the second half of the year. Against this background, the results of the Triglav Group are good, despite the lack of high performance typical of previous years. Thanks to its conservative investment policy and clear risk management strategies the Triglav Group earned profit: EUR 2.3 million before tax and EUR 1.6 million after tax. The Triglav Group posted EUR 3.0 million of net profit after excluding minority interests.

Continued downward trends in asset values and multiple losses in Slovenia left a deep mark. Without the net impact of storms in relation to the loss result in 2007 and the amount of impairment loss arising from material or continued decreases of asset values due to the financial crisis, profit before tax would have been EUR 52.6 million (17%) higher than the level reported for 2007.

Profit before tax of Zavarovalnica Triglav, as the parent company, would have exceeded the record-high level posted in 2007 by EUR 62.2 million without these two factors. In fact, Zavarovalnica Triglav posted EUR 15.3 million in profit before tax and EUR 14.9 million in profit after tax, which was one third of the amount earned in 2007. As a result of lower market values, assets were impaired in accordance with the recommendations of the Bank of Slovenia. This was another key reason for a 16% decline in the total capital of the Triglav Group as reported at the 2008 year end.

SAFE AND STABLE

The liquidity, coverage and capital adequacy of Zavarovalnica Triglav, the parent company, testify to the stability and security of operations. Throughout 2008, the Triglav Group also maintained its required capital adequacy level and was fully capable of honouring its payment obligations on time. The Group managed risks in all classes of insurance in accordance with the regulatory requirements of countries in which it operates.

Insurance contract liabilities, as the key indicator of long-term security of the insureds, amounted to EUR 1,904.6 million at the 2008 year end and were 86% above total written premiums for 2008.

A list of financial risks, compiled by Zavarovalnica Triglav according to a method defined in 2007, shows that its exposure remained practically unchanged.

As much as 94% of insurance risks were handled within the Group. Through re-insurance and, to a lesser extent, co-insurance we managed those insurance risks which exceeded the Group's equalisation capacities.

DEVELOPMENT OF BUSINESS PROCESSES AND PRODUCTS

Following the dynamic expansion of the Triglav Group in 2006 and 2007, the organic strength and organisational consolidation of the Group were put in the forefront in order to improve cost effectiveness, performance and standards compliance. The primary aim of our business processes redesign is to centralise certain functions: finance, accounting, human resources and information technology.

In order to facilitate and speed up response times, the Triglav Group has already centralised the risk management function so that risks are managed on a case by case basis. Most attention was paid to mitigating the impacts of the financial crisis on assets and liabilities and to setting up a system for continuing monitoring of risk exposure and adequate reporting.

In developing new and upgrading existing products the focus was on motor vehicle insurance, which accounted for almost 40% of non-life insurance premiums. Redesigned comprehensive motor vehicle insurance policies performed 19% better than planned and Comfort, a new motor vehicle insurance product, was also well received. Two new products were added to the home-insurance package range and expanded coverage was offered in agricultural insurance. Life insurance policies were tailored to individual age brackets and Fleks, a recent unit-linked insurance product, was upgraded. The range of liability insurance products was broadened in response to the high demand, which reflects the current state of affairs. Triglav Zdravstvena zavarovalnica launched a new supplementary insurance product covering accidental death.

GROSS WRITTEN PREMIUM GROWTH

Compared to the preceding year, the gross written premium and co-insurance premium of Zavarovalnica Triglav was 6% higher. The premium growth of the Triglav Group was even stronger; it earned EUR 1,024.5 million in consolidated gross written premium and co-insurance premium which was 12% more than in 2007. The highest growth rates were recorded by Triglav Kopaonik and Triglav Pojiš'ovna, followed by Triglav Zdravstvena zavarovalnica. In terms of structure, the biggest increase of 15% was seen in gross written premium and co-insurance premium from property and health insurance, whilst life insurance premium experienced only 3% growth due to the financial crisis. Zavarovalnica Triglav accounted for 76%, Triglav Zdravstvena zavarovalnica for 6% and Triglav Osiguranje for 5% of the premium earned by the Group.

Net premium income increased by 11% to EUR 941.0 million, whereas net claims incurred amounted to EUR 583.7 and were 10% higher than in 2007.

The success of the Triglav Group was made possible not only by its members but also by the reinsurer Pozavarovalnica Triglav Re, which earned EUR 107 million in gross reinsurance premium written or 22% more than in 2007. This growth was primarily the result of a 36% higher gross reinsurance premium written by foreign cedants and retrocedants.

AFTER 2011

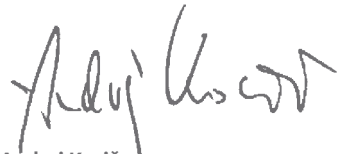
Our employees deserve the credit for our premium growth and for keeping the Triglav Group highly stable. Over 5,000 employees in 8 countries are the core capital and potential of the Group. An increase in staff of around 7% in 2008 resulted from the Group's previous expansion phase. In the future, human resource management will concentrate on standardising remuneration criteria, job classifications and intra-group exchanges of knowledge and good practices.

The corporate culture of the Triglav Group will be carefully advanced together with the common values which have been redefined in the Triglav Group Strategy 2009-2011. One of five connecting values of the Group is social responsibility, an inseparable part of insurance and financial activities, primarily in the form of prevention. It is also a binding element of this annual report.

The present uncertain environment does not enable clear forecasting of economic trends and the Management Board of Zavarovalnica Triglav does not rule out possible changes to the business plan for 2009.

But in all certainty we can say that in the period until 2011 the Triglav Group will maintain its market position in Slovenia and prudently strengthen its presence in South-East Europe. After this year of organic growth, the Group will direct attention to its consolidation and integration. Whilst remaining faithful to our guiding principles: security, stability and return, we will put more focus on deepening our key comparative advantages and customer relationship management.

The new three-year strategy is based on everything our partners and clients expect of us: quality services, an integrated product and service range, an expanded sales network and a highly visible brand name. This is the path we will take to achieve one of our key objectives by 2011 – remain the leading insurance/financial group in Slovenia and stay among the first three insurance groups in South-East Europe.



Andrej Kocič
President of the Management Board of Zavarovalnica Triglav d.d.

3. REPORT OF THE SUPERVISORY BOARD

REPORT OF THE SUPERVISORY BOARD OF ZAVAROVALNICA TRIGLAV ON THE EXAMINATION OF THE ANNUAL REPORT OF ZAVAROVALNICA TRIGLAV AND THE TRIGLAV GROUP FOR 2008 AND ITS OPINION ON THE ANNUAL INTERNAL AUDIT REPORT BY THE INTERNAL AUDIT DEPARTMENT OF ZAVAROVALNICA TRIGLAV FOR 2008

1. INTRODUCTION

The Supervisory Board pursuant to Article 282 of the Companies Act (ZGD-1, Official Gazette of the RS, no. 42/2006 et. seq.) and the 4th paragraph of Article 165 of the Insurance Act (ZZavar, Official Gazette of the RS, no. 13/2000 et. seq.) hereby presents the report on the examination of the Annual Report of Zavarovalnica Triglav and the Triglav Group for 2008 (hereinafter: the Report) and its Opinion on the Annual Internal Audit Report for the same year.

The findings of the Supervisory Board are based on the overview of the minutes of its sessions held in 2008 and the examination of the Audited Annual Report of Zavarovalnica Triglav for 2008. According to Article 76 and pertaining to Article 159 of the Insurance Act the reports and opinions by the chartered actuaries for non-life and life insurance business are the integral parts of the latter.

The Report also includes the opinion of the Supervisory Board regarding the adequacy of the work of the Internal Audit Department in 2008.

In 2008, the Supervisory Board controlled the operations of Zavarovalnica Triglav within the scope of its authorities and competences set out by law, the Articles and Memorandum of Association of Zavarovalnica Triglav and the Rules of Procedure of the Supervisory Board.

2. GENERAL INFORMATION

In 2008 the Supervisory Board was made up of the following members:

- Damjan Mihevc, Chairman, shareholder representative,
- Mateja Perger, Vice Chair, shareholder representative,
- Gregor Gomišček, member, shareholder representative,
- Tomaž Toplak, member, shareholder representative,¹
- Aleš Hauc, member, shareholder representative,²
- Janez Sušnik, member, shareholder representative,³
- Janez Gregorič, member, shareholder representative,⁴
- Bojan Župevec, member, shareholder representative,⁵
- Branko Gorjan, member, employee representative,
- Boris Gabor, member, employee representative, and
- Peter Celar, member, employee representative.

1 Tomaž Toplak resigned from the Supervisory Board and his term of office was terminated on 4 June, 2008.

2 Aleš Hauc resigned from the Supervisory Board and his term of office was terminated on 29 May, 2008.

3 Janez Sušnik was elected member of the Supervisory Board at the 30th AGM with a term of office from 18 April, 2008 to 6 April, 2009.

4 Janez Gregorič was elected member of the Supervisory Board at the 31st AGM with a term of office from 25 August, 2008 to 6 April, 2009.

5 Bojan Župevec was elected member of the Supervisory Board at the 31st AGM with a term of office from 25 August, 2008 to 6 April, 2009.

In 2008 the Supervisory Board held 17 sessions.

On 28 November, 2008 the Supervisory Board set up an Audit Committee within its framework for a period up to 6 April, 2009 composed of: Mateja Perger, the Chair, and Branko Gorjan and Barbara Nose⁶, members. The Audit Committee held three meetings in 2009, attended by the Chair and its members.

The 32nd AGM of Zavarovalnica Triglav, held on 6 April, 2009, as the term of office of the above mentioned shareholder representatives on the Supervisory Board expired, elected the following members in their stead with a four-year term of office starting on 7 April, 2009: Borut Jamnik, Mirko Miklavčič, Anton Ribnikar, Igor Mihajlovič, Aljoša Valentinčič and Uroš Slavinec.

On 20 April, 2009 the Supervisory Board appointed Borut Jamnik as its Chairman and Uroš Slavinec as its Vice Chairman.

At its constitutive session held on 20 April, 2009 the Supervisory Board set up the following two committees:

- Audit Committee of the Supervisory Board with the following composition: Uroš Slavinec, Chair and Aljoša Valentinčič, Anton Ribnikar, Barbara Nose⁷ and Branko Gorjan, members.
- Compensation and Appointments Committee of the Supervisory Board with the following composition: Borut Jamnik, Chair, and Mirko Miklavčič and Boris Gabor, members. This committee adjusted the compensation and bonuses of Supervisory Board members pursuant to the relevant decision of the Government of the Republic of Slovenia.

At its session on 4 May, 2009, the Supervisory Board appointed Srečo Jadek, outsourced independent professional, as additional member to the Compensation and Appointments Committee.

3. THE SUPERVISORY BOARD'S OPERATIONS IN 2008 AND SCOPE OF ITS SUPERVISION

The operations of the Supervisory Board and the scope of its supervision in 2008 are described on the basis of the examination of the minutes of its sessions held in 2008, since during the year the composition of the Supervisory Board greatly changed.⁸

The Supervisory Board is in charge of supervising the operations of the insurance company and has other duties in its competence according to the Companies Act (ZGD-1), Insurance Act (ZZavar), the Articles and Memorandum of Association of Zavarovalnica Triglav and the Rules of Procedure of the Supervisory Board and the Corporate Governance Code.

Within the scope of its competences it may examine securities held in custody, the petty cash book, accounting records and similar documents of the insurance company which contain facts that provide information about its business conduct. The Supervisory Board approves the Management Board's proposals regarding the business policy, financial budget, internal control system organisation and framework annual work programme of the Internal Audit Department and carries out other tasks pursuant to the legislation in force.

a. Within the scope of its principal competences in 2008 the Supervisory Board:

- adopted the Annual Report on Internal Audits in 2007 by the Internal Audit Department (IAD);
- adopted the Operating Charter of the Internal Audit Department ;
- adopted the Medium-Term Work Programme of the IAD for the 2008-2010 period;

⁶ Barbara Nose, who is not a member of the Supervisory Board, was appointed member of the Audit Committee as an outsourced independent expert.

⁷ See note no. 6.

⁸ At the 32nd AGM on 6 April, 2009, six new members were elected to the Supervisory Board as shareholder representatives with a four-year term of office as of 7 April, 2009, since the term of office of the previous members had expired.

- adopted the Annual Work Programme of the IAD for 2008;
- adopted the audited Annual Report of Zavarovalnica Triglav for 2007 and the audited Annual Report of the Triglav Group for 2007 as well as the Supervisory Board's report on the examination of the Annual Report of Zavarovalnica Triglav and the Triglav Group for 2007 with its Opinion on the Annual Internal Audit Report for 2007 by the Internal Audit Department of Zavarovalnica Triglav
- adopted a declaration on compliance with the Corporate Governance Code;
- proposed to the General Meeting of Shareholders of Zavarovalnica Triglav the appointment of the auditors for 2008 and the appointment of new members to the Supervisory Board replacing the previous ones; approved the proposed material for 30th and 31st General Meeting of Shareholders of Zavarovalnica Triglav and, together with the Management Board, announced the said General Meetings of Shareholders;
- adopted the Strategy of the Triglav Group for the 2009–2011 Period;
- approved the amendments and supplements to the Rules of Procedure of the Supervisory Board;
- took note of the findings and requirements of the Insurance Supervision Agency and other supervisory bodies following their scrutiny of Zavarovalnica Triglav;
- established an Audit Committee of the Supervisory Board and appointed its members;
- based on the proposal by the Workers' Council of Zavarovalnica Triglav appointed as of 29 November, 2008 Mišo Čeplak employee representative, member of the Management Board with a term of office expiring on 6 June, 2010.

b. Regarding supervision of the insurance company's business conduct in 2008, the Supervisory Board :

- received the IAD's reports on internal audits on a quarterly basis;
- received quarterly reports on the operating results of Zavarovalnica Triglav;
- received reports on the amount of written premium and loss adjustments;
- received quarterly reports on the implementation of the business process redesigning project and the non-life insurance IT reengineering project;
- was informed about the procedure and development of listing Zavarovalnica Triglav's shares on the official market of the Ljubljana Stock Exchange;
- took note of the report on the operations of Triglav Zdravstvena zavarovalnica;
- took note of the report on the operations of Krajina Kopaonik, Republic Srpska, Bosnia and Herzegovina;
- was duly informed about the capital adequacy of Triglav Osiguranje, Zagreb, Croatia;
- was duly informed about the developments regarding the investment of Zavarovalnica Triglav in Gradis IPGI d.d.;
- was duly informed about the changes in the price of Metals banka a.d., Novi Sad, Serbia;
- received reports on the insurance taken out by Rettenmeier Tatra Timber, Slovakia and the claim arising under that policy;
- took note of the management letter following the audit of the financial statements of Zavarovalnica Triglav for 2007 and the proposed measures facilitating the implementation of recommendations;
- took note of the report on the appraisal of share capital of Zavarovalnica Triglav as at 31 December, 2007;
- took note of a Liquidity Status Projection by the End of 2008 and Capital Adequacy Projection by the End of 2010 of Zavarovalnica Triglav as well as an analysis of financial market trends' impact on the ratios and capital adequacy of long-term business funds and assets backing liabilities of Zavarovalnica Triglav and those of the Triglav Group;
- was informed about a framework schedule of using the authorised capital for the recapitalisation of Zavarovalnica Triglav;
- was informed about the volume of multiple losses in the period for 1 January to 31 August, 2008;

- was informed about the management of Poteza Adriatic Fund, B.V. and provided with a list of participating investors;
- received other information on individual directly and indirectly controlled companies and other (equity) investments of Zavarovalnica Triglav.

c. Regarding the competence of the Supervisory Board, based on its Rules of Procedure, to approve the decisions by the Management Board to found limited liability companies in Slovenia and abroad where the initial investment exceeds EUR 2,500,000⁹ for the acquisition or sale of stakes in foreign or domestic companies, where sale value is above EUR 2,500,000¹⁰, issues of debt securities and long-term borrowings from foreign and domestic banks exceeding EUR 2,500,000¹¹, acquisitions and sale of immovable property and investments in immovable property where sale value of the relevant property or the value of the investment exceeds EUR 2,500,000¹², in 2008 in addition to approving Zavarovalnica Triglav's participation in rising the share capital of Triglav Pojišt'ovna a.s., Brno, the Czech Republic, Triglav Osiguranje d.d., Zagreb, Croatia, and Krajina Kopaonik a.d., Banja Luka, Republic Srpska, Bosnia and Herzegovina, it also approved changes regarding the elements of acquisition of the remaining 21.92% stake in Vardar Osiguruvanje a.d., Skopje, FYRM, as well as gave its approval to another 6 equity investments by Zavarovalnica Triglav.

d. Other major actions of the Supervisory Board in 2008:

- decided on raising the share capital of Zavarovalnica Triglav in accordance with Article 5a of the Articles and Memorandum of Association;
- approved the continuation of the procedures for listing the shares of Zavarovalnica Triglav on the official market;
- approved Zavarovalnica Triglav's making a takeover bid for Triglav Naložbe finančna družba d.d. in accordance with Takeover Act; and
- approved the provisions of the Rules on Financial Instruments of Zavarovalnica Triglav which concern the Supervisory Board.

e. Major warnings and/or requests of the Supervisory Board in 2008:

- request to the Internal Audit Department to present to the Supervisory Board a risk analysis for 2008 and the following medium-term period;
- request to the Management Board to produce for the Supervisory Board a report on the investment portfolio of Poteza Adriatic Fund B.V. and an overview of returns on the investments made by this fund;
- request to the Management Board to produce for the Supervisory Board reports and/or opinions on the insurance arrangement with Rettenmeier Tatra Timber, Slovakia, and the arising loss event in Slovakia plus the request to the Management Board to continue with the procedures related to that loss event;
- request that Zavarovalnica Triglav charges its subsidiaries for the services provided to them; and
- request to the Management Board to eliminate the irregularities identified by the chartered auditors by the end of the year.

4. OPINION ON THE ANNUAL INTERNAL AUDIT REPORT FOR 2008

Based on the Annual Internal Audit Report of Zavarovalnica Triglav for 2008, passed by the predominantly changed Supervisory Board at its 5th session in 2009, held on 1 April, 2009, the Supervisory

⁹ An amendment was passed at the 13th session of the Supervisory Board in 2008 held on 22 October, 2008 EUR to the effect that the sum of EUR 2,086,463 was replaced with EUR 2,500,000.

¹⁰ See note no. 9.

¹¹ See note no. 9.

¹² See note no. 9.

Board hereby establishes that the Internal Audit Department (IAD) carried out its duties in accordance with its Annual Work Programme for 2008 as passed by the Management Board and approved by the Supervisory Board.

Pursuant to the 3rd paragraph of Article 165 of the Insurance Act (ZZavar), the Annual Internal Audit Report for 2008 was submitted to the Supervisory Board containing a report on the implementation of the annual work programme and a summary of material audit findings. Supervisory Board members in 2008 oversaw the work of the IAD on the basis of its quarterly, semi-annual and annual reports.

The Supervisory Board hereby concludes that the IAD performed the regular planned partial and comprehensive audits of Zavarovalnica Triglav and took part in the audits of the Triglav Group members, conducted extraordinary audits, realised its advisory tasks and participated in ISO audits. The IAD audited non-life insurance, life, health and accident insurance, finance and accounting, IT, money laundering prevention activities and human resources management. Following an audit, the IAD presented its findings and observations to the responsible persons and gave recommendations on how to eliminate deficiencies. On quarterly basis it reported to the Supervisory Board on how its work programme was being carried out and provided feedback on how its recommendations were being implemented.

Following a warning by the Audit Committee, in view of an increased scope of the supervision of the Triglav Group and with regard to an enhanced role of the IAD, the Supervisory Board at its session on 3 June, 2009 recommended the Management Board to increase the number of staff in the IAD.

Based on the above, the Supervisory Board is of the opinion that the Internal Audit Department of Zavarovalnica Triglav carried out its operations in line with its Annual Work Programme for 2008.

5. FINDINGS OF THE SUPERVISORY BOARD REGARDING THE OPERATIONS OF ZAVAROVALNICA TRIGLAV IN 2008

Following the examination of the minutes of the Supervisory Board's sessions in 2008 with respect to the monitoring and supervision of the company's operations in 2008 carried out by the Supervisory Board of considerably altered composition, and based on the examination and verification of the Annual Report for 2008, the Supervisory Board hereby concludes that in 2008 the company realised the budgeted premium, whilst profit growth was below the planned rate. Several heavy storms which raged over most of the Slovene territory in summer combined with crisis-struck financial markets had a significantly negative impact on profit earning. Gross written premium of the Triglav Group in 2008 was over EUR 1 billion and higher than planned. The market share of the Triglav Group in Slovenia was 43.1%, which represents an increase of 0.2 percentage point over 2007.

Standard & Poor's assigned Zavarovalnica Triglav an "A" rating with a "stable" medium-term outlook, and an "A-" rating to its subsidiary, Pozavarovalnica Triglav Re, also with a "stable" medium-term outlook.

The Supervisory Board was also informed about the operations of the insurance company's subsidiaries.

The findings of the Supervisory Board are based on the following:

- a positive opinion of a chartered actuary for non-life insurance business,
- a positive opinion of a chartered actuary for life insurance business; and,
- the Annual Report on Internal Audits by the Internal Audit Department for 2008.

The Supervisory Board has no objections to the above reports.

6. ANNUAL REPORT

The Management Board on 29 April, 2009 presented to the Supervisory Board the audited Annual Report of Zavarovalnica Triglav for 2008 and the audited Annual Report of the Triglav Group for 2008. In accordance with Article 282 of the Companies Act it stipulated an additional one-month period for the Supervisory Board to deliver its report.

The Supervisory Board discussed the audited Annual Report of Zavarovalnica Triglav for 2008 and the audited Annual Report of the Triglav Group for 2008 at its sessions held on 4 May, 2009, 3 June, 2009 and 29 June, 2009. Moreover, both reports were discussed by the Audit Committee at its meetings of 4 May, 2009, 28 May, 2009, 3 June, 2009, 11 June, 2009 and 29 June, 2009. The Supervisory Board ascertained that the reports had been prepared within the legally prescribed period and submitted to the appointed auditor. The Annual Report of Zavarovalnica Triglav for 2008 was audited by the audit firm KPMG Slovenija, podjetje za revidiranje d.o.o. On 29 April, 2009, KPMG issued a positive opinion on the Annual Report of Zavarovalnica Triglav for 2008 and on the Annual Report of the Triglav Group for 2008.

While examining the annual reports of Zavarovalnica Triglav and the Triglav Group, the Audit Committee and the Supervisory Board were informed about the auditors' management letter and auditors' reports on the financial statements of individual subsidiaries of Zavarovalnica Triglav compiled in accordance with the accounting standards of the countries in which they operate. The annual reports, auditors' management letter and auditors' reports on the financial statements of Zavarovalnica Triglav's subsidiaries were discussed by the Supervisory Board and Audit Committee in the presence of two chartered auditors who signed the relevant reports. The two ladies provided additional explanations required by the Audit Committee and the Supervisory Board. The chartered auditors deemed that Zavarovalnica Triglav took adequate measures in response to the recommendations contained in the management letter.

The chartered auditors issued modified audit opinions on individual financial statements of certain subsidiaries of Zavarovalnica Triglav making part of the Triglav Group, said to be prepared in accordance with the accounting standards and the legislation of the countries in which these subsidiaries operate (in one case an audit opinion was withheld). The chartered auditors believe that this has no material effect on the financial statements of the Triglav Group. In the opinion of the Supervisory Board the priority task of the Management Board in the following periods is to make sure that the financial statements of all the subsidiaries of Zavarovalnica Triglav in all material aspects are prepared in accordance with the accounting standards and the legislation in force in the countries in which they operate, so as to avoid any future modified audit opinions. This would help promote the values of Zavarovalnica Triglav (transparency of operations, security, trust and stability, ethical conduct, creation of value for shareholders) also outside the Republic of Slovenia where the Triglav Group is active.

The Supervisory Board, on the basis of detailed examinations, established the Annual Report of Zavarovalnica Triglav for 2008 and the Annual Report of the Triglav Group for 2008, as produced by the Management Board and audited by the chartered auditors, had been prepared in a clear and transparent manner and that they provided a true and fair view of their assets, liabilities, financial standing and profit. The Supervisory Board duly examined and also approved the chartered auditors' reports.

Without expressing any reservation, the chartered auditors of KPMG Slovenija, podjetje za revidiranje d.o.o., pointed to the unconformity of the financial statements of Zavarovalnica Triglav and the Triglav Group to the Insurance Act. Zavarovalnica Triglav and the Triglav Group disclose equalisation provisions in their financial statements in accordance with International Financial Reporting Standards as adopted by the EU, i.e. among reserves under the equity. Had the financial statements been prepared in line with the provisions of the Insurance Act, equalisation provisions would have decreased profits and would have been disclosed as obligations arising from insurance contracts.

In line with the above findings, the Supervisory Board expresses no objections to the positive opinion given by the chartered audit firm KPMG Slovenija, podjetje za revidiranje d.o.o., stating that the financial statements of the Triglav Group give a true and fair view of its financial standing as at 31 December, 2008, its profit and cash flow for the year then ended and that they were compiled in accordance with International Financial Reporting Standards as adopted by the EU.

The Supervisory Board expresses no objections to the positive opinion given by the chartered auditors, KPMG Slovenija, podjetje za revidiranje d.o.o., stating that the financial statements of the Triglav Group give a true and fair view of its financial standing as at 31 December, 2008, its profit and cash flow for the year then ended and that they were compiled in accordance with the International Financial Reporting Standards as adopted in the EU.

Based on its findings the Supervisory Board hereby approves the Audited Annual Report of Zavarovalnica Triglav for the Year Ended 31 December, 2008 and the Annual Report of the Triglav Group for the Year Ended 31 December, 2008.

7. PROPOSED DISTRIBUTION OF PROFITS

The Supervisory Board examined the distribution of profits as at 31 December, 2008 proposed by the Management Board, to be referred to the General Meeting of Shareholders of Zavarovalnica Triglav for final approval, and supports the Management Board's proposal to be put to vote at the general meeting:

Balance-sheet profits as at 31 December, 2008 totalled EUR 257,179,946.22. Balance-sheet profits consist of net profits brought forward in the amount of EUR 244,660,592.24 and net profits for the year of EUR 12,519,353.98.

Balance-sheet profits shall be distributed as follows:

- *part of balance-sheet profits in the amount of EUR 2,273,514.80 will go for a dividend payment amounting to EUR 0.10 gross per share payable to the shareholders appearing on the Share Register two days following the date of the General Meeting of Shareholders within 30 days of the date this resolution is passed;*
- *the distribution of the remaining balance-sheet profits in the amount of EUR 254,906,431.42 shall be decided in the following years (profits brought forward).*

The Supervisory Board hereby proposes to the General Meeting of Shareholders that it give a discharge to the Management Board for its operations in 2008.



Borut Jamnik

Chairman of the Supervisory Board

Made on this 29th day of June, 2009 in Ljubljana





The morning rises, then school begins.

We distributed yellow neck cloths to all pupils starting primary school in Montenegro.

Triglav's "Watch Out Doggie" remains a faithful friend of the youngest children in Slovenia.

The Automobile Association of Serbia helped children learn how to behave properly in traffic.

In Vinkovci, children with special needs were provided a most welcome horseback riding therapy.



4. VALUES, MISSION AND VISION OF THE TRIGLAV GROUP

The Management Board of Zavarovalnica Triglav mapped out a new strategy for the 2009-2011 period, approved by the Supervisory Board, in which the values, mission and vision were redefined and/or enhanced. In this way the Triglav Group reacted to a new economic situation and established guidelines for its long-term stability.

The Triglav Group is the driving force behind the expert development of financial services in the regions it covers.

Clients' financial security is improved by quality financial products and services.

The Triglav Group is building a safer and richer future for its clients, shareholders and employees.

We are among the leading financial/insurance groups in South-East Europe and we continue to expand our operations.

4.1 VALUES

The Triglav Group is centred around five intrinsic values, which underline its daily operations, personal relations and relations with the environment.

CLIENT AND EMPLOYEE SATISFACTION

At the very centre of our system of values there is client and employee satisfaction. In a motivating and creative working environment we create opportunities, respect ethical principles and build mutually beneficial relations with employees and clients.

VALUE CREATION FOR SHAREHOLDERS

The operations of the Triglav Group are directed towards creating value for shareholders.

PROFESSIONALISM

The basic tool for achieving our business objectives is the professional attitude of employees. The Triglav Group is the driving force behind the professional development of financial services in the environments in which it is present.

SECURITY

Effective risk management is used to provide for the security of operations. The financial security of our clients is improved with quality financial products and services.

SOCIAL RESPONSIBILITY

The Triglav Group views its social responsibility as a tenet of sustainable development. It is implemented as a combination of economic, legal, ethical and philanthropic responsibility.

4.2 MISSION

The Triglav Group is building a safer and richer future for its clients, shareholders and employees.

4.3 VISION

The Triglav Group is among the leading insurance/financial groups in South-East Europe to which it is expanding.

Zavarovalnica Triglav will be the driving force of the further development of the insurance/financial group, offering self-developed products under the established brand name of Triglav.

This will be achieved through good relationship management, effective risk management and investments in knowledge and modern technologies. Key strategic objectives are achieved through attention to client satisfaction and development of financial services.

5. TRIGLAV GROUP STRATEGY 2009 - 2011

Today, the Triglav Group is one of the leading insurance/financial groups in South-East Europe. It is the largest insurer in Slovenia and the Western Balkans¹ and in South-East Europe².

The leading market position is achieved thanks to:

- quality staff;
- integrated sales network management;
- environment adapted quality services and
- in-house product development.

5.1 THE TRIGLAV GROUP IN THE 2009 - 2011 PERIOD

The insurance industry is undergoing great changes. Operating conditions are getting harsher and represent a challenge for the Group's market position. The major factors of change are the development of information technology, globalisation of operations, lowering of national barriers on EU markets, amalgamation and consolidation of the financial sector and decreasing loyalty to banks.

Triglav Group Strategy 2009- 2011 is based on the following five comparative advantages:

- quick and quality service;
- a large client portfolio;
- an integrated range of services;
- multi-channel sales methods of good quality;
- a visible brand name which conveys quality and stability and inspires trust.

The Triglav Group will strengthen its presence in South-East Europe through organic growth and acquisitions. Depending on capital availability and the situation on international financial markets the Triglav Group will try to enter at least one new market in South-East or Eastern Europe through acquisitions.

In individual EU markets the Group will consolidate its position by expanding business to the border regions of the countries neighbouring Slovenia, where it is already present.

The Triglav Group will expand to segments offering additional potential in existing markets (property, life and health insurance, pension funds, investment fund and asset management, etc.).

We will strengthen our presence in South-East Europe through organic growth and acquisitions.

5.2 STRATEGIC PLATFORM

The starting point in designing the 2009-2011 Strategy was the objective of further integrating the earlier core Triglav Group with its expanding banking group into a more effective and broader insurance/financial group.

5.3 STRATEGIC OBJECTIVES FOR THREE MAJOR REGIONS

The conditions in which the Triglav Group operates will, in the next years, become much more difficult compared to the previous period. Existing competition is expected to become more aggressive and new aggressive competitors will appear with more negotiating power. Clients will become more demanding. The set objectives will be reached only with great will, energy and effort from our employees. However, the achievements of the past prove that the Triglav Group can reach them.

1 The Western Balkans includes Croatia, Serbia, Bosnia and Herzegovina, Montenegro, the Former Yugoslav Republic of Macedonia, Kosovo, Albania.

2 Which includes Slovenia, the Western Balkans, Bulgaria and Romania.

The Triglav Group will be among the leading insurance/financial groups and one of the three strongest insurance groups in South-East Europe by 2011. At the same time it will remain the largest insurance group in Slovenia and in the Western Balkans.

Slovenia:

- remain the market leader in life and non-life insurance and strengthen the market position in health insurance;
- become the market leader in re-insurance, fund management and bancassurance.

South-East Europe:

- remain the strongest insurance company in Slovenia and the Western Balkans with a market share of over 20%;
- be among the first three insurance groups in South-East Europe with a market share of over 10%;
- be among the first three reinsurers and fund managers;
- broaden the range of services in view of the market situation.

EU markets:

- continue developing the Czech and Slovak markets (presence through a subsidiary and/or representative office);
- consider opportunities of expansion to neighbouring countries (Austria, Italy and Hungary);
- service our existing clients in other EU member states;

Special attention will be paid to the analysis of Eastern European insurance markets.

Special attention will be paid to the analysis of **Eastern European** insurance markets (Belarus, Ukraine, Lithuania, Latvia and Estonia). Where promising opportunities arise, the Triglav Group has intentions to take advantage of them and enter these markets.

Introducing an integrated system of client relationship management (CRM) is a must for the Triglav Group as a whole and for its individual members.

Profit and capital growth. The Group will provide for ongoing profit growth in core business lines and such a level of capital adequacy, so that no later than by 2011 it will get a rating from an established ratings agency at least as good as the ratings of other insurance companies of comparable size in comparable Europe (as at the time the strategy was adopted this represented an 'A' Rating from Standard & Poor's or an equivalent from other credit rating agencies).

Target ownership structure. It is expected that by the end of the strategy period target ownership structure will be achieved: at least 25% + 1 share are owned by the Republic of Slovenia (or state funds) and the remaining shares (partly owned by a development oriented strategic partner other than an insurance company) are traded on a regulated market of a stock exchange.

5.4 STRATEGIC MEASURES

The set goals will be reached with activities and tasks classified into the following strategic measures:

Keeping to the 3-C's concept: Consumer, Company, Competition. The Triglav Group will keep seizing opportunities on insurance markets, taking into account market trends, competition, business development prospects and likely achievements.

Client relationship management. Client satisfaction is our fundamental value. Despite stronger competition the Triglav Group will strive to keep its clients and deepen its relationships with them. Client segmentation will be upgraded, so that services and approaches to clients can be more tailored. Introducing an integrated system of client relationship management (CRM) is a must for the Triglav Group as a whole and its individual members. Triglav sales networks will play an important role as they will be enhanced, modernised and able to deliver greater sales effectiveness. The multi-channel strategy will enable the Triglav Group to increase key market shares.

Product development. Insurance services will be intensely developed and fitted to individual markets. Services will be tailored on the basis of analytical knowledge of individual market functioning, covering market needs, price acceptability, capabilities of Group members, etc.

Strengthening of the Triglav Group. A model of corporate governance and development of the Group will be designed. Moreover, we will establish a commercial model (know-how, procedures and processes) which will also be applied to our subsidiaries. There is great synergy potential among the members of the Triglav Group. Efforts will be devoted to strengthen inter-group cooperation.

Human resources development. The knowledge and skills of our staff are the basis of our competitive edge. An integrated and comprehensive system of human resources management will be implemented, a competency model developed and the existing remuneration system upgraded.

Finalisation of basic processes and IT support reengineering. Our IT system is the key to achieving effectiveness on the one hand and becoming both flexible and adaptable on the other. It is also crucial for quick responsiveness and the quality of learning. Therefore, the Group will finalise the overall redesigning of fundamental IT processes in this strategic period.

Final reorganisation of operations. Our operational reorganisation aims to strike a balance between three goals: 1. improve the performance and risk management across the whole Group; 2. maintain entrepreneurial drive and adaptability to market conditions; and 3. promote learning and knowledge transfer. Even though some of these goals are partly in contradiction, they can be attained with the help of modern technologies and suitable organisation.

By providing insurance and other financial services in an accountable and professional manner the staff are building a safer and richer future for their clients, shareholders and employees.

TRIGLAV GROUP'S OBJECTIVES ACHIEVED IN 2008

In 2008 the performance of the Triglav Group was good, taking into account that its profits were significantly impacted by summer storms, which hit most of the Slovene territory, and the financial crisis as the key characteristic of financial markets. The Triglav Group generated profit in the financial year 2008 thanks to its clear risk management policy and conservative investment policy, thus avoiding major turbulences experienced by some big players in the financial sector.

Gross written premium of the Triglav Group in 2008 totalled over EUR 1 billion, which was more than planned. The Group controlled 43.1% of the Slovene insurance market, or 0.2 percentage point more than the year before.

The rating agency Standard & Poor's assigned Zavarovalnica Triglav "A" rating with "stable" medium-term outlook, and "A-" rating to its subsidiary, Pozavarovalnica Triglav Re, also with "stable" medium-term outlook. This represented the achievement of one of the major objectives set out in the Strategy of the Triglav Group.

In 2008 the shares of Zavarovalnica Triglav were listed on the official equity market - standard market subsegment of the Ljubljana Stock Exchange.

Insurance services will be intensely developed and adapted to individual markets.

Intra-group co-operation will be enhanced.

Basic processing and IT support will be fully reengineered.

Thanks to a clear risk management policy and conservative investment policy no major shocks occurred during the financial year and net profit was generated at its end.

Gross written premium of the Triglav Group in 2008 was over EUR 1 billion and higher than planned.

6. STATEMENT ON THE MANAGEMENT AND GOVERNANCE OF THE TRIGLAV GROUP

Zavarovalnica Triglav operates in line with the principles of the Insurance Code and the Corporate Governance Code. As the parent company of the Triglav Group it transfers the same governance principles to its subsidiaries. The members of the Triglav Group comply with the national legislation of the countries in which they operate.

6.1 STATEMENT OF THE MANAGEMENT OF THE COMPANY

Zavarovalnica Triglav operates in accordance with the legislation of the countries in which it is present.

Zavarovalnica Triglav conducts business in line with the Insurance Code in full compliance with all its provisions. The Insurance Code is available on the website of the Slovenian Insurance Association (www.zav-zdruzenje.si).

Zavarovalnica Triglav also conducts business in compliance with the Corporate Governance Code, which was established and adopted in cooperation with Ljubljanska borza d.d., the Association of Supervisory Board Members and the Managers' Association of Slovenia (hereinafter: the Code).

The Insurance Code and the Corporate Code are publicly available in both the Slovene and English languages on the website www.zdruzenje-ns.si. With this statement Zavarovalnica Triglav takes a stance on the provisions of the Code as amended on 5 February, 2007. This statement refers to the period after 1 January, 2008.

Zavarovalnica Triglav substantively adheres to the provisions of the Code. For well-grounded reasons Zavarovalnica Triglav did not adhere to the following provisions of the Code:

- 1.1.1. Its goals as a public limited company are not stated in its Memorandum or Articles of Association. In our opinion, independent engagement in gainful activity on the market, which is stated as the exclusive activity of a company in Article 3, §1 of the Companies Act, in itself clearly and extensively defines the basic goal of a public limited company.
- 2.2.2. The requirements for Management Board members are not set out in the Memorandum and/or Articles of Association or stipulated by a Supervisory Board decision. In our opinion the Companies Act and the Insurance Act stipulate the requirements for the office of a Management Board member with sufficient precision which makes any additional such provision in the Memorandum and/or Articles of Association superfluous.
- 2.3.8. The total remuneration, compensation and other benefits of the Management Board members were neither covered in the notes to financial statements nor individually disclosed for each member in net and gross amounts. Payments to Management Board members per year are disclosed by Zavarovalnica Triglav in aggregate by type in accordance with the applicable legislation (the Companies Act, Decision on the Annual Report and Quarterly Financial Statements of Insurance Companies and International Financial Reporting Standards). Payments to the Management Board were disclosed in comparable aggregates in the annual report summary published by the company.
- 3.1.5. The Rules of Procedure of the Supervisory Board are not available to the shareholders and Worker's Council. In our opinion, these represent an internal document of the Supervisory Board, which regulates its functioning and its relations with the Management Board and which does

not give any rights to nor impose any obligations on third parties other than those defined in the publicly available Memorandum and Articles of Association of Zavarovalnica Triglav.

3.2.3. The grounds of culpable liability resulting in the recall of a member of the Management Board are not explicitly enumerated in their service contracts. In our opinion, given Article 268 §2 of the Companies Act, explicit enumeration of the grounds of culpable liability is unreasonable as it is impossible to include and enumerate in advance all possible breaches which may result in the recall of a member of the Management Board.

3.4.1. In accordance with a resolution passed by the General Meeting of Shareholders on 27 August, 2007, Supervisory Board members are no longer entitled to any monthly fee.

3.4.3. The total remuneration, compensation and other benefits of the Supervisory Board members that are disclosed in the notes to financial statements are not itemised in line with Section 3.4.1 of the Code. The payments to the Supervisory Board members are disclosed in accordance with the legislation in force.

A member of the Supervisory Board appointed by the General Meeting of Shareholders on 25 August, 2008, performs a managerial duty in a company which competes with Zavarovalnica Triglav and one of its subsidiaries.

3.5.5. Neither the Rules of Procedure of the Supervisory Board, the Articles and Memorandum of Association nor any special governance code of Zavarovalnica Triglav stipulates detailed criteria for establishing potential conflicts of interest and actions to be taken if they occur. It is our opinion that the relevant criteria set out in the generally applicable Code are sufficient.

8.2. Zavarovalnica Triglav has not started making public announcements in the English language.

8.3.1. The policy of publishing interim and annual consolidated and unconsolidated financial statements will be in compliance with the requirements of the Agency for Insurance Supervision and other legislation in force (pertaining to item 8.1.1.).

Zavarovalnica Triglav issued a compliance statement with the Corporate Governance Code for the period from 1 January, 2007 to 13 June, 2008, when it was published in electronic format on SEOnet, the stock exchange information system of Ljubljanska borza d.d. and on the official website of Zavarovalnica Triglav.

Management Board of Zavarovalnica Triglav

6.2 MANAGEMENT OF ZAVAROVALNICA TRIGLAV

The governance of Zavarovalnica Triglav is performed by three independent bodies, namely the:

- General Meeting of Shareholders,
- Management Board and
- Supervisory Board.

These bodies operate in compliance with the primary and secondary legislation, the Articles and Memorandum of Association of the company and its own rules of procedure.

6.3 GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders of Zavarovalnica Triglav is its highest body through which shareholders exercise their rights in respect of matters concerning the company. In accordance with the Articles and Memorandum of Association and the Companies Act the General Meeting of Shareholders is convened at least once a year, not later than by the end of August.

The competences of the General Meeting of Shareholders are set out in the Articles and Memorandum of Association, which are available at the website of Zavarovalnica Triglav: <http://www.triglav.si/pokazi.asp?id=1688>.

6.3.1 General Meeting of Shareholders in 2008

The shareholders had two ordinary general meetings.

The General Meeting of Shareholders on 18 April, 2008:

- approved the listing of the shares of Zavarovalnica Triglav on the Ljubljana Stock Exchange as well as the beginning of all related procedures and activities;
- approved the amendments to the Articles and Memorandum of Association, which gave competence to the Management Board to increase authorised capital by 15%;
- passed a resolution on exchanging each regular registered share for four regular par value shares;
- passed a resolution on harmonising the objects clause of Zavarovalnica Triglav with the 2008 Standard Classification of Activities;
- took note of the resignation statement by a Supervisory Board member and appointed a new member.

The General Meeting of Shareholders on 25 August, 2008:

- took note of the Annual Reports by Zavarovalnica Triglav and the Triglav Group;
- passed a resolution on the distribution of profits;
- granted discharge to the Management and Supervisory Board for the 2007 business year;
- agreed that the Management Board of Zavarovalnica Triglav started the procedures and activities required for concluding an agreement on an employee profit sharing plan;
- approved the proposed amendment to Article 8 §1 of the Articles and Memorandum of Association;
- appointed the audit firm KPMG Slovenija, podjetje za revidiranje d.o.o., as the auditors for 2008;
- took note of the resignation statements by two Supervisory Board members and appointed two new members in their stead.

6.4 MANAGEMENT BOARD

The Management Board, which is appointed by the Supervisory Board, manages the company independently and at its own responsibility. The Management Board presents and represents the company without limitations. Any person fulfilling the requirements stipulated by the Insurance Act can be appointed to the Management Board as its president or member.

The Management Board has no less than three and no more than six members, of whom one is the president. The number of the Management Board members and their competences are determined by the Supervisory Board in the internal document regulating the work of the Management Board. The term of office of an individual Management Board is up to five years with the possibility of the reappointment of its members. In compliance with the Memorandum and Articles of Association an employee representative can be a Member of the Management Board at Zavarovalnica Triglav.

The insurance company is always jointly presented and represented by two members of the Management Board in legal transactions, one of whom being its President.

6.4.1 Management Board in 2008

In 2008 the Management Board of Zavarovalnica Triglav was made up of the following members:

- Andrej Kocič, President of the Management Board, took office on 6 June, 2005,
- Borut Eržen, Member of the Management Board, took office on 16 August, 2005,
- Vladimir Mišo Čeplak, Member of the Management Board, took office on 29 November, 2008 and
- Tomaž Rotar, Member of the Management Board, took office on 22 November, 2007.

6.4.2 Introducing the Management Board

Andrej Kocič - President of the Management Board

Born in 1969.

Education:

- Indiana University, Bloomington, Indiana, USA (1993)
 - international exchange of students
- University of Ljubljana, Faculty of Economics (1994)
 - B.Sc.Ec.
- Drury College, Springfield, Missouri, USA (1996)
 - M.B.A.
- University of Ljubljana, Faculty of Economics (1997)
 - Masters of Management and Organisation; general management
- Münchener Rückversicherungs-Gesellschaft, Munich, Germany (1998 - 1999)
 - Alois Alzheimer Scholarship Programme (insurance and reinsurance training)

Work experience:

- Faculty of Economics, Ljubljana; (1994 - 1997)
 - assistant lecturer - subject: International Economics
 - International Economics and Mathematics I.
 - assistant lecturer, subject: International Economics (1997 - 2001)
 - assistant lecturer, subject: International Economics and Insurance (2001 - 2004)
 - assistant lecturer, subject: Insurance (since 2004)
- Zavarovalnica Triglav d.d., OE Ljubljana, Ljubljana
 - underwriter and commercialist in non-life insurance (1997 - 1998)
- Zavarovalnica Triglav d.d., Headquarters, Ljubljana
 - non-life insurance sales representative (1998 - 1999)
 - head of non-life insurance sales (2000 - 2002)
 - head of non-life insurance and non-life interests (2002 - 2004)
 - Management Board's proxy in charge of non-life insurance (2004)
 - Management Board member responsible for non-life insurance and reinsurance (2004 - 2005)
 - President of the Management Board (2005 - 2009)

Borut Eržen - Member of the Management Board

Born in 1969.

Education:

- University of Ljubljana, Faculty of Mathematics and Physics,
 - university graduate in physics (1993)
 - Doctor of Science in physics (1999)
- Faculty and Institute of Actuaries, Oxford UK
 - international licence for performing the tasks of a certified actuary

Work experience:

- Jožef Stefan Institute, Ljubljana (1994 - 1999)
 - young researcher at the »Jožef Štefan« Institute
- Zavarovalnica Triglav d.d., Headquarters, Ljubljana
 - development and actuarial affairs for life, health and accident insurance (1999 - 2002)
 - assistant to the head of development and actuarial affairs for life, health and accident insurance (2002 - 2005)
 - head actuarial affairs for life, health and accident insurance (2002 - 2005)
 - member of the Management Board (since 2005)

Vladimir Mišo Čeplak - Member of the Management Board

Born in 1957.

Education:

- University of Ljubljana, Faculty of Social Sciences
 - graduated in sociology (1979)
 - graduated in journalism (1980)
- Faculty of Economics, Ljubljana
 - Master of Economics, marketing (1999)

Work experience:

- Alpina Žiri
 - traineeship - organisation of media in the factory, later
 - Head of the Personnel Department (1979 - 1986)
 - member of the management team - Head of the General Organisation Sector (1986 - 1993)
- Sales management (1993 - 1994)
- Zavarovalnica Triglav d.d., Headquarters, Ljubljana
 - head of personal insurance sales (1995 - 1998)
 - Personal Insurance Sales Manager (1998 - 2003)
 - member of the Management Board, employee representative (2003 - 2005)
 - member of the Management Board, employee representative, responsible for non-life insurance marketing, personal insurance marketing, personnel affairs and Quality Management System (2005 - 2009)
 - President of the Management Board (since 2009)

Tomaž Rotar - Member of the Management Board

Born in 1963.

Education:

- University of Ljubljana, Faculty of Economics (1988)
 - B.Sc.Ec.

Work experience:

- Elma - home appliances and electrical products, Ljubljana (1988 - 1989)
 - Purchasing Manger
- Ljubljanska borza vrednostnih papirjev d.d. - Ljubljana Stock Exchange (1990 - 2004)
 - Trading Session Manager
 - Department Head
 - Member of the Management Board
- Centralno klirinško depotna družba d.d. - Central Securities Clearing Corporation, Ljubljana (2004 - 2006)
 - Executive Director, Operations Division
- Zavarovalnica Triglav d.d., Headquarters, Ljubljana (since 2006)
 - Proxy of the Management Board in charge of finance
 - Member of the Management Board (since 2007)

MEMBERSHIP OF ZAVAROVALNICA TRIGLAV MANAGEMENT BOARD MEMBERS ON THE SUPERVISORY BOARDS OF OTHER COMPANIES IN 2008

NAME AND SURNAME	MEMBERSHIP ON SUPERVISORY BOARDS OF OTHER COMPANIES
Andrej Kocič President of the Management Board	Triglav Osiguranje d.d. Triglav Pojišt'ovna a.s. Lovćen Osiguranje a.d. Triglav BH Osiguranje d.d. Triglav Naložbe, finančna družba d.d. Triglav DZU d.o.o. Jedrski pool Pozavarovalnica Triglav Re d.d. Vardar Osiguruvanje a.d.
Borut Eržen Member of the Management Board	Triglav, Zdravstvena zavarovalnica d.d. Skupna pokojninska družba d.d. Triglav Osiguranje d.d. Lovćen Osiguranje a.d. Pozavarovalnica Triglav Re d.d. Vardar Osiguruvanje a.d.
Vladimir Mišo Čeplak Member of the Management Board, Employee Representative	Triglav, Zdravstvena zavarovalnica d.d. Triglav Osiguranje d.d. Triglav Kopaonik a.d.o. TRI-PRO d.o.o.
Tomaž Rotar Member of the Management Board	Vardar Osiguruvanje a.d. Skupna pokojninska družba d.d. Triglav DZU d.o.o. Zenit nepremičnine d.d.

6.4.3 New president of the Management Board

At the Supervisory Board meeting, which took place on 28 May, 2009, the Supervisory Board accepted the resign statement of the president of the Management Board Andrej Kocič and appointed Vladimir Mišo Čeplak as a new president of the Management Board of Zavarovalnica Triglav with a six-month mandate from 28 May, 2009 onwards.

6.5 SUPERVISORY BOARD

The Supervisory Board as a supervisory body supervises the company's business conduct. It has nine members, of whom six are shareholder representatives and three are employee representatives. The former are elected by the General Meeting of Shareholders and the latter by the Workers' Council which informs the General Meeting of Shareholders of its decision. The Supervisory Board then elects its Chairman and Vice Chairman from among their members who both represent shareholders. Members of the Supervisory Board are given a four-year mandate and can be re-elected without limitation.

6.5.1 Supervisory Board in 2008

In 2008 the Supervisory Board of Zavarovalnica Triglav was made up of the following members:

- Damjan Mihevc, Chairman, shareholder representative, appointed on 6 April, 2005,
- Mateja Perger, Vice Chair, shareholder representative, appointed on 6 April, 2005,
- Gregor Gomišček, Member, shareholder representative, appointed on 6 April, 2005,
- Janez Sušnik, Member, shareholder representative, appointed on 18 April, 2008,
- Bojan Župevec, Member, shareholder representative, appointed on 25 August, 2008,
- Janez Gregorič, Member, shareholder representative, appointed on 25 August, 2008,
- Branko Gorjan, Member, employee representative, appointed on 29 May, 2007,
- Boris Gabor, Member, employee representative, appointed on 29 May, 2007, and
- Peter Celar, Member, employee representative, appointed on 29 May, 2007.

Aleš Hauc and Tomaž Toplak also served on the Supervisory Board in 2008 as members until they resigned, the former on 29 May, 2008 and the latter on 4 June, 2008.

6.5.2 New Supervisory Board

At the 32nd AGM of Zavarovalnica Triglav, which took place on 6 April, 2009, the following persons were elected members of the Supervisory Board with a four-year term of office as shareholder representatives:

- Borut Jamnik, Chairman
- Uroš Slavinec, Vice Chairman
- Mirko Miklavčič, Member
- Anton Ribnikar, Member
- Igor Mihajlovič, Member
- Aljoša Valentinčič, Member

THE SUPERVISORY BOARD OF ZAVAROVALNICA TRIGLAV IS NOW COMPOSED OF THE FOLLOWING MEMBERS:

NAME AND SURNAME	EDUCATION	PROFESSION	MEMBERSHIP ON SUPERVISORY BOARDS OF OTHER COMPANIES
SHAREHOLDER REPRESENTATIVES			
Borut Jamnik Chairman	Bachelor in Practical Mathematics	Kapitalska družba d.d. President of the Management Board	/
Uroš Slavinec Member	Bachelor of Economics	Helios d.d. President of the Management Board	/
Mirko Miklavčič Member	Bachelor of Administration	Pensioner	Izola General Hospital, Chairman of the Supervisory Board
Anton Ribnikar Member	Bachelor of Law	Nova Ljubljanska banka d.d., Chief Lawyer and Procurator of NLB and the NLB Group	SIB d.d., member of the Supervisory Board NLB Montenegro banka a.d., Podgorica, member of the Board of Directors
Igor Mihajlovič Member	Bachelor of Mechanical Engineering	Iskra Avtoelektrika d.d.	TKK Srpenica, d.d., member of the Supervisory Board Euroinvest, d.d., Tuzla, member of the Supervisory Board
Aljoša Valentinčič Member	PhD in Administration	Faculty of Economics, University of Ljubljana, Assistant professor of finance at the Department of Money and Finance	/
EMPLOYEE REPRESENTATIVES			
Branko Gorjan Member	Economics Technician	Zavarovalnica Triglav d.d.	/
Peter Celar Member	Bachelor of Economics	Zavarovalnica Triglav d.d.	/
Boris Gabor Member	Bachelor of Mechanical Engineering	Zavarovalnica Triglav d.d.	/

6.6 REMUNERATION OF THE MANAGEMENT AND SUPERVISORY BOARD MEMBERS

In 2008, the Management and Supervisory Board members of the Triglav Group were remunerated for their work as follows:

- Management Board members EUR 901,891, of which EUR 46,906 was a share of extended profit,
- Supervisory Board members EUR 120,008.

6.7 MANAGEMENT OF SUBSIDIARIES

Zavarovalnica Triglav pursues its interests as the majority shareholder in its subsidiaries, members of the Triglav Group, by participating in their management bodies. The table below shows the management structure by subsidiary:

SUBSIDIARY	MANAGEMENT	SUPERVISORY FUNCTION
SLOVENIA		
Pozavarovalnica Triglav Re d.d., Ljubljana	Gojko Kavčič - CEO, Milena Pirš	Supervisory Board: Andrej Kocič - Chairman, Borut Eržen, Mateja Perger, Mojca Piškurič
Triglav Zdravstvena zavarovalnica d.d., Koper	Danijel Starman - CEO, Ivan Gracar, Simon Vidmar, Gregor Strmčni	Supervisory Board: Vladimir Mišo Čeplak - Chairman, Tadej Čoroli, Borut Eržen, Erika Kranjc, Robert Kavčič
Triglav DZU d.o.o., Ljubljana	Tanja Miklavc Maček - CEO, Samo Javornik, Miloš Čas	Supervisory Board: Damjan Mihevc - Chairman, Andrej Kocič, Tomaž Rotar
Triglav Naložbe finančna družba d.d., Ljubljana	Metka Petek - CEO, Robert Čehovin, Rok Pivk	Supervisory Board: Damjan Mihevc - Chairman, Andrej Kocič, Sarah Jezernik
TRI-PRO d.o.o.	Edvard Kranjčič - Director	Supervisory Board: Vladimir Mišo Čeplak - Chairman, Jadran Grželj, Miroslav Matijašević
AS Triglav - servis in trgovina d.o.o.	Anton Vatovec - Director	Supervisory Board: Iztok Pekolj - Chairman, Matjaž Rakovec, Damir Dragar
Zenit nepremičnine, inženiring in trženje d.d.	Miha Grilec - CEO,	Supervisory Board: Uroš Ivanc - Chairman, Tomaž Rotar, Marta Zagorski
Slovenijales d.d.	Mitja Pleterski - General Manager	Supervisory Board: Uroš Ivanc - Chairman, Metka Petek, Boris Kitek, Drago Šiftar
Golf Arboretum d.o.o.	Zvonimir Rozman - Director	
Gradis IPGI d.d.	Aleš Vahčič - Director	Supervisory Board: Miha Grilec - Chairman, Rok Pivk, Kristina Rovšek
CROATIA		
Triglav Osiguranje d.d., Zagreb	Krešimir Jelić - CEO, Marin Matijaca, Igor Škrkatić	Supervisory Board: Andrej Kocič - Chairman, Borut Eržen, Vladimir Mišo Čeplak, Janka Planinc, Željko Duralija
CZECH REPUBLIC		
Triglav Pojišt'ovna a.s., Brno	Petr Bany - General Director	Supervisory Board: Andrej Kocič - Chairman, Jože Obersnel, Petra Musilova
MONTENEGRO		
Lovćen Osiguranje, a.d., Podgorica	Radenko Purić - Executive Director	Board of Directors: Borut Eržen - President, Damjan Mihevc, Andrej Kocič, Radoje Žugić, Mišo Dubljevič, Dragan Lajović, Bratislav Vukčević
BOSNIA AND HERZEGOVINA		
Triglav BH Osiguranje d.d., Sarajevo	Fejsal Hrustanović - Director, Edib Galijatović, Aida Lačević	Supervisory Board: Andrej Kocič - Chairman, Drago Ljubojevič, Damir Lačević
Triglav Krajina Kopaonik a.d.o. Banja Luka	Branislav Đurica - Director	Management Board: Drago Ljubojevič - President, Miroslav Ribič, Zoran Kalinič
SERBIA		
Triglav Kopaonik a.d.o.	Zoran Popović - Director Management Board: Milan Skok - President, Andreja Pelc, Jože Obersnel	Supervisory Board: Vladimir Mišo Čeplak - Chairman, Mišo Dubljevič, Drago Ljubojevič
Triglav penzijski fondovi a.d.	Vojko Saksida - Director	Management Board: Miroslav Matijašević - President, Miloš Čas, Milan Skok
FORMER YUGOSLAV REPUBLIC OF MACEDONIA		
Vardar Osiguruvanje a.d., Skopje	Stojan Klopčevski - executive member of the Board of Directors - General Manager	Board of Directors: Andrej Kocič, Damjan Mihevc, Borut Eržen, Tomaž Rotar, Drago Ljubojevič, Trajče Latinovski - elected executive member of the Board of Directors at the Board of Directors' meeting on 23 December, 2008, with a licence from the Ministry of Finance still pending
NETHERLANDS		
Triglav Netherlands b.v.	Jo de Haas - Director	/

6.8 INTERNAL AND EXTERNAL AUDIT

The financial statements of the Triglav Group and Zavarovalnica Triglav for 2008 were audited by the external auditors KPMG Slovenija, družba za revidiranje d.o.o.

The report on the work of the Internal Audit Department is part of Chapter 12. Risk Management.



GASILCI

1824



TRBOVLJE

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Before the fire catches.

Well prepared and equipped firefighting associations reduce the danger of fire and its consequences. We helped the Municipality of Pivka and the Voluntary Firefighters' Association from Dol pri Hrastniku buy new firefighting vehicles and our acquisition of fire protection equipment improved fire safety in many companies and institutions.

7. SHARE CAPITAL AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV D.D.

7.1 EQUITY

On the last day of 2007, the share capital of Zavarovalnica Triglav amounted to EUR 23,701,391.79. Share capital is divided into 22,735,148 ordinary registered par value shares. Each share represents the same stake and corresponding amount in share capital equalling EUR 1.0425. The portion of each no-par value share in the share capital is determined on the basis of the number of no-par value shares issued. All the shares have been paid up in full.

The shares of Zavarovalnica Triglav are ordinary, freely transferable, registered par value shares issued in a dematerialised form, ZTVG trading symbol and ISIN SI0021111551.

7.2 SHARES OF ZAVAROVALNICA TRIGLAV

KEY FIGURES FOR THE SHARES OF ZAVAROVALNICA TRIGLAV D.D.

ITEMS	31 DECEMBER, 2008	31 DECEMBER, 2007
Number of shares	22,735,148	5,683,787
Book value of a share (in EUR)	21.23	103.41
Share book value calculated in the ratio of 1 : 4 (in EUR)	21.23	25.85
Consolidated book value of a share *(in EUR)	21.19	101.89
Consolidated book value of a share calculated in the ratio of 1 : 4 (in EUR)	21.19	25.47
Share market value (in EUR) - average daily price	15.26	-
Net earnings per share *(in EUR)	0.66	7.56
Net earnings per share calculated in the ratio of 1 : 4 (in EUR)	0.66	1.89
Dividend per share (in EUR) - for the previous business year	To be defined	1.00
Dividend per share calculated in the of ratio 1 : 4 (in EUR) - for the previous business year		0.25
Trading symbol	ZVTG	
ISIN	SI0021111651	
Traded on:	Ljubljanska borza d.d. Ljubljana - LJSE	
Market capitalisation - average daily price as at 31 December, 2008	EUR 346,938,358	
Credit rating	Standard & Poor's; A, stable outlook	
Bloomberg	ZVTG SV	
Reuters	ZVTG	

* Capital of the Triglav Group divided by the number of Zavarovalnica Triglav's shares.

Split of the shares of Zavarovalnica Triglav

At the 30th General Meeting of Shareholders of Zavarovalnica Triglav on 18 April, 2008 a resolution was passed on splitting the shares in the ratio of 1 : 4, so that each ordinary registered par value share was split into four parts and replaced by four ordinary registered par value shares. After the shares were split and replaced, share capital of Zavarovalnica Triglav amounted to EUR 23,701,391.79 and was divided into 22,735,148 ordinary registered par value shares. By 9 June, 2008 new shares were entered in the Share Register kept by KDD - The Central Securities Clearing Corporation in Ljubljana. The purpose of the share split was to increase the liquidity of the shares and make them more available to a wider range of investors.

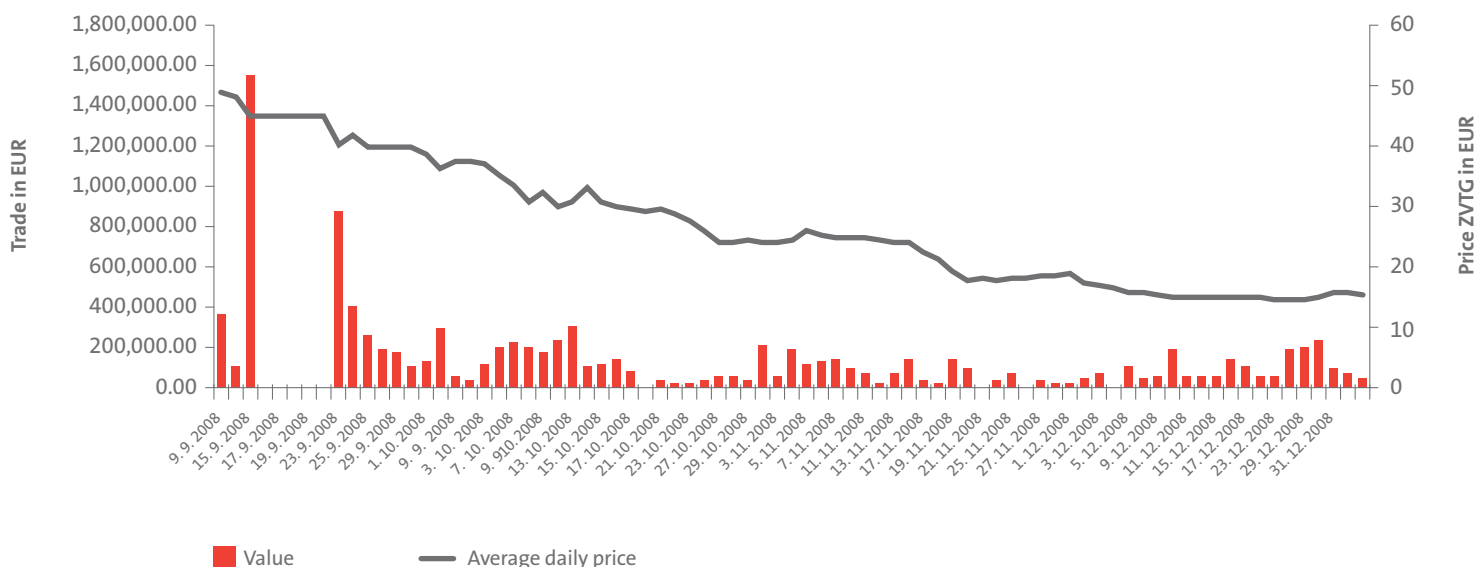
On 9 September, 2008 the shares of Zavarovalnica Triglav were listed on the official equity market of the Ljubljana Stock Exchange.

Listing of Zavarovalnica Triglav shares

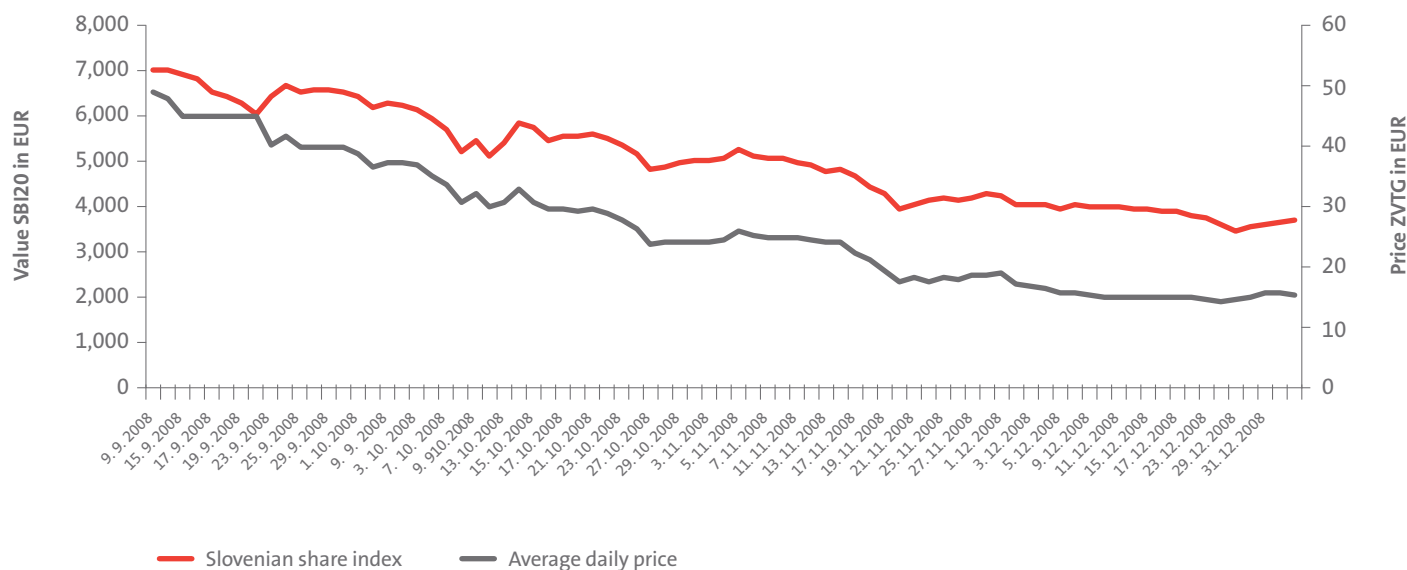
On 9 September, 2008 the shares of Zavarovalnica Triglav were listed on the standard market of the Ljubljana Stock Exchange. The listing coincided with the onset of the financial crisis, which caused share prices on financial markets to plummet. As a result the shares of Zavarovalnica Triglav shares were affected the same as other listed shares. From the date of listing to the end of 2008 the average daily price of Triglav shares dropped by 68.9% to EUR 15.26 as at 31 December, 2008.

Trading on the Ljubljana Stock Exchange - LJSE

MOVEMENTS IN AVERAGE DAILY PRICE (RIGHT AXIS) AND TURNOVER IN EUR (LEFT AXIS) OF ZVTG SHARE OF ZAVAROVALNICA TRIGLAV



MOVEMENTS IN AVERAGE DAILY PRICE OF ZVTG SHARE OF ZAVAROVALNICA TRIGLAV (RIGHT AXIS) AND MOVEMENTS IN THE VALUE OF SBI20 INDEX (LEFT AXIS)



MAXIMUM AND MINIMUM CLOSING PRICE AND MAXIMUM AND MINIMUM TRADING VOLUMES IN ZVTG SHARES OF ZAVAROVALNICA TRIGLAV IN A TRADING DAY

MONTH	MAX. CLOSING PRICE IN EUR	MIN. CLOSING PRICE IN EUR	MAX. DAILY TRADING VOLUME IN EUR	MIN. DAILY TRADING VOLUME IN EUR	AVERAGE DAILY TRADING VOLUME IN EUR
September	48.20	36.51	54.00	35.70	404,973.16
October	37.97	23.69	37.97	23.63	115,202.80
November	26.00	17.53	26.46	17.53	75,434.49
December	18.90	14.21	18.99	14.10	92,913.05

SHAREHOLDER STRUCTURE AS AT 31 DECEMBER, 2008

	TOTAL	DOMESTIC	FOREIGN	LEGAL ENTITIES	NATURAL PERSONS
Number of shares	22,735,148	21,778,750	956,398	20,890,411	1,844,737
Number of shareholders	30,499	30,045	454	743	29,756

TOP TEN SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV D.D. AS AT 31 DECEMBER, 2008

SHAREHOLDER	OWNERSHIP IN%	NUMBER OF SHARES
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	34.47	7,836,628
Slovenska odškodninska družba d.d. Ljubljana	28.14	6,397,640
NLB d.d., Ljubljana	3.06	696,213
Hypo Alpe Adria-Bank AG, Klagenfurt, Austria	1.82	415,016
Radenska d.d., Radenci	1.61	366,944
HIT d.d., Nova Gorica	1.12	255,408
NFD 1 delniški investicijski sklad d.d., Ljubljana	1.05	238,998
Kingshouse Investments Limited, Limassol, Cyprus	0.89	202,152
Poteza naložbe d.o.o., Ljubljana	0.78	176,418
Unicredit Bank Austria AG, Vienna, Austria	0.68	154,200

CALENDAR OF FINANCIAL ANNOUNCEMENTS FOR 2009

TYPE OF ANNOUNCEMENT		PLANNED DATE OF ANNOUNCEMENT*
Announcement of unaudited financial statements for 2008	Tuesday	31 March, 2009
Annual report of Zavarovalnica Triglav d.d. and the Triglav Group for 2008	Thursday	30 April, 2009
Statement of compliance with the Corporate Governance Code	Thursday	30 April, 2009
Announcement of quarterly unconsolidated results: Results for the first quarter of 2009	Friday	29 May, 2009
General Meeting of Shareholders of Zavarovalnica Triglav d.d. which will be deciding on the distribution of profits	Tuesday	30 June, 2009
Unaudited interim report by Zavarovalnica Triglav d.d. and the Triglav Group for 2009	Monday	31 August, 2009
Announcement of quarterly unconsolidated results: Results for the first three quarters of 2009	Monday	30 November, 2009

* Announcement dates as planned. The actual dates may differ from the above stated. You are, therefore, advised to consult the website of the company at: <http://www.triglav.si/stran.asp?id=942>.

7.3 INFORMATION FOR SHAREHOLDERS

The trading in the shares of Zavarovalnica Triglav on the official market of the Ljubljana Stock Exchange set more defined forms of communication with shareholders, investors and other interested publics. The purpose was to set up a transparent, equitable and reliable reporting system which would inform the public about all significant decisions and events in the holding company and the group as a whole.

Information is regularly published on the stock exchange SEOnet portal. A special page for investors was added to the website of Zavarovalnica Triglav: <http://www.triglav.si/stran.asp?id=931>. This page regularly provides all relevant information with regard to Zavarovalnica Triglav and the Triglav Group.

INFORMATION FOR SHAREHOLDERS

Zavarovalnica Triglav d.d. Ljubljana
Miklošičeva cesta 19, 1000 Ljubljana, Slovenia
Uroš Ivanc, Executive Director of Finance
Tel.: +386 (1) 47 47 468
Fax: +386 (1) 23 16 456
Email: uros.ivanc@triglav.si

Website: Investor relations
<http://www.triglav.si/stran.asp?id=931>

7.4 CREDIT RATING OF ZAVAROVALNICA TRIGLAV

The Standard & Poor's credit rating agency granted Zavarovalnica Triglav an A rating with Stable Outlook in the medium term on 25 September, 2008 and the same rating was given to its Pozavarovalnica Triglav Re subsidiary. Standard & Poor's "A" rating for Zavarovalnica Triglav also shows the financial strength of the entire Triglav Group. This was the first time ever that Zavarovalnica Triglav and Pozavarovalnica Triglav Re had been rated by an internationally recognised ratings agency.

CREDIT RATING AGENCY	CREDIT RATING	MEDIUM-TERM OUTLOOK
Standard & Poor's	A	Stable

7.5 PRIVATISATION OF ZAVAROVALNICA TRIGLAV

The privatisation of Slovene insurance companies started in 2000 when the National Assembly of the Republic of Slovenia passed the Ownership Transformation of Insurance Companies Act regulating the privatisation of social capital in insurance companies.

An amended Ownership Transformation of Insurance Companies Act (ZLPZ-1) was adopted following a decision by the Constitutional Court of the Republic of Slovenia providing the possibility to privatise the capital interest of Zavarovalnica Triglav d.d. that was transferred to Kapitalska družba. The Act restricted the management rights of Kapitalska družba, arising from its 34.47% stake in the capital of Zavarovalnica Triglav d.d., by restricting the right of disposal (sale) for the period until the Act's entry into force. Kapitalska družba could enforce all its remaining ownership rights and received dividends according to its stake in the company's capital.

The purpose was to set up a transparent, equitable and reliable reporting system, which would inform the public about all significant decisions and events in the holding company and the group as a whole.

Standard & Poor's "A" rating assigned to Zavarovalnica Triglav reflects the financial strength of the entire Triglav Group.

Zavarovalnica Triglav and Pozavarovalnica Triglav Re were ranked by an internationally recognised ratings agency for the first time.

Zavarovalnica Triglav pursues a strategy of stable dividend growth.

On 11 September, 2007, the National Assembly of the Republic of Slovenia adopted an Act Amending the Ownership Transformation of Insurance Companies Act (ZLPZ-1A) which restored the right of Kapitalska družba to freely dispose with the shares of Zavarovalnica Triglav d.d. At the request of the National Council of the Republic of Slovenia, the National Assembly passed a resolution (Official Gazette of the RS, No. No. 87/2007) and called a legislative referendum for 11 November, 2007 on the approval of the Act Amending the Ownership Transformation of Insurance Companies Act (ZLPZ-1A). The majority of voters voted against and thus the Act did not enter into force.

On 23 May, 2008, the National Assembly adopted the Ownership Transformation of Insurance Companies' Shareholders to Which Natural Persons Are Entitled Act, which entered into force on 21 June, 2008. The Act stipulates that insurance company shares that were issued for a stake in the undenominated capital owned by Kapitalska družba on the basis of the Ownership Transformation of Insurance Companies Act be permanently transferred to the Institute of Pension and Invalidity Insurance of Slovenia with the only aim of ensuring additional funds for the compulsory pension and disability insurance. The shares are managed by Kapitalska družba on behalf and for the account of the Institute of Pension and Invalidity Insurance of Slovenia.

7.6 DIVIDEND POLICY

Zavarovalnica Triglav pursues a strategy of stable dividend growth. The purpose of this policy is to connect dividend growth with increases in the volume of operations and returns, as well as capital requirements for future growth. Dividends are paid once a year in accordance with a resolution passed by the General Meeting of Shareholders.

ITEMS	31 DECEMBER, 2008	31 DECEMBER, 2007
Total dividends (in EUR)	To be defined	5,683,787
Dividend per share (in EUR)	To be defined	1.00
Dividend per share calculated in the ratio of 1 : 4 (in EUR)		0.25
Number of shares	22,735,148	5,683,787

8. REPORT ON THE OPERATIONS OF THE TRIGLAV GROUP

8.1 GENERAL ECONOMIC ENVIRONMENT IN SLOVENIA

The year 2008 was characterised by the beginning of an economic crisis, which Slovenia could not avoid due to its involvement in the international economy. The first signs showed in the autumn of 2008, when capital markets started responding to an increasingly difficult situation. By the end of the year some European countries were already in recession, including Germany and Italy, the major trade partners of Slovenia.

Gross domestic product (GDP) in Slovenia in 2008 in current prices amounted to EUR 37,126 million and equalled EUR 18,196 per capita. The real economic growth rate was 3.5% or 3.3% less compared to 2007. International trade and capital consumption started decreasing, whilst the unemployment rate was on the increase.

In the structure of domestic demand capital consumption fell by more than half to 6.1% at the end of the year. Final consumption decreased by 1.8 percentage point to 2.6%, whereas government consumption climbed slightly by 1.2 percentage point to 3.7%. The current account deficit as part of GDP grew at -0.2%. Exports of goods and services declined by 10.5 percentage points to 3.3% and imports reached 3.5% after a fall of 12.2 percentage points.

Inflation rate growth, after a boost in the first half of the year when it was as much as 7% on year-on-year basis, slowed to 2.1% so that the average inflation rate in 2008 was 5.7%. The European Central Bank kept its key interest rate at 4% in the first half of the year. Due to increasing inflationary pressures in June it raised it by 0.25 percentage point, but given serious deterioration of the situation on financial markets and in the real economy, the ECB decreased the key interest rate to 2.5%. Despite significant cuts inter-bank interest rates remained at a high level. At the end of the year the three-month EURIBOR was 2.93%.

Stock markets slumped after several years of growth. In 2008 the DJ Euro Stoxx 50 index of leading eurozone shares decreased by 44.4%, the American S&P 500 index fell by 36.5% and the Slovene SBI20 dropped by 67.5%.

8.2 INFLUENCE OF THE ENVIRONMENT ON THE PERFORMANCE OF THE TRIGLAV GROUP

The financial crisis did not have a material impact on the demand for the insurance products of the Triglav Group. The only significant decline was registered in the demand for unit-linked insurance products.

Portfolio management investment policy is governed by the principles of security, liquidity and profitability. In asset management activities Zavarovalnica Triglav adheres to strict regulations with regard to the types of investment allowed and exposure levels per investment. At the same time the Group follows its conservative internal principles of diversification by region, industry and maturity for individual investment types.

Despite this relatively conservative investment policy, the global financial crisis and the current situation on capital markets negatively affected the value of the Triglav Group's investment portfolio. The value of assets dropped as the values of tradable and non-tradable financial investment decreased, following market price adjustments on organised capital markets and the fair value adjustment of assets. A lower value of portfolio investments was mainly reflected in the decrease of share capital

The financial crisis did not have a material impact on the demand for the insurance products of Zavarovalnica Triglav.

Our portfolio management investment policy is governed by the principles of security, liquidity and profitability.

and net profit of Zavarovalnica Triglav. As a result of material and long-term decreases in asset value, Zavarovalnica Triglav recognised an asset impairment loss.

8.3 THE INSURANCE MARKET AND MARKET POSITION OF GROUP MEMBERS IN 2008

The insurance market in Slovenia is among the smaller ones in both European and global standards. In 2007 (latest available data) it accounted for 0.06% of the global market and was 178 times smaller than the biggest insurance market in Europe (United Kingdom). On the other hand the premium underwritten on the Slovene market in 2007 was USD 137 million higher than that in Croatia and Serbia together.³ Due to the small size of the Slovene market, comparisons with foreign markets should be based on relative criteria, such as premium per inhabitant or insurance penetration. As shown by the table below, on both criteria Slovenia is relatively high on the world scale: the 28th in premium per inhabitant and the 26th in insurance penetration.

PREMIUM PER INHABITANT AND INSURANCE PENETRATION IN SLOVENIA AND SOME OTHER EUROPEAN COUNTRIES IN 2007

	PREMIUM PER INHABITANT		INSURANCE PENETRATION	
	(IN USD)	WORLD SCALE	(AS A% OF GDP)	WORLD SCALE
Slovenia	1,295	28	5.7	26
Austria	2,620	20	5.8	25
Slovakia	435	39	3.1	45
Croatia	371	42	3.3	43
UK	7,114	2	15.7	2
Greece	538	37	1.9	63
Serbia	103	64	1.8	66
EU - geographic area	1,962	-	8.0	-
EU - 27	1,915	-	8.8	-

Source: Sigma, Swiss Re (No 3/2008)

In 2008 there were 15 classical insurance companies and 3 foreign branch offices on the Slovene insurance market which underwrote EUR 1,9 million in premium in total. The majority of that (73%) was non-life insurance and the rest (27%) was life insurance.

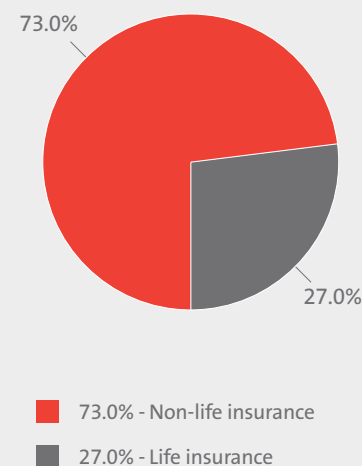
The above data were collected by the Slovenian Insurance Association, which means that they exclude non-member insurers (2 smaller insurance companies and 2 foreign branch offices). Moreover, these data also exclude insurance transactions concluded in Slovenia directly by foreign-owned subsidiaries (FOS). The percentage of these transactions is on the increase. However, we estimate they still represent a negligible portion of total market premium income. As many as 484 insurance companies notified the Insurance Supervision Agency of their intention to operate through FOS, most of which were on a “just in case” basis. Zavarovalnica Triglav overcome all formal obstacles for direct provision of insurance in all 27 EU member states, which, amongst other, enables it to service its clients across borders.

The concentration of the Slovene insurance market is considerable, as the four largest insurance companies held 79% of the market in 2008. With a 40% market share, Zavarovalnica Triglav remained one of the leading traditional insurance companies in Slovenia. Compared to 2007 it not only retained its market share but even increased it by 0.2% if the results of Triglav Zdravstvena zavarovalnica, which acquired 3.1% of the market in 2008, are included.

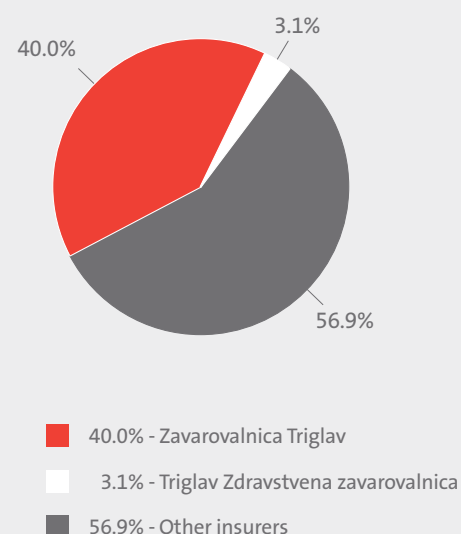
The reinsurance premium written by the two Slovene reinsurance companies in 2008 totalled EUR 241.7 million or 17% more than in 2007. Pozavarovalnica Triglav Re registered a 22% growth in reinsurance premiums in the reporting year and increased its market share to 44.3% compared to 2007.

³ All the figures given in this chapter are published in Sigma, Swiss Re (No 3/2008).

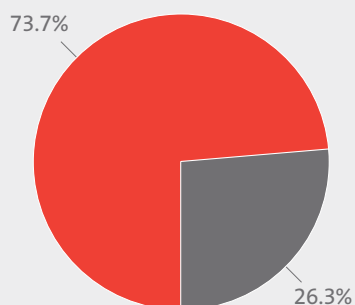
PREMIUM STRUCTURE IN THE SLOVENE INSURANCE MARKET



MARKET SHARE OF ZAVAROVALNICA TRIGLAV AMONG OTHER CLASSICAL INSURANCE COMPANIES WITH REGISTERED OFFICES IN SLOVENIA IN 2008

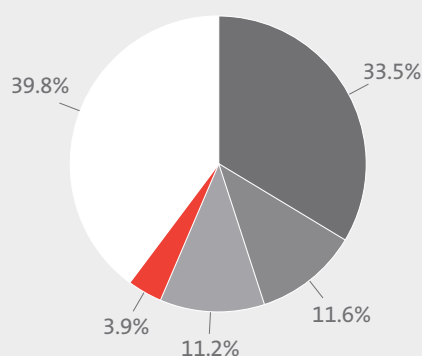


PREMIUM STRUCTURE IN THE CROATIAN INSURANCE MARKET



- 73.7% - Non-life insurance
- 26.3% - Life insurance

MARKET SHARES IN THE CROATIAN INSURANCE MARKET



- 33.5% - Croatia osiguranje
- 11.6% - Allianz Zagreb
- 11.2% - Euroherz
- 3.9% - Triglav Osiguranje
- 39.8% - Other insurers

8.4 OPERATIONS OF THE TRIGLAV GROUP IN OTHER MARKETS

8.4.1 South-East Europe

The Triglav Group further consolidated its position in South-East Europe. It will strengthen its presence in this region through organic growth and acquisitions. Depending on capital availability and the situation on international financial markets, the Triglav Group will try to enter at least one new market in South-East or Eastern Europe through acquisitions. The Triglav Group's strategic objective is to be among the leading insurance/financial groups and one of the three strongest insurance groups in growth in Europe by 2011 while remaining the largest insurance group in Slovenia and the Western Balkans.

While proceeding with our plan to enter new markets we are simultaneously focussing on consolidation of the Group and closer inter-company cooperation, both domestically and internationally. We are committed to the exchange of knowledge and experience in all areas as well as to the standardisation and integration of business processes. We seek new markets in emerging economies, which give us better chances to exploit our comparative advantages. At the same time, we monitor demand and tailor our insurance products and services to the needs of individual and corporate clients.

The Triglav Group is present today in the following eight countries: Slovenia, Croatia, Bosnia and Herzegovina, Montenegro, the Czech Republic, Slovakia, Serbia and the Former Yugoslav Republic of Macedonia.

The business policy objectives of Zavarovalnica Triglav abroad are the following:

- transferring knowledge and experience to its foreign subsidiaries in the fields of insurance, marketing, information technology, finance and accounting;
- integrating and adapting the business processes in foreign subsidiaries to those adopted in Zavarovalnica Triglav;
- reinsuring foreign subsidiaries' risks that exceed equalisation schemes by Pozavarovalnica Triglav Re and in accordance with local legislation;
- benefiting from the presence on emerging markets to boost the operations of the Triglav Group;
- exploiting comparative advantages on foreign markets;
- cross-border servicing of Slovene client insurance needs on foreign markets;
- earning long-term returns on investments;
- increasing productivity through economies of scale and synergy effects.

8.4.2 Croatia

Over the recent years GDP growth in Croatia was higher than in the EU. The annual inflation rate in 2008 compared to the year before substantially increased (from 2.9% to an estimated 5.8%), mostly due to the rapid growth of energy and food prices.

The Kuna gradually gained strength against the Euro (appreciation). Average exchange rate of the Kuna against the Euro in 2004 was 7.5, in 2005, 7.4, in 2006 and 2007, 7.33 and even 7.22 at the end of 2008.

The number of the employed in the first half of 2008 was 1.1% higher compared to the same period of the previous year. Moreover, a downward trend in the number of the unemployed was also favourable in comparison to 2007. Registered unemployment dropped to a record low since 1991.

The goal of the economic and fiscal policy in the medium run in Croatia is to enable continued growth of the economy and create conditions, which will contribute to the conclusion of the accession negotiations with the European Union, thus enabling Croatia to participate in the European Common Market on equal footing.

MAIN MACROECONOMIC INDICATORS FOR 2008

Population number	4.44 million
GDP growth in 2008 (estimate)	3.8%
GDP in 2008 (estimate)	USD 63.9 billion
GDP per capita in 2008 (estimate)	USD 14,414 billion
Inflation rate (retail prices) in 2008 (estimate)	5.8%

Insurance Market

The arrival of foreign investors to the insurance market in recent years has helped develop the insurance industry, boosted the growth of competitive Croatian insurance companies and increased the quality and diversity of insurance products and services. The life-insurance segment has also grown thanks to the capital connections between banks and insurance companies.

At the end of 2008 there were 25 insurance companies active in Croatia, of which 10 were composite, 8 specialised in non-life and 7 in life insurance. By the end of the year their combined premium totalled HRK 9.68 billion. The majority of that was accounted for by non-life insurance (HRK 7.13 billion or 73.7%) and the rest by life insurance products (HRK 2.55 billion or 26.3%).

In terms of gross written premium the biggest market share was held by Croatia osiguranje - 33.5%, followed by Allianz Zagreb with 11.6% and Euroherz with 11.2% of the total. The five biggest insurance companies control 68.9% of the insurance market in Croatia. **Triglav Osiguranje** with HRK 378 million of gross written premium holds 3.9% of the market and is ranked the 8th largest insurance company in the country.

The leading insurer in non-life insurance is Croatia osiguranje. It holds 40.4% of the market, with Euroherz and Allianz Zagreb in the second and third positions. Allianz Zagreb is the leader in life insurance with 16.7% of the market, followed by Croatia osiguranje and Merkur.

8.4.3 Bosnia and Herzegovina

In Bosnia and Herzegovina, 2008 was another year of poor economic conditions. Despite growth, as of last year GDP still has not risen to the pre-war level. The privatisation process is still not completed and the public sector remains proportionally large. Another problem is the high unemployment rate of over 40%.

The liquidity of economic entities and also indirectly the demand for insurance are still low, whilst reforms in the framework of the EU association process are not being implemented at the expected pace. There are delays in the enactment of secondary legislation governing the insurance business.

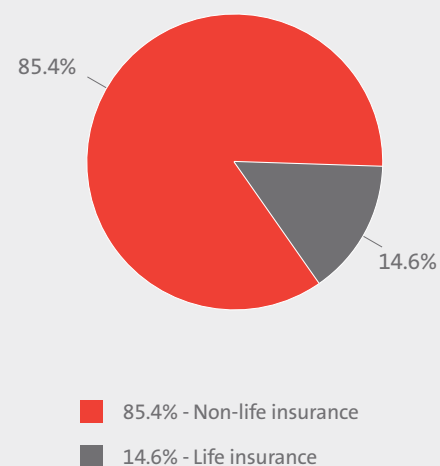
MAIN MACROECONOMIC INDICATORS FOR 2008

Population number	3.99 million
GDP in 2008 (estimate)	USD 19.36 million
GDP growth (estimate)	5.5%
GDP per capita in 2008 (estimate)	USD 4,848
Inflation rate in 2008 (estimate)	3.8%

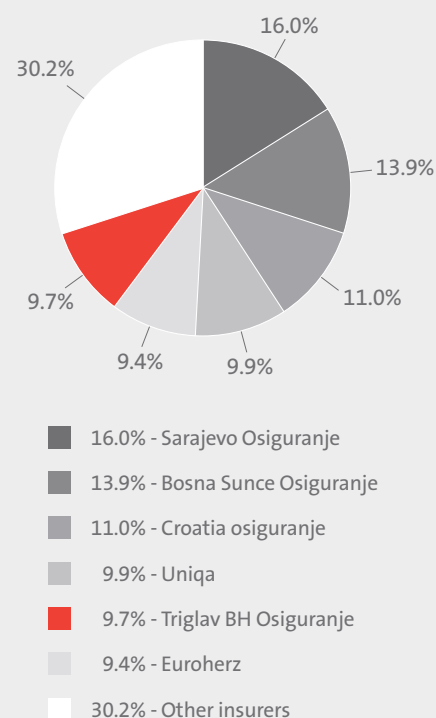
Insurance Market

In 2008, 26 insurance companies were active in Bosnia and Herzegovina, of which 15 operated in the Federation of Bosnia and Herzegovina and 11 in the Republic Srpska. According to preliminary data, written premium rose by 13% to BAM 455.2 million (convertible marks) - BAM 335.3 million in the Federation of Bosnia and Herzegovina and BAM 119.9 million in the Republic Srpska.

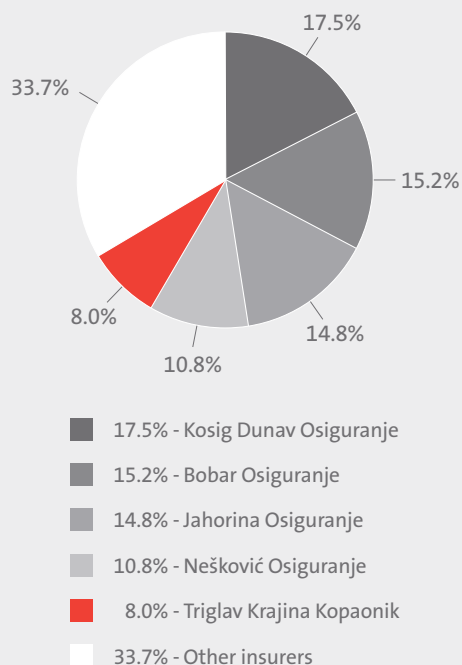
PREMIUM STRUCTURE IN THE INSURANCE MARKET OF BOSNIA AND HERZEGOVINA



MARKET SHARES IN THE INSURANCE MARKET OF THE FEDERATION OF BOSNIA AND HERZEGOVINA



MARKET SHARES IN THE REPUBLIC SRPSKA



In the structure of total gross written premium non-life insurance with 85.4% prevailed over life insurance with 14.6%.

The market of the Federation of Bosnia and Herzegovina was dominated by the following insurers: Sarajevo Osiguranje (16.0%), Bosna Sunce Osiguranje (13.9%), Croatia Osiguranje (11.0%), Uniqa (9.9%) and Triglav BH Osiguranje (9.7%).

In the Republic Srpska the largest insurance market shares were controlled by the following companies: Kosig Dunav Osiguranje (17.5%), Bobar Osiguranje (15.2%), Jahorina Osiguranje (14.8%), Nešković Osiguranje (10.8%). Triglav Krajina Kopaonik last year increased its market share to 8.0%.

8.4.4 Czech Republic

The high economic growth from 2000 to 2008 resulted from exports to other EU member states, mostly Germany, and from intense domestic and foreign investments. Economic growth will be slower in the future primarily due to higher inflation. The increasing exports by the automobile industry to EU countries lowered the balance of payments deficit to around 3.3% of GDP. Again in 2008 the Czech Koruna appreciated against the Euro, but, towards the end of the year due to the crisis it was depreciated. This could have a positive impact on Czech exports to the eurozone in the future.

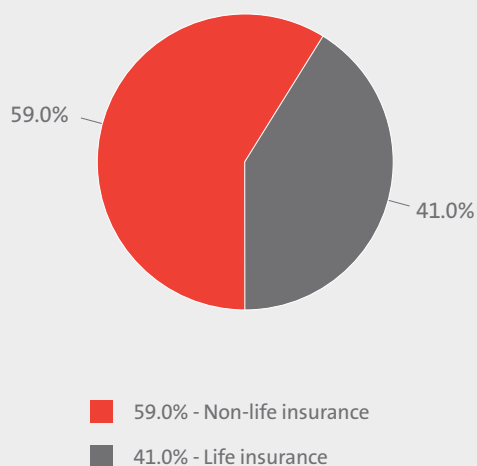
Negotiations on the reform of pension and supplementary voluntary health insurance systems continue and no final solution has been found. Further growth is set to be based on intense restructuring of the manufacturing industry, additional development of the financial sector and the effective use of European structural funds. The Czech Republic is expected to enter the eurozone in 2012.

The strong economic growth is also driving the growth of the insurance business. Such developments, however, are bringing about ever tougher competition in the insurance services market.

MAIN MACROECONOMIC INDICATORS FOR 2008

Population number	10.32 million
GDP growth (estimate)	4.0%
GDP in 2008 (estimate)	USD 217.2 billion
GDP 2008 per capita (estimate)	USD 21,040
Inflation rate (retail prices) in 2008 (estimate)	5.7%

PREMIUM STRUCTURE IN THE CZECH INSURANCE MARKET



Insurance Market

In 2008, 29 insurance companies were active on the Czech market. The total premium written by the insurance companies was CZK (Czech Koruna) 136.6 billion: 59% in non-life and 41% in life insurance. In terms of gross written premium the best performing insurers in 2008 were Česká pojišťovna (29.6% market share), Kooperativa pojišťovna (22.5% market share) and Allianz (7.2% market share). Triglav Pojišťovna achieved a 0.9% market share in the non-life insurance sector. Its written premium was considerably higher compared to 2007. Triglav Pojišťovna attracted new clients mostly thanks to increased marketing efforts, as well as by offering competitive conditions for car insurance, new products through new sales channels and by relying on good cooperation with insurance agents.

8.4.5 Montenegro

Following the extremely successful 2007, when most macroeconomic indicators were positive, Montenegro was also hit in 2008 by the global economic crisis which slowed economic activity. This is most obvious on the capital market, the banking sector, real estate and falling foreign investment. Banks drastically reduced lending with a negative impact on economic activity.

In response to negative economic trends the government adopted a series of laws and prevention measures in order to protect the banking sector, provide for the liquidity and solvency of banks and protect retail and corporate deposits.

The rise of the inflation rate from 3.4% in 2007 to 8.9% in 2008 was caused by external factors, the government's decision on harmonising the prices of electricity and telecommunication services and higher prices of agricultural produce due to extreme weather (drought).

Strong growth in the imports of material and equipment for capital investments and consumable goods led to a large trade deficit.

The economy of Montenegro has several weaknesses, such as the small scale of the economy and exports, weak private sector, significant portions of the economy in the grey zone, high unemployment rate, large current account deficit, high interest rates, poorly functioning judiciary and corruption.

The consequences of the economic crisis will also be felt on the insurance market. Partly because more provisions for liabilities from insurance contracts and provisions of other types will be placed with banks or invested in securities or immovable property, and partly because new developments will help reduce consumption.

MAIN MACROECONOMIC INDICATORS FOR 2008

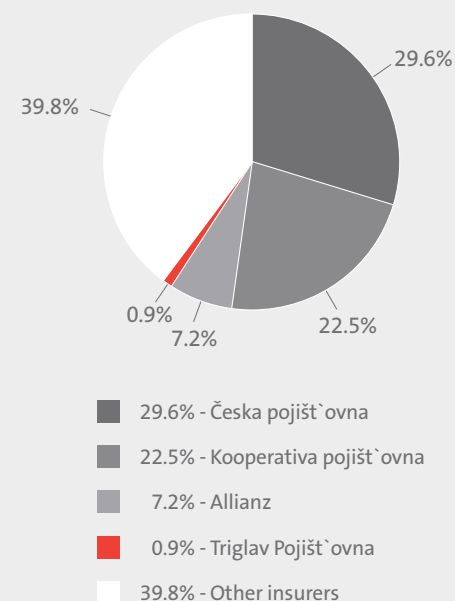
Population number	0.68 million
GDP growth in 2008 (estimate)	7.5%
GDP in 2008 (estimate)	USD 4.5 billion
GDP per capita in 2008 (estimate)	EUR 3,580
Inflation rate (retail prices) in 2008 (estimate)	8.2%

Insurance Market

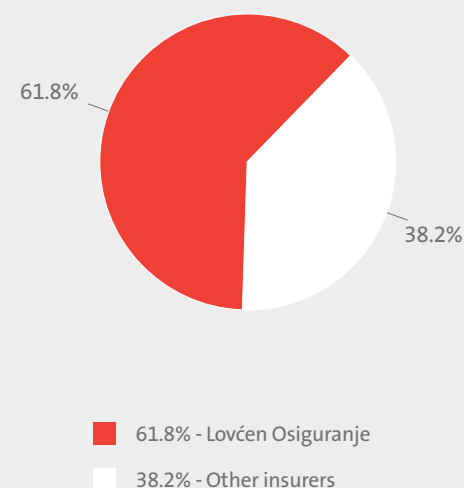
There were 10 insurance companies in the Montenegrin insurance sector in 2008: 5 composite (Lovćen Osiguranje, Montenegro Osiguranje, Grawe Osiguranje, Swiss Osiguranje, Uniqa), one non-life insurer (Delta osiguranje) and three life insurers (Delta LIFE, Atlas LIFE, Merkur).

Lovćen osiguranje controlled 61.8% of the market in 2008. In non-life insurance the most attractive products were the insurance of immovable property owned by citizens and small enterprises. The process of privatising socially-owned homes has been completed and many households own the homes they occupy. However, the majority of these are not insured. The situation with SMEs is similar, as there is still a great lack of insurance culture in this sector. In the future, development can also be expected in capital insurance, which has been hindered in the past by the high inflation rate and in 2008, again, there was no interest for life insurance either.

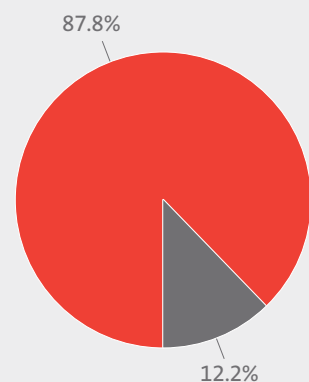
MARKET SHARES IN THE CZECH INSURANCE MARKET



MARKET SHARES IN THE MONTENEGRO INSURANCE MARKET

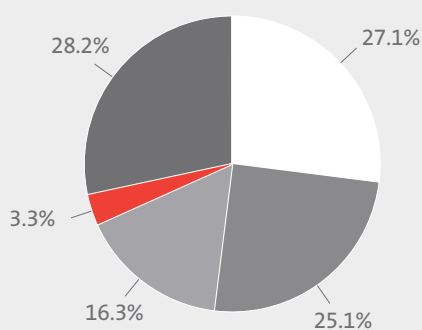


PREMIUM STRUCTURE IN THE SERBIAN INSURANCE MARKET



- 87.8% - Non-life insurance
- 12.2% - Life insurance

MARKET SHARES IN THE SERBIAN INSURANCE MARKET



- 28.2% - Dunav
- 25.1% - DDOR
- 16.3% - Delta Generali
- 3.3% - Triglav Kopaonik
- 27.1% - Other insurers

8.4.6 Serbia

The economy is being further stabilised and developed alongside with the moderate restructuring of institutions and economic entities. Despite that the level of economic development is still relatively low. Among the country's major economic goals are relative price stability and a budgetary balance - via structural reforms, harmonising the national legislation with the legal order of the EU, speeding up privatisation and attracting foreign direct investment. The main goals of Serbia's economic policy include getting closer to the EU as well as other European and international organisations.

MAIN MACROECONOMIC INDICATORS FOR 2008

Population number	7.37 million
GDP in 2008	USD 52.2 billion
GDP growth (estimate)	6.0%
GDP per capita in 2008 (estimate)	USD 7,054
Inflation rate in 2008 (estimate)	8.6%

Insurance Market

Total written premium rose by 16.5% compared to the year before and reached RSD 52.2 billion (Serbian dinars). There are 22 insurers on the market and foreign companies have a controlling stake in 16 of them, whilst the largest insurance company, Dunav, is the only one remaining in state hands. The market concentration is still high, since most of it is controlled by Dunav and DDOR (53.3%). The latter was sold towards the end 2007 to the Italian insurance company Fondiaria SAI.

In total written premium, the share of non-life insurance (87.8%) slightly decreased at the expense of life insurance (12.2%). Compared to the previous year the share of life insurance was lower in nominal terms, partly due to the fact that voluntary pension insurance premium was transferred to newly established voluntary pension funds.

The largest portion of premium earned in 2008 came from motor liability insurance (31.7%), which was far stronger than any other non-life class (together accounting for 24.6%). This was followed by comprehensive motor vehicle insurance (16.2%) and life insurance products (12.2%).

The prevailing share of the market is controlled by Dunav which holds 28.2%, followed by DDOR with 25.1% and Delta Generali with 16.3%. Zavarovalnica Triglav Kopaonik reached a 3.3% market share in 2008. The life insurance market is principally controlled by insurers which are mostly foreign owned (and which report above-average premium growth rates: Generali, Unica, Grawe, Wiener Staedtische, and the incoming Merkur and Basler).

The bigger volume of sales and the quality of marketing was also achieved thanks to banks which participated in the sales of insurance (four banks have already been granted licences to act as insurance company agents). Licences for acting as insurance brokers or agents were granted to 50 legal entities and over 5,000 natural persons.

8.4.7 Former Yugoslav Republic of Macedonia

Macedonia became an EU candidate country in December 2005. It has not yet started accession negotiations with the EU and no data for their beginning has been set yet. Negotiation prospects are negatively influenced by a dispute with Greece over the name of the state of Macedonia. On these grounds Greece blocked Macedonia's membership in NATO in April 2008.

The government and governmental institutions are striving to establish an economic and political climate which will favour foreign investments. This is reflected in robust economic growth, which places Macedonia among countries with high potential for economic growth and development. On the other hand the presence of the Albanian minority makes it a country with considerable political risks.

Structural unemployment is high (34.5%), large portions of the economy (40% according to some estimates) are in the grey zone and the country is plagued by a strong trade deficit. However, thanks to an effective taxation policy with a 10% corporate tax, the number of newly established companies is quickly growing in Macedonia.

MAIN MACROECONOMIC INDICATORS FOR 2008

Population number	2.06 million
GDP in 2008	USD 4.51 billion
GDP growth (estimate)	5.0%
Inflation rate (retail prices) in 2008 (estimate)	4.1%

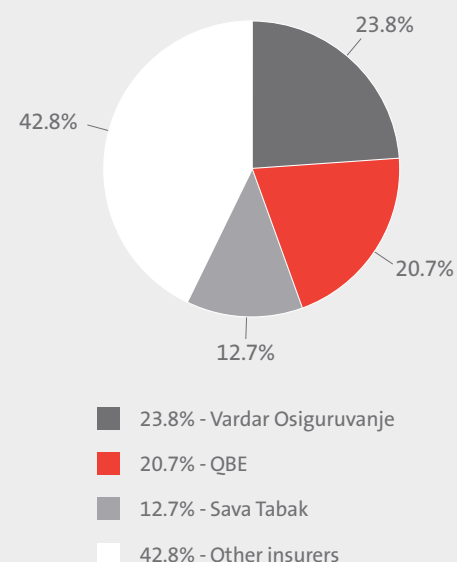
Insurance Market

Insurance activities were carried out by 12 companies, 10 of which offer non-life and 2 companies offer life insurance products. On 1 January, 2009 another two non-life insurance specialists opened for business. In terms of the premiums written in the first three quarters of 2009 the best performing insurers in the non-life insurance sector were: **Vardar osiguruvanje** (23.8%), QBE (20.7%) and Sava Tabak (12.7%).

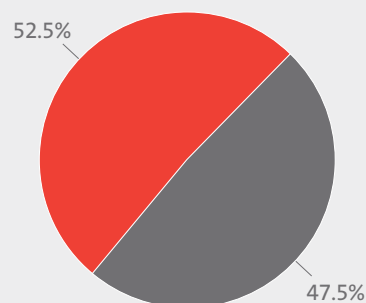
A law was adopted in early 2008 requiring all insurance companies to raise their equity to EUR 3,000,000. The Insurance Supervision Agency should have commenced operations a year earlier in place of the previous supervisory body, the Ministry of Finance. However, by the end of 2008 the Insurance Supervision Agency was still not in place.

The biggest market opportunities are to be found in the areas of life, health and pension insurance. The non-life insurance market is also promising, especially in the fields of professional liability insurance, credit insurance, assistance insurance and legal expense insurance.

MARKET SHARES IN THE MACEDONIAN
NON-LIFE INSURANCE MARKET



PREMIUM STRUCTURE IN THE SLOVAK INSURANCE MARKET



- 52.5% - Life insurance
- 47.5% - Non-life insurance

8.4.8 Slovakia

On 1 January, 2009 Slovakia adopted the Euro as its only legal tender. Membership in the European Union provides stability and rapid development to Slovakia. The country boasts one of the fastest growing economies in the European Union. Slovakia is export-oriented and manufactures goods with high added value such as automobiles and electronic equipment. Slovakia's economic development is mostly based on demand from Western European countries.

MAIN MACROECONOMIC INDICATORS FOR 2008

Population number	5.41 million
GDP in 2008	USD 100.57 billion
GDP growth (estimate)	7.4%
GDP per capita in 2008 (estimate)	USD 18,585
Inflation rate (retail prices) in 2008 (estimate)	4.1%

Insurance Market

The market is well developed, open and strongly competitive since there are 22 insurance companies involved. Total written premium in 2008 was SKK 63.5 billion, of which 52.5% was in life insurance and 47.5% in the non-life insurance sector. The strongest company in terms of gross written premium is Allianz with a 31.3% market share, followed by Kooperativa with a 21.9% market share. The remaining insurance companies have smaller market shares.

9. PERFORMANCE OF THE TRIGLAV GROUP IN 2008

9.1 GROSS WRITTEN PREMIUM FOR INSURANCE AND CO-INSURANCE CONTRACTS IN 2008

In 2008, the Triglav Group posted a total of EUR 1,024.5 million in consolidated gross insurance and co-insurance premium or 12% more than the year before. The Group earned EUR 718.4 million in gross written premium (index 115), in **non-life insurance**, EUR 246.7 million (index 103) in **life insurance** and EUR 59.3 million (index 115) in **health insurance**.

In 2008 the Triglav Group posted EUR 1,024.5 million in consolidated gross written insurance and co-insurance premium or 12% more than the year before.

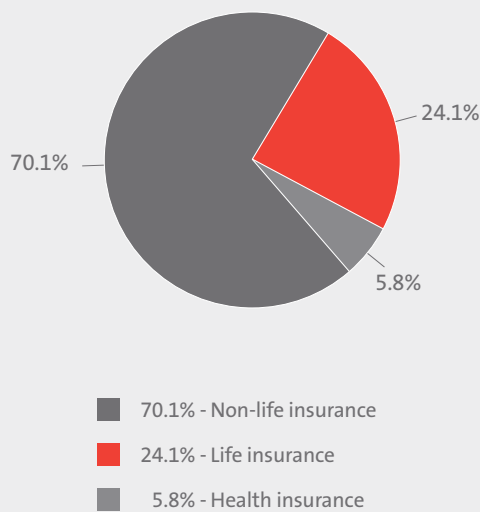
In consolidated written premium achieved in 2008, non-life insurance accounts for 70.1%, life insurance for 24.1% and health insurance for 5.8%.

Triglav Group members (excluding Triglav Re) booked EUR 995.8 million in non-consolidated gross insurance and co-insurance premium. Total gross written insurance and coinsurance premium by Triglav Group insurance companies thus increased revenues by 11% in nominal terms over the preceding year. Written premium rose by 6% in Zavarovalnica Triglav, 15% in Triglav Zdravstvena zavarovalnica, 2% in Triglav Osiguranje, 10% in Triglav BH Osiguranje, 45% in Triglav Pojišt'ovna, 8% in Lovćen Osiguranje and 47% in Triglav Kopaonik. Triglav Krajina Kopaonik a.d. and Vardar osiguranje a.d. joined the Triglav Group in late 2007, which is why their written premium growth for 2008 is not disclosed.

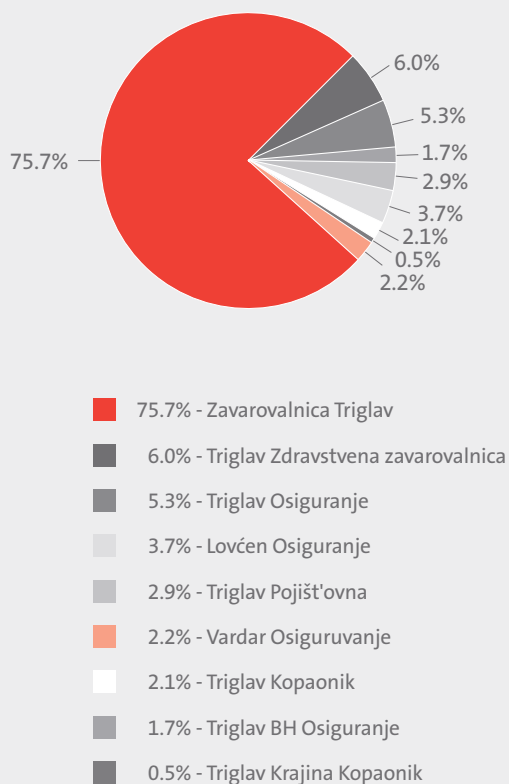
GROSS WRITTEN PREMIUM FOR INSURANCE AND CO-INSURANCE CONTRACTS PER MEMBER OF THE TRIGLAV GROUP IN 2008

INSURANCE COMPANY	IN EUR							AS A% 2008
	GROSS WRITTEN PREMIUM FOR 2008			INDEX				
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL		
1 Zavarovalnica Triglav	521,837,129	232,100,259	753,937,388	108	103	106	75.7%	
2 Triglav Zdravstvena zavarovalnica	59,287,335	0	59,287,335	115		115	6.0%	
3 Triglav Osiguranje	41,125,195	11,181,766	52,306,960	101	104	102	5.3%	
4 Triglav BH Osiguranje	15,120,355	1,526,923	16,647,279	108	126	110	1.7%	
5 Triglav Pojišt'ovna	28,440,832	0	28,440,832	145		145	2.9%	
6 Lovćen Osiguranje	35,633,986	1,474,600	37,108,586	111	73	108	3.7%	
7 Triglav Kopaonik	20,572,954	432,099	21,005,054	147	142	147	2.1%	
8 Triglav Krajina Kopaonik	4,931,208	0	4,931,208				0.5%	
9 Vardar Osiguranje	22,176,391	0	22,176,391				2.2%	
INSURANCE COMPANY TOTAL	749,125,385	246,715,647	995,841,032	114	103	111	100.0%	
10 Pozavarovalnica Triglav Re	106,839,882	154,236	106,994,118	122	86	122		
Consolidation eliminations	-78,229,304	-154,236	-78,383,540					
TOTAL	777,735,963	246,715,647	1,024,451,610	115	103	112		

GROSS WRITTEN PREMIUM - STRUCTURE



GROSS WRITTEN PREMIUM BY INSURANCE COMPANY IN THE TRIGLAV GROUP



9.1.1 Non-life insurance

In total, Triglav Group insurance companies charged EUR 749.1 million of unconsolidated insurance and co-insurance premium from non-life insurance contracts in 2008 which is a 14-percent nominal increase on the same period of the year before.

Once again in 2008, the strongest class in non-life insurance was **motor vehicle insurance**, a segment to which the Triglav group pays its greatest attention. The share of motor vehicle insurance in total premium charged was 39.8%. In this insurance class a considerable increase was seen in the premium from **comprehensive motor vehicle insurance** (index 119). This high growth was mainly thanks to the good sales of Zavarovalnica Triglav motor vehicle insurance package renewals in 2008 (almost 550,000 in 2008 or 30,000 more than in 2007). The attractiveness of the new range of packages was proven by sales results - just under 13,000 clients chose one of these. The high increase in the Group's comprehensive motor vehicle insurance was not only due to the results of Zavarovalnica Triglav, but also of Lovćen Osiguranje, Triglav BH Osiguranje, Triglav Kopaonik and Triglav Pojišt'ovna. The increase in premium is the outcome of the intense marketing of these insurance classes, links with finance brokers (leasing companies) and the cooperation with companies performing roadworthiness tests. **Motor third party liability insurance** results were also good; Triglav Group members achieved EUR 259.9 million of written premium in 2008, which represents a growth rate of 15%. All the Triglav Group insurance companies contributed to this growth.

A high 16% growth in written premium was also recorded in **health insurance**. This was mainly the achievement of Triglav zdravstvena zavarovalnica, which in 2008 carried three insurance products:

- supplementary voluntary health insurance (ZZ11);
- insurance for health-resort treatment of injuries (ZZ69) and
- accident insurance (NZ11).

The increased portfolio of Triglav zdravstvena zavarovalnica resulted in higher gross written premium, which totalled 59.3 million in 2008. It recorded growth in all segments – in 2008 it gained over 26,000 new policies, so that by the end of the year their number grew to more than 243,000.

At the beginning of 2008, Triglav Zdravstvena zavarovalnica had 225,506 insurance contracts and by the end of the year the number had risen to 243,012. In total there were 25,556 voluntary health insurance policies, 651 health-resort treatment insurance policies and 26 accident insurance policies. The increased portfolio number resulted in higher gross written premium, which totalled 59.3 million in 2008.

Within **proper non-life insurance class** (fire and natural forces insurance and other damage to property insurance) a 15% nominal growth was recorded in 2008. The other damage to property insurance class experienced a 23% growth or EUR 82.2 million in nominal terms in 2008. Within the fire and natural forces insurance class the nominal growth rate was 5%. Some sales results were better than others, primarily due to the introduction of DOM package insurance products launched by Zavarovalnica Triglav in late 2007. Just over 37,000 of these house insurance products were sold in total in 2008.

The next best performing class by value of gross written premium is accident insurance, which grew by 7% in nominal terms and represented 6.4% of total premium earned in 2008. The premium for **general liability insurance** grew even faster (index 111). This was helped by an active marketing policy as well as the growing demand for such products triggered by the awareness of natural persons and legal entities of their exposure in this field.

As a result of a greater number of new insurance policies and higher interest rates, which in turn raised premium calculation basis, **credit insurance premium** rose as well (accounting for 2.3% of total insurance). Despite the financial crisis and reduced retail borrowing, the annual growth rate of credit insurance was 6% in nominal terms.

Other classes of non-life insurance (railway insurance, aircraft insurance, marine insurance, goods in transit insurance, aircraft liability insurance, marine liability insurance, surtyship insurance, miscellaneous financial loss insurance, legal expense insurance and assistance insurance) grew by 14% in 2008. Assistance insurance contributed the most to this high growth rate, with motor vehicle and travel assistance insurance products in the lead. Aircraft insurance experienced a nominal growth, thanks to contracts with new air carriers.

9.1.2 Life insurance

In total, Triglav Group insurance companies charged EUR 246.7 million in unconsolidated written premium from life insurance contracts in 2008, which represents a 3% nominal increase on 2007. Life insurance represented 24.8% of the 2008 total combined gross written premium of the Triglav Group.

The premium generated by **unit-linked life insurance** totalled EUR 107.8 million or 43.7% of gross written premium in the life insurance class. Apart from Zavarovalnica Triglav, unit-linked life insurance is also available from Osiguranje, which achieved a high premium growth of 29% in 2008, mainly through its own sales network and agencies.

Premium from **life insurance** earned by the Group amounted to EUR 111.2 million or 45.1% of total premium, whilst the remaining EUR 27.7 million (or 11.2% of total premium) was accounted for by **supplementary voluntary pension insurance** (capital redemption insurance). The latter rose by 68% compared to 2007 owing to the transfer of funds from the Skupna pokojninska družba pension scheme to that of Zavarovalnica Triglav.

GROSS WRITTEN PREMIUM FOR INSURANCE AND CO-INSURANCE CONTRACTS OF THE TRIGLAV GROUP (EXCLUDING POZAVAROVALNICA TRIGLAV RE) AND GROWTH INDEXES IN 2008 PER INSURANCE CLASS

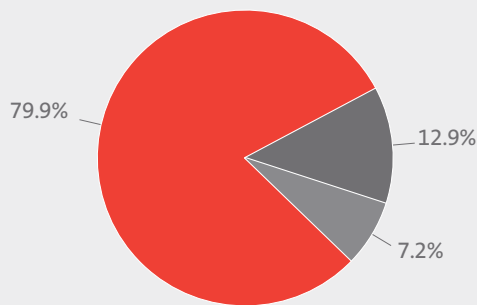
INSURANCE CLASS	IN EUR		INDEX	STRUCTURE IN 2008
	GROSS WRITTEN PREMIUM			
	2008	2007		
1 Accident insurance	64,195,013	59,772,124	107	6.4%
2 Health insurance	60,752,330	52,528,383	116	6.1%
3 Comprehensive motor vehicle insurance	136,755,664	115,024,687	119	13.7%
4 Property insurance	144,586,149	126,113,171	115	14.5%
5 Motor liability insurance	259,949,532	226,614,971	115	26.1%
6 General liability insurance	35,606,504	32,025,601	111	3.6%
7 Credit insurance	22,457,800	21,209,096	106	2.3%
8 Other non-life insurance	24,822,393	21,684,666	114	2.5%
TOTAL NON-LIFE INSURANCE	749,125,385	654,972,700	114	75.2%
9 Life insurance	111,202,031	116,232,976	96	11.2%
10 Unit-linked life insurance	107,827,987	106,792,820	101	10.8%
11 Capital redemption insurance	27,685,630	16,469,490	168	2.8%
TOTAL LIFE INSURANCE	246,715,647	239,495,287	103	24.8%
TOTAL	995,841,032	894,467,987	111	100.0%

9.1.3 Gross written reinsurance premium for Pozavarovalnica Triglav Re in 2008

Pozavarovalnica Triglav Re booked a total of EUR 107.0 million in gross reinsurance premium in 2008; 22% more than the year before. The growth is based on a 36% higher gross reinsurance premium booked by foreign cedants and retrocedants.

Pursuing its long-term business objectives, Pozavarovalnica Triglav Re consolidated its presence on foreign reinsurance markets in 2008. The written reinsurance premium in 2008, excluding transactions with the Zavarovalnica Triglav parent company, reached 40.3% of total gross written premium

STRUCTURE OF GROSS CLAIMS PAID



- 79.9% - Non-life insurance
- 12.9% - Life insurance
- 7.2% - Health insurance

(reinsurance premium booked in 2007 by all cedants except Zavarovalnica Triglav accounted for 37.5%). Pozavarovalnica Triglav Re strengthened its presence in both European and South Asian markets during the year.

The total gross written premium from transactions with Zavarovalnica Triglav in 2008 increased by 31.4% to EUR 43.1 million. This increase was primarily generated by the reinsurance of fire insurance, other non-life insurance, third-party liability insurance and comprehensive motor vehicle insurance.

Pozavarovalnica Triglav Re worked towards gaining more ground in the emerging markets of Central and South-East Europe, the Middle East and in Asia in 2008. For this reason, it decided on a proactive approach to cedants and closer cooperation with leading global reinsurance agents (Aon, Willis, Guy Carpenter) who are particularly active in those parts of the world.

In terms of size, the premium earned on transactions with Zavarovalnica Triglav remains the most important for Pozavarovalnica Triglav Re on the Slovene market, although the share arising from Zavarovalnica Triglav is falling year on year in terms of overall premium. Reinsurance transactions with the parent company represented 59.7% of gross written premium in 2008, which is 2.8 percentage points less than in 2007.

The role of Pozavarovalnica Triglav Re in the optimisation of reinsurance range of the Triglav Group is becoming increasingly important. Further consolidation of programmes offers better and, even more importantly, more advantageous reinsurance coverage for all the insurance companies within the Group.

9.2 GROSS CLAIMS PAID IN 2008

The Triglav Group posted a total of EUR 618.0 million in non-consolidated gross claims during 2008, 24% more than in 2007. Gross claims grew by 12 percentage points more than written premium. In **non-life insurance** the Triglav Group recorded EUR 493.9 million (index 128), in **life insurance** EUR 79.9 million (index 107) and, in **health insurance** EUR 44.2 million (index 117) of gross claims.

Excluding Pozavarovalnica Triglav Re, the Triglav Group posted EUR 600.6 million of non-consolidated gross claims from 1 January to 31 December, 2008 representing an increase in claims of 23% over the preceding year.

GROSS CLAIMS PAID IN 2008 BY INSURANCE COMPANY OF THE TRIGLAV GROUP

INSURANCE COMPANY	IN EUR							AS A% 2008
	GROSS CLAIMS PAID IN 2008			INDEX				
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL		
1 Zavarovalnica Triglav	388,803,691	76,060,327	464,864,019	122	108	120	77.4%	
2 Triglav Zdravstvena zavarovalnica	44,166,696	0	44,166,696	117		117	7.4%	
3 Triglav Osiguranje	27,143,361	3,277,072	30,420,433	120	93	117	5.1%	
4 Triglav BH Osiguranje	7,069,632	23,399	7,093,031	115	116	115	1.2%	
5 Triglav Pojišt'ovna	11,837,168	0	11,837,168	145		145	2.0%	
6 Lovćen Osiguranje	17,586,967	425,639	18,012,606	113	149	113	3.0%	
7 Triglav Kopaonik	5,196,358	150,744	5,347,102	128	113	127	0.9%	
8 Triglav Krajina Kopaonik	1,813,319	0	1,813,319				0.3%	
9 Vardar Osiguruvanje	17,009,771	0	17,009,771				2.8%	
INSURANCE COMPANY TOTAL	520,626,964	79,937,182	600,564,145	126	107	123	100.0%	
10 Pozavarovalnica Triglav Re	85,617,668	68,124	85,685,792	192	55	191		
Consolidation eliminations	-68,217,297	-68,125	-68,285,421					
TOTAL	538,027,335	79,937,181	617,964,516	127	107	124		

9.2.1 Non-life insurance

Triglav Group members settled EUR 520.6 million in gross claims from **non-life insurance** contracts in 2008. This represents a 26% increase on the preceding year. Heavy hail storms which raged over most of Slovenia were predominant among loss events. Three multiple loss events in July and August resulted in 35,000 claim notifications.

A high increase in gross claims of 62% was recorded in **proper non-life insurance**. In this class total claims paid amounted to EUR 135.6 million in 2008. The majority of these claims arose from multiple losses caused by storms and hail which occurred in Slovenia during the summer. Consequently, proper non-life insurance involved over 23,000 claim notifications due to summer storms. Most of the claims due to storms and hail related to the insurance of housing and business premises, fruit, vineyards, hops and field crops. In addition to the multiple loss events in 2008, non-life insurance claims involved some individual claims as well.

In **comprehensive motor vehicle insurance**, the Triglav Group recorded a 33% growth of gross claim settlements in 2008. Gross claims paid amounted to EUR 118.8 million, which was 19.8% of all claims paid in 2008. The increase in claims was mostly the result of multiple loss events caused by storms in Slovenia, which equalled some 12,000 individual loss events in this class. Claim settlement amounts also rose because of high vehicle repair costs (car makers putting more emphasis on passive safety, more expensive spare parts, higher service costs).

Claims related to **motor third party liability insurance** represented 23.3% of total gross claims paid by the Triglav Group. In this insurance class, total claims met amounted to EUR 139.9 million or 14% more than in 2007. The lowest growth of claims was posted by Zavarovalnica Triglav, due in part to the changed road traffic safety legislation in Slovenia and higher fines for traffic offences. As in the past, the changed legislation again helped decrease the amount of claims met by Zavarovalnica Triglav. Contrary to the situation in Slovenia, other members of the Group recorded high claim growth rates, mostly Triglav Pojišt'ovna, Triglav BH Osiguranje and Lovćen Osiguranje.

A 16% growth rate in **health insurance** claims is primarily due to the expansion of the Triglav Zdravstvena zavarovalnica portfolio and partly due to medical inflation, which decreases health service prices.

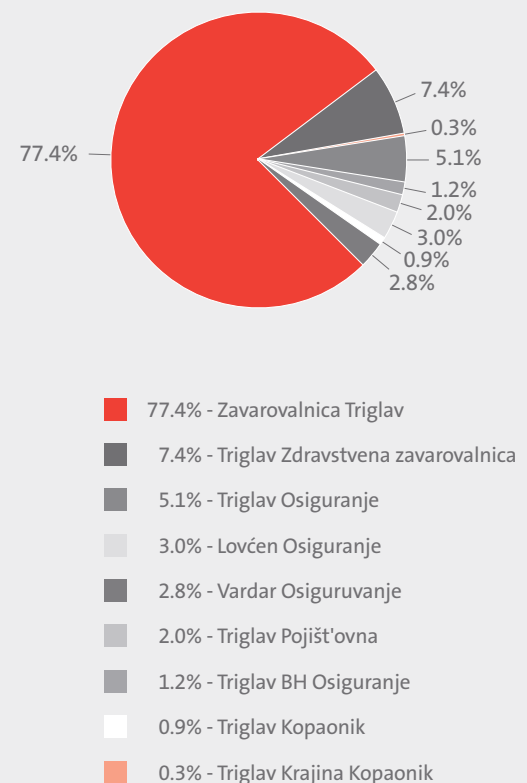
In order to improve the performance of **general liability insurance** by Zavarovalnica Triglav, new general terms and conditions of insurance were prepared for this insurance class. The general terms and conditions for professional liability insurance were completely recast in 2008. In the past year, the Triglav Group also paid more attention to insurance contracts with a no claims benefit as well as prepared guidelines for the assumption of individual risk by insured persons with poor loss histories. The new guidelines and new approaches showed their first results in 2008, since gross claims paid for this insurance class grew by no more than 5%.

Gross claims from **credit insurance** products rose in 2008 by 4% on 2007. Credit insurance developments greatly depend on the financial crisis, which will also lead to higher claims in this insurance class in the future. The performance of credit insurance products will, to a large extent, be influenced by increasing unemployment, a lower standard of living, the availability of credit, and interest rate growth. The recently introduced personal bankruptcy option will influence claims in general as well as the recovery of subrogated claims.

A low gross claims growth rate was also recorded in **accident insurance** (index 105). This was mostly owing to considerably lower claim settlement amounts from collective accident insurance, accident insurance of children and school-goers and accident insurance of drivers and passengers.

In the **other non-life insurance** class, claims increased by 4% in 2008 compared to the previous year.

GROSS CLAIMS PAID BY
INSURANCE COMPANY IN THE TRIGLAV GROUP



9.2.2 Life insurance

Triglav Group members settled EUR 79.9 million of non-consolidated gross claims from **life insurance contracts** in 2008, 7% more than in 2007. Life insurance claims represented 13.3% of total claims met.

The **life insurance class**, with EUR 68.2 million worth of claims (life assurance, annuity insurance, voluntary pension insurance), accounted for the bulk and was 2% higher than in 2007. The amount of claims paid experienced the highest growth in **unit-linked life insurance** (index 155) owing to a higher number of policy loans and surrendered insurance policies. In claims from **supplementary voluntary health insurance** the growth index was 128.

GROSS CLAIMS PAID BY MEMBERS OF THE TRIGLAV GROUP (EXCLUDING POZAVAROVALNICA TRIGLAV RE) AND GROWTH INDICES IN 2008 BY INSURANCE CLASS

INSURANCE CLASS	IN EUR			
	GROSS CLAIMS PAID		INDEX	STRUCTURE IN 2008
	2008	2007		
1 Accident insurance	31,979,711	30,378,710	105	5.3%
2 Health insurance	44,443,627	38,236,996	116	7.4%
3 Comprehensive motor vehicle insurance	118,838,359	89,623,936	133	19.8%
4 Property insurance	135,620,110	83,638,354	162	22.6%
5 Motor liability insurance	139,839,514	122,382,172	114	23.3%
6 General liability insurance	26,624,103	25,301,838	105	4.4%
7 Credit insurance	14,148,988	13,539,740	104	2.4%
8 Other non-life insurance	9,132,550	8,767,432	104	1.5%
TOTAL NON-LIFE INSURANCE	520,626,964	411,869,179	126	86.7%
9 Life insurance	68,153,962	66,621,612	102	11.3%
10 Unit-linked life insurance	9,787,937	6,326,876	155	1.6%
11 Capital redemption insurance	1,995,283	1,561,289	128	0.3%
TOTAL LIFE INSURANCE	79,937,182	74,509,777	107	13.3%
TOTAL	600,564,145	486,378,956	123	100.0%

9.2.3 Gross claims paid by Pozavarovalnica Triglav Re from reinsurance contracts in 2008

Pozavarovalnica Triglav Re met EUR 85.7 million worth of reinsurance claims, which is 91% more than in 2007. The average increase of 225% was recorded mainly in transactions with Zavarovalnica Triglav and is explained by the catastrophe claims caused by summer storms. On the other hand, claims from operations with cedants abroad rose by 36% compared to the previous year, which is proportional to the overall growth of these operations. The outstanding loss among the natural disasters, estimated at EUR 0.56 million, was caused by Windstorm Emma which hit hardest in Germany and Austria in early 2008.

The Slovene portfolio of Pozavarovalnica Triglav Re featured three major loss events caused by hail storms in the central and North-East parts of Slovenia in July and August of 2008. Because of the scale of the loss, Pozavarovalnica Triglav Re used retention non-proportional protection against catastrophe risk three times, in particular excess of loss over the aggregate priority of the ceding insurer and the reinsurer. Moreover, these events negatively affect the loss result from the reinsurance of annual claim surplus arising from crop and fruit insurance.

9.3 GROSS OPERATING COSTS IN 2008

Total consolidated gross operating costs of the Triglav Group reached EUR 298.8 million in 2008 which represented an 11% increase over the preceding year. Gross operating costs of **non-life insurance** in 2008 came to EUR 183.4 million (index 118) while in the **life-insurance** segment they amounted to EUR 45.4 million (index 103). In **health insurance** they totalled EUR 8.7 million (index 104) and in **non-insurance activities** they were EUR 61.2 million (index 99).

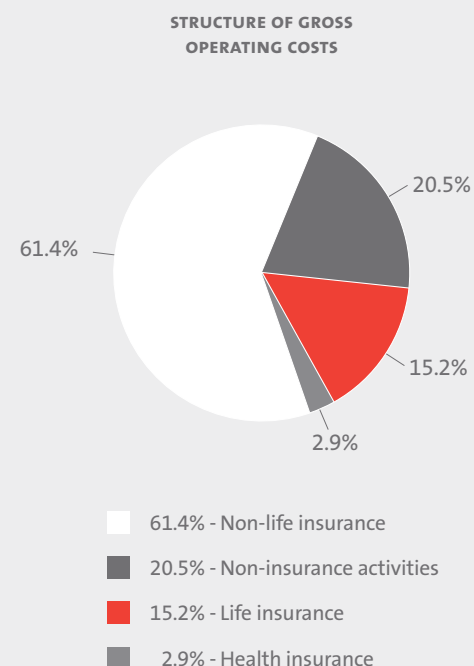
Acquisition costs (fees and charges) totalled EUR 34.5 million and increased by 8% over the preceding year. The costs of the acquisition of goods sold amounted to EUR 33.7 million (index 95), while depreciation costs increased 22% over the year before to EUR 13.3 million. The largest portion (45.5 percent) of total costs was labour costs of EUR 138.5 million - an increase of 10% over the preceding year. Costs of services provided by natural persons totalled EUR 3.6 million, representing an increase of 3% on the year before. Other operating costs climbed to EUR 80.7 million and were 17% higher.

Total insurance business gross operating costs reached EUR 237.6 million and were 14% higher compared to 2007. The increase of insurance business operating costs was 2 percentage points higher than the growth of gross written premium. This means that the share of insurance business operating costs in gross written premium was 0.5 of a percentage point above the figure of 2007 and equalled 23.2%.

In total gross operating expenses broken down by functional groups, costs of insurance contract acquisition accounted for 56.8%, followed by 10.8% in assessment costs, 1.5% in expenses arising from asset management, while other operating expenses represented 30.9% of the total.

GROSS OPERATING COSTS BY NATURE IN 2008

	IN EUR		
	2008	2007	INDEX
1. Acquisition costs (fees and charges)	34,467,044	31,978,726	108
2. Changes in accrued acquisition costs	0	-652,521	
3. Cost of goods sold	33,727,155	35,386,631	95
4. Depreciation of operating assets	13,325,433	10,930,793	122
5. Labour costs	138,487,420	125,902,092	110
- wages and salaries	97,431,480	86,310,690	113
- social security and pension insurance costs	23,589,447	23,380,162	101
- other labour costs	17,466,492	16,211,240	108
6. Costs of services provided by natural persons other than SPs together with pertaining taxes	3,647,809	3,545,832	103
7. Other operating costs	80,715,044	68,807,925	117
- costs of entertainment, advertising, trade shows	15,408,634	13,552,932	114
- costs of material and energy	9,853,081	8,872,450	111
- maintenance costs	6,910,852	5,564,552	124
- reimbursement of labour-related costs	5,349,068	5,247,633	102
- costs of intellectual and personal services	3,768,480	2,931,037	129
- membership fees and charges	3,388,693	2,749,588	123
- costs of services - transport and communications	4,902,093	4,158,632	118
- costs for insurance premiums	1,581,305	1,288,307	123
- payment transaction and banking services costs	3,850,332	3,504,138	110
- rents	6,455,630	5,381,900	120
- costs of services of professional training	938,232	447,439	210
- other costs of services	18,308,644	15,109,317	121
TOTAL OPERATING COSTS	304,369,905	275,899,478	110
Consolidation eliminations	-5,615,672	-6,278,260	89
TOTAL OPERATING COSTS	298,754,233	269,621,218	111



9.4 RISK EQUALISATION IN 2008

In 2008, the Triglav Group equalised more than 94% of risks at the Group level. Within the Group's equalisation capacities, losses were covered by the current inflow of technical premium by insurance class and allocated Insurance contract liabilities. The Triglav Group was able to adequately equalise risks that exceeded its own equalisation capabilities by reinsurance and, to a lesser extent, by co-insurance arrangements.

9.4.1 Insurance contract liabilities

Insurance contract liabilities are the basis for balanced operations and ensure the long-term safety of our insured parties. On the last day of 2008 the Group allocated EUR 1,904.6 million to gross insurance contract liabilities. The total amount of gross liabilities increased by 5% compared to 2007. Gross insurance contract liabilities were 86% higher than total gross written premium earned in 2008.

Growth by provision type:

- Gross unearned premiums rose by 10% compared to the end of 2007 and reached EUR 290.8 million as at 31 December, 2008. Unearned premium from non-life insurance totalled EUR 289.7 million (index 110) and EUR 1.1 million from life insurance. In comparison to the preceding year, the latter was 10% lower.
- gross claims provisions increased by 9% and as at 31 December, 2008 amounted to EUR 662.7 million. Claims provisions from non-life insurance totalled EUR 641.9 million (index 109) and those from life insurance amounted to EUR 20.9 million (index 105).
- As at the end of 2008, mathematical provisions stood at EUR 913.4 million, unchanged compared to the end of 2007. Of the total amount of mathematical provisions, EUR 570.5 million was in the life insurance business fund, EUR 123.2 million in the SVPI long-term business fund and EUR 219.7 million in the unit-linked life insurance business fund.
- Compared to the end of 2007 provisions for bonuses and rebates rose by 4% to EUR 18.2 million as at 31 December, 2008.
- Other Insurance contract liabilities as at 31 December, 2008 stood at EUR 19.4 million. In comparison to the last day of 2007 they increased by 32%.

INSURANCE CONTRACT LIABILITIES AS AT 31 DECEMBER, 2008

	IN EUR		
	GROSS INSURANCE CONTRACT LIABILITIES		INDEX
	31 DECEMBER, 2008	31 DECEMBER, 2007	
Unearned premium	290,767,791	263,415,522	110
Mathematical provisions	913,406,897	909,435,857	100
Claims provisions	662,746,170	609,486,524	109
Provisions for bonuses and rebates	18,240,094	17,597,554	104
Other Insurance contract liabilities	19,411,032	14,686,293	132
INSURANCE CONTRACT LIABILITIES	1,904,571,984	1,814,621,750	105

9.4.2 Reinsurance

The Triglav Group allocated EUR 64.5 million of reinsurance and coinsurance premium to external equalisation in 2008, which was 26% more than in 2007. Reinsurance premium accounts for 6.3% of total gross written premium. The change in gross premium reserves related to reinsurance portion amounted to EUR 0.9 million, which was 29% less than one year earlier. An amount of EUR 55.7 million was received from reinsurance (index 257). The change in gross claims provisions for the reinsurance portion equalled EUR 14.4 million (index 233). EUR 5.9 million was received from reinsurance, which led to a positive reinsurance result for 2008 of EUR 12.3 million.

10. FINANCIAL RESULT OF THE TRIGLAV GROUP IN 2008

In spite of the financial crisis and related developments in the financial sector, the Triglav Group generated profit in the financial year 2008. This was achieved with clear risk management and conservative investment policies. Profit before tax amounted to EUR 2.3 million, which was 97% lower than profit earned in 2007, and net profit for the year was EUR 1.6 million, also 97% less than in 2007. Net profit of the Group for the year totalled EUR 3.0 million and net loss attributable to minority interests was EUR 1.4 million.

Net premium earned in 2008 amounted to EUR 941.0 million, which represented an 11% nominal growth.

The ratio between net claims incurred and net premium earned since 2007 improved by 0.7 percentage point, moving from 62.7% to 62.0%.

Triglav Group profits in 2008 were reduced by storms which hit wide segments of Slovenia several times in the summer as well as the financial crisis as the key factor in financial markets. As a result of material and long-term decreases in asset value, Zavarovalnica Triglav recognised an asset impairment loss.

Net premium earned (calculated on the basis of gross written insurance and co-insurance premiums, reduced by reinsurer shares and adjusted depending on the change in gross provisions for unearned premiums, adjusted by reinsurer shares in the provision for unearned premiums) amounted to EUR 941.0 million in 2008, meaning 11% more in nominal terms. Net income from non-life insurance premium grew by 14% while life insurance grew by 3% and health insurance by 15%. Gross written premiums for reinsurer shares were EUR 64.5 million or 26% more compared to the year before. Gross unearned premiums increased by EUR 19.9 million, representing 7% growth on 2007.

Net claims incurred (gross claim volume reduced by reinsurer and co-insurer shares and subrogation reimbursements, adjusted by reinsurer and co-insurer shares in provisions) in 2008 amounted to EUR 583.7 million and exceeded net claims incurred in 2007 by 10%. In comparison with the previous year, net claims incurred from non-life insurance increased by 9%, by 8% from life insurance and by 20% from health insurance. The reinsurer share in gross claims paid rose by 157% compared to 2007 and reached EUR 55.7 million. The increase of gross claims provisions was EUR 53.9 million, which was 31% less than in 2007. Subrogation reimbursements among claims incurred went up by 13% to EUR 21.4 million.

The ratio between net claims incurred and net premium earned improved from 2007 by 0.7 of a percentage point, moving from 62.7% to 62.0%.

Income from financial assets in 2008 reached EUR 91.4 million (index 102). The bulk of this income is interest income, which in 2008 amounted to EUR 68.3 million, followed by dividend income of EUR 12.5 million. Net fair value losses reached EUR 137.8 million and net realised losses on financial assets arising from their disposal amounted to EUR 9.9 million.

Financial expenses in 2008 grew to EUR 45.7 million with the largest portion of that amount represented by an impairment loss of EUR 35.7 million.

Receipts from investment property amounted to EUR 5.8 million and payments from investment property to EUR 3.6 million.

Fees and commission income totalled EUR 36.6 million (index 95); of which reinsurance commission accounted for EUR 6.2 million (index 47). Other income from insurance operations reached EUR 7.3 million (index 141) and other operating income EUR 54.5 million (index 85).

The increase in other liabilities from insurance and financial agreements was EUR 24.4 million (index 13). Expenses for bonuses and discounts grew by 11% to EUR 12.4 million and other expenses for insurance operations increased by 17% to EUR 53.0 million. Other operating expenses amounted to EUR 63.8 million, which represents a 27% decrease compared to the year before.

INCOME STATEMENT FOR 2008 - IN ACCORDANCE WITH IFRS

	IN EUR		
	2008	2007	INDEX
NET PREMIUM INCOME	941,032,569	847,230,636	111
1. Gross written premium	1,024,451,610	915,424,885	112
2. Re/co- insurer's share in gross written premium	-64,515,171	-51,005,847	126
3. Change in provision for unearned premium	-19,851,568	-18,520,781	107
4. Change in re/co- insurer's share of provision for unearned premium	947,698	1,332,379	71
OTHER NET INCOME	47,964,047	279,202,156	17
1. Investment income	91,365,343	89,857,958	102
2. Investment property income	5,803,361	6,568,929	88
3. Fees and commission income	36,596,027	38,409,518	95
4. Net fair value gains / (losses)	-137,764,962	47,484,053	
5. Net realised gains / (losses) on financial assets	-9,874,952	27,647,444	
6. Other insurance income	7,301,417	5,168,488	141
7. Other income	54,537,813	64,065,766	85
NET CLAIMS INCURRED	583,723,107	531,569,482	110
1. Gross claims settled	617,964,516	498,960,083	124
2. Recourse income	-21,432,255	-19,022,363	113
3. Re/co- insurer's share in gross claims settled	-55,658,365	-21,618,532	257
4. Change in gross claim provision	53,929,623	78,058,826	69
5. Change in re/co- insurer's share in gross claim provision	-14,366,180	-6,155,904	233
6. Expenses from equalisation scheme for health insurance	3,285,768	1,347,372	244
OTHER EXPENSES	411,243,975	530,304,378	78
1. Bonuses and discounts	12,388,561	11,160,425	111
2. Change in other net Insurance contract liabilities	24,376,537	192,482,652	13
3. Acquisition costs	134,953,597	122,733,462	110
4. Other operating costs	73,450,325	59,876,219	123
5. Finance costs	45,719,495	8,457,269	541
6. Investment property expense	3,616,634	3,179,247	114
7. Other expenses from insurance operations	52,953,040	45,386,957	117
8. Other expenses	63,785,786	87,028,147	73
SHARE OF PROFIT / (LOSS) OF ASSOCIATES (+/-)	8,316,494	4,460,866	186
PROFIT BEFORE TAX	2,346,028	69,019,798	3
Income tax expense	786,418	14,561,452	5
PROFIT FOR THE YEAR	1,559,610	54,458,346	3
- Profit attributable to equity holders	2,951,518	51,939,235	6
- Profit attributable to minority interests	-1,391,908	2,519,111	-55

FINANCIAL PERFORMANCE INDICATORS

	2008	2007
Ratio between gross claims paid and gross premium written	60.3%	54.5%
Ratio between net claims incurred and net premium earned	62.0%	62.7%
Portion of gross operating costs of the insurance segment in gross premium written	23.2%	22.7%
Gross written premium per employee at the insurance company * (in EUR)	220,217	223,057

* Only employees of insurance companies and the reinsurance company within the Triglav Group were taken into account.







We convince with knowledge, awareness building and safe vehicles.

We were involved in the drafting of Republika Srpska's legislation on road accident prevention, as well as participated in several prevention campaigns and safe driving courses organised in Slovenia by the Automobile Association of Slovenia (AMZS). We helped improve the quality of roadworthiness tests in Bosnia and Herzegovina and Montenegro.

11. FINANCIAL STANDING OF THE TRIGLAV GROUP IN 2008

As at 31 December, 2008 the Triglav Group had total assets worth EUR 2,696.5 million or 1% less than at the end of 2007.

The total value of equity as at 31 December, 2008 amounted to EUR 572.0 million and was 16% lower than the year before. Equity accounted for 16% of total assets, after it dropped by 3.5% from 23.1% to 19.5%. Equity attributable to equity holders of the parent as at 31 December, 2008 equalled EUR 481.8 million and minority interests amounted to EUR 45.2 million. Share capital totalled EUR 23.7 million and was divided into 22,735,148 ordinary value shares with a par value of EUR 1.04 each. Revaluation surplus, representing fair value change of available-for-sale financial assets, amounted to EUR 70.0 million or 57% less than as at 31 December, 2007. This reduction resulted from developments on crisis-struck financial markets, which required impairments due to falling asset value. Capital reserves amounted to EUR 53.4 million and other reserves to EUR 51.5 million, after an increase of 13%. Other reserves include statutory reserves and security reserves of EUR 18.8 million as well as equalisation reserves for credit risk insurance and catastrophe reserves equalling EUR 32.8 million. As at 31 December, 2008 undistributed profit amounted to EUR 284.3 million including retained net profit brought forward from the previous year and net profit for the current year of EUR 284.7 million. Net profit for the year was EUR -0.4 million. Compared to the net profit posted in the Group's income statement there is a difference of EUR 3.3 million due to the distribution of net profit to credit risk equalisation reserve.

Gross Insurance contract liabilities grew by 3% and reached EUR 1,904.6 million by the end of the year. In the balance sheet total their share rose by 3.7 percentage points, from 67.0% to 70.6%. Among mathematical provisions the highest increase was recorded in other gross Insurance contract liabilities (by 32%) and amounted to EUR 19.4 million as at 31 December, 2008. Provisions for gross unearned provisions grew 10%, gross claims provisions increased by 9% and provisions for bonuses and discounts went up by 4%. Gross mathematical provisions remained the same as at 31 December, 2007 and stood at EUR 913.4 million at the end of 2008.

As at 31 December, 2008, financial liabilities amounted to EUR 106.3 million (index 174) and represented 3.9% of total liabilities. Their steep rise was the result of short-term loans the insurance company raised to meet extraordinary multiple losses and other expenses related to financial markets developments, which caused mismatches between assets backing liabilities and long-term business funds as well as influencing the volume of Insurance contract liabilities.

Liabilities from insurance operations as at 31 December, 2008 stood at EUR 34.8 million (index 123) and accounted for 1.3% of total liabilities. Liabilities from direct insurance operations amounted to EUR 17.0 million (index 133) and liabilities from co-insurance and reinsurance operations totalled EUR 17.8 million (index 115).

Deferred and current income-tax liabilities equalled EUR 23.7 million and accounted for 0.9% of total liabilities.

Other liabilities increased by 9% and by 31 December, 2008 reached EUR 78.6 million, accounting for 2.9% of the total.

Financial assets as at 31 December, 2008 amounted to EUR 1,963.3 million, which represents a fall of 7% compared to the end 2007. The share of financial assets in total assets decreased by 5.1% and as at 31 December, 2008 came to 72.8%. In total financial assets, the largest segment is accounted for by debt securities, which as at 31 December, 2008 totalled EUR 1,177.3 million and represented 60.0% of the total. As at 31 December, 2008 investments in equity securities totalled EUR 344.2 million and accounted for 17.5% of total financial assets. Investments arising from unit-linked insurance as at 31 December, 2008 amounted to EUR 220.9 million and represented 11.2% of total financial assets. The share of loans and receivables in total financial assets increased to EUR 215.6 million as at 31 December, 2008 (index 130) or 11% of the total. Derivative financial instruments as at 31 December, 2008 totalled EUR 0.8 million, financial investments of reinsurance companies in reinsurance contracts equalled EUR 2.2 million and other financial investments amounted to EUR 2.3 million.

Financial investments in associated companies, disclosed using the equity method increased by 108% to EUR 99.3 million as at 31 December, 2008. In total assets they accounted for 3.7%.

Investments in immovable property at the end of the reporting year stood at EUR 80.1 million and were up 34% compared to the end of the previous year. In total assets, their share accounted for 3.0%.

Insurance receivables by the end of 2008 reached EUR 225.3 million, after a 20% increase at the end of 2007. Receivables from direct insurance operations amounted to EUR 129.8 million (index 109), receivables from co-insurance and reinsurance operations totalled EUR 35.3 million (index 176) and other receivables were EUR 60.2 million (index 126).

Assets from reinsurance contracts amounted to EUR 43.0 million as at the last day of 2008. Compared to the balance of the preceding year they increased by 58%. Assets from reinsurance contracts totalled EUR 34.0 million, while unearned premiums equalled EUR 9.0 million.

In total assets as at 31 December, 2008 property, plant and equipment represented 4.9% or EUR 132.6 million. Intangible assets totalled EUR 84.5 million and accounted for 3.1% of total assets.

Cash and cash equivalents amounted to EUR 32.5 million at the end of 2008, which represents a 28% increase on the end of the preceding year. Other assets decreased by EUR 13.0 million.

BALANCE SHEET AS AT 31 DECEMBER, 2008 - ACCORDING TO IFRS

	IN EUR				
	31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX	AS A% IN 2008	AS A% IN 2007
ASSETS					
1. Property, plant and equipment	132,584,565	134,963,596	98	4.9%	5.0%
2. Intangible assets	84,455,499	75,960,946	111	3.1%	2.8%
3. Non-current assets held for sale	1,609,225	15,903,583	10	0.1%	0.6%
4. Investment property	80,069,945	59,770,494	134	3.0%	2.2%
5. Investments in associates	99,330,861	47,862,503	208	3.7%	1.8%
6. Financial assets	1,963,318,102	2,112,388,747	93	72.8%	77.9%
7. Insurance receivables	225,288,038	187,441,713	120	8.4%	6.9%
8. Assets from reinsurance contracts	42,960,186	27,202,664	158	1.6%	1.0%
9. Deferred tax assets	19,323,975	9,273,404	208	0.7%	0.3%
10. Receivables from corporate income tax	2,041,613	1,344,436		0.1%	0.0%
11. Cash and cash equivalents	32,517,218	25,320,567	128	1.2%	0.9%
12. Other assets	13,001,916	12,870,814	101	0.5%	0.5%
TOTAL ASSETS	2,696,501,143	2,710,303,467	99	100.0%	100.0%

BALANCE SHEET AS AT 31 DECEMBER, 2008 - ACCORDING TO IFRS

	IN EUR				
	31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX	AS A% IN 2008	AS A% IN 2007
EQUITY AND LIABILITIES					
1. Share capital	23,701,391	23,701,392	100	0.9%	0.9%
2. Capital reserves	53,412,885	53,412,885	100	2.0%	2.0%
3. Other reserves	51,549,611	45,448,057	113	1.9%	1.7%
4. Fair value reserve	70,010,806	162,786,788	43	2.6%	6.0%
5. Retained earnings	284,326,752	293,809,067	97	10.5%	10.8%
- net profit from previous years	284,703,008	243,014,002	117	10.6%	9.0%
- net profit for the year	-376,256	50,795,065		-0.0%	1.9%
6. Consolidation equity adjustment	-1,195,098	-47,119	2,536	-0.0%	-0.0%
Equity attributable to equity holders of parent total	481,806,347	579,111,070	83	17.9%	21.4%
7. Minority interest	45,154,010	45,760,352	99	1.7%	1.7%
TOTAL EQUITY	526,960,357	624,871,422	84	19.5%	23.1%
1. Insurance contract liabilities	1,904,571,984	1,814,693,465	105	70.6%	67.0%
2. Other provisions	21,565,178	18,489,661	117	0.8%	0.7%
- employee benefits	7,271,982	6,649,404	109	0.3%	0.2%
- other provisions	14,293,196	11,840,257	121	0.5%	0.4%
3. Financial liabilities	106,341,389	61,059,352	174	3.9%	2.3%
4. Liabilities from insurance operations	34,800,213	28,255,706	123	1.3%	1.0%
5. Deferred tax liabilities	15,297,569	81,636,628	19	0.6%	3.0%
6. Current tax liabilities	8,363,526	9,422,751	89	0.3%	0.3%
7. Other liabilities	78,600,927	71,874,482	109	2.9%	2.7%
TOTAL EQUITY AND LIABILITIES	2,696,501,143	2,710,303,467	99	100.0%	100.0%

FINANCIAL POSITION INDICATORS

	2008	2007
Capital in total liabilities	19.5%	23.1%
Average capital as a percentage of gross written premium	56.2%	62.3%
Return on equity	0.3%	9.5%
Gross Insurance contract liabilities as a percentage of total liabilities	70.6%	67.0%
Gross Insurance contract liabilities as a percentage of gross written premium	181.5%	179.7%
Financial assets as a percentage of total assets	72.8%	77.9%
Ratio between financial assets and gross Insurance contract liabilities	103.1%	116.4%

12. RISK MANAGEMENT

The Triglav Group is managing its exposure to business risk through a centralised risk management system, which entails the setting up of an adequate organisational structure, required functions and delimitation of responsibilities in the field of risk management as well as a better and systematically designed internal control system. The system is implemented by the Risk Management Department of Zavarovalnica Triglav, which is responsible for the coordination of all risk-management activities.

The Triglav Group is gradually introducing this centralised risk management system in the period leading up to the adoption of Solvency II, depending on the needs and capacities of individual group members. Most of the Group's risk management activities in 2008 were aimed at mitigating the effect of the financial crisis on its assets and liabilities, setting up a system of ongoing exposure monitoring and a reporting system. The Group is introducing risk management activities in accordance with the Financial Conglomerates Act and in view of the needs of its individual members. In this process the Risk Management Department actively cooperates with the internal audit and strategic investment divisions as well as with the Management Boards of the Triglav Group members.

One of the important ongoing activities of the Risk Management Department is the development of a risk-management culture across the Triglav Group, which enables individuals to better understand their functions, duties and competencies and at the same time raises risk awareness in decision making. To this end the Risk-Management Department organised internal workshops and training seminars as well as helped with internal training seminars on other topics in Zavarovalnica Triglav and at the Group level.

Zavarovalnica Triglav, under the patronage of the Insurance Supervision Agency, participated in the fourth Quantitative Impact Study (QIS4) of Solvency II in 2008 and verified the Group's and holding company's capital adequacy according to the new solvency directive proposal. In the process of adopting Solvency II, Zavarovalnica Triglav actively participates in the working bodies of the Slovenian Insurance Association.

12.1 MEASURES FOR INSURANCE RISK MANAGEMENT

Throughout the year 2008 the Triglav Group also ensured:

- sufficient capital adequacy was provided throughout the year in terms of volume and class of insurance operations, taking into account the risks to which it was exposed,
- it was able to duly meet all of its obligations at all times and was permanently capable of fulfilling all of its obligations arising from concluded insurance contracts,
- that the risks arising from its insurance operations in all insurance classes never exceeded the limits laid down by the national legislation of the countries in which the Group operates.

In compliance with legal provisions and deadlines, the members of the Triglav Group every year verify:

- the capital level and satisfaction of statutory capital requirements,
- capital adequacy,
- level of Insurance contract liabilities,
- assets backing liabilities and long-term business funds,
- the type, spread, compliance and localisation of investments of assets backing liabilities and long-term business funds.

The Triglav Group uses its centralised risk management system to manage risk exposures.

The Triglav Group is gradually introducing this centralised risk management system in the period leading up to the adoption of Solvency II, depending on the needs and capacities of individual group members.

All the insurance companies within the Group enter into reinsurance arrangements for risks assumed as one of the measures for managing insurance risk.

12.1.1 Capital and capital adequacy

Throughout 2008, Zavarovalnica Triglav monitored and calculated regulatory capital adequacy of group members and of the financial conglomerate as a whole, as the entity at the top of the conglomerate, and taking into account Standard & Poor's capital requirements as part of the process and review for acquiring credit rating. Each insurance company belonging to the Group has to provide for capital adequacy in line with the local legislation in view of the volume and type of its operations and in dependence of the risks it is exposed to. Zavarovalnica Triglav as at 31 December, 2008 achieved a minimum capital⁴ coverage of 163% for non-life liabilities and 168% for life liabilities. The high capital adequacy of Zavarovalnica Triglav was confirmed by the credit ratings of "A" and "Stable" by the international ratings agency Standard & Poor's (FSR, ICR).

12.1.2 Insurance contract liabilities

The members of the Triglav Group are making sure, on an ongoing basis, that all their insurance operations are covered by adequate Insurance contract liabilities in order to meet any and all future claims arising from concluded insurance contracts and potential losses resulting from risks inherent in their insurance operations.

Each insurance company of the Group operates in line with the local legislation and forms provisions for unearned premiums, provisions for bonuses, rebates and cancellations, claims provisions and other Insurance contract liabilities. Insurance companies form mathematical provisions for life insurance policies.

The adequacy of the Insurance contract liabilities formed needs to be sufficient to ensure a permanent capacity to meet all obligations arising from insurance contracts and needs to comply with statutory requirements. The suitability of calculations of premium in view of underwritten risks is audited and approved by authorised actuaries certified for life and non-life insurance activities. LAT tests are carried out each year in line with International Accounting Standards both at the Group level and at the level of each insurance company.

12.1.3 Financial assets and liabilities from insurance contracts

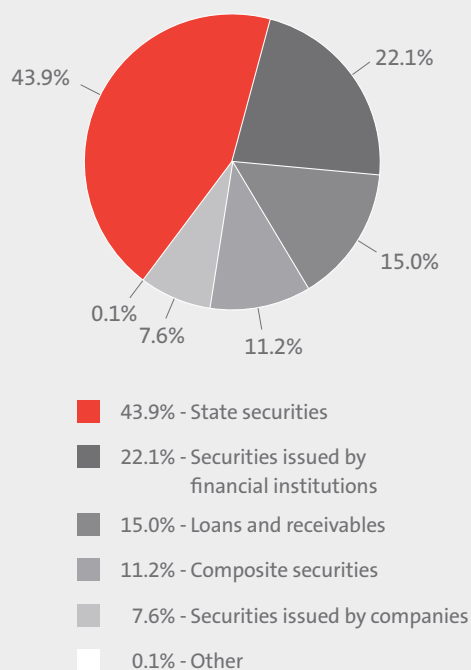
Members of the Triglav Group, with the appropriate conduct of business, ensure that their financial investments earmarked for covering liabilities from insurance contracts are sufficient. Insurance companies have to establish adequate provisions to cover future liabilities from insurance contracts they arrange and to cover the losses they may incur due to risks inherent in their insurance business.

12.1.4 Reinsurance

Insurance companies within the Triglav Group are cosignatories of the same reinsurance contract. Net retained lines, as laid down in reinsurance contracts, are based on the tables of maximum net retained lines of Zavarovalnica Triglav - the largest insurance company of the Group. The Triglav Group companies cover with adequate reinsurance the part of the underwritten risks taken over which, according to the tables of maximum coverage of Zavarovalnica Triglav, exceeds own net retained lines in the equalisation of losses.

⁴ Ratio between available capital and minimum capital

STRUCTURE OF THE DEBT SECURITIES PORTFOLIO OF THE TRIGLAV GROUP AS AT 31 DECEMBER, 2008



In order to maximise the effectiveness of continuous financial risk management Zavarovalnica Triglav in 2008 introduced regular weekly reports on all relevant financial exposure items.

A planned reinsurance programme is thus adopted for each business year. This programme includes calculated retained lines by individual class of insurance for Zavarovalnica Triglav, a table of maximum coverage based on retained lines, as well as the procedures, bases and criteria for establishing the highest probable loss arising from individual risks underwritten. Every insurance company of the Group whose tables of maximum coverage are below the retained lines laid down in the Group reinsurance contract, signs an individual contract whereby it assigns the difference between its maximum retained lines and the retained lines laid down in the Group reinsurance contract.

12.2 MEASURES FOR FINANCIAL RISK MANAGEMENT

Members of the Triglav Group are exposed to financial risks as they manage assets backing liabilities and long-term business funds. With the aim of better financial risk management Zavarovalnica Triglav in 2008, following a methodology developed in 2007, made a list of financial risks which includes actual and potential risks taken on by Zavarovalnica Triglav in its business. Mathematical models were used to assess risks. These models analysed the impact and likelihood of individual risks and classified them into categories defined on the basis of an assessment of Zavarovalnica Triglav's risk capacity. Comparison of assessment results with those for 2007 revealed that financial risk exposure in 2008 changed dramatically.

In order to maximise the effectiveness of continuous financial risk management Zavarovalnica Triglav introduced regular weekly reports in 2008 on all relevant financial exposure items. Simultaneously, the impact of current developments on the Triglav Group was carefully monitored. On the basis of regular checks, competent bodies took relevant decisions to manage risk exposure, which became particularly important in the second half of 2008 due the financial markets situation.

12.2.1 Liquidity risk

The Triglav Group ensures its liquidity by investing in adequate financial instruments and managing liquidity in accordance with the expected cash flow from insurance operations and investments. At the same time the Group ensured temporary financing options under favourable terms from domestic and foreign financial institutions. Thanks to these financing options Zavarovalnica Triglav was able to finance part of its liquidity requirements resulting from claims for summer storms in the second half of 2008 and thus got through the most stressful financial markets period without material disposals of assets backing liabilities at a time when selling conditions were extremely poor.

12.2.2 Credit risk

The local legislation imposes limits on the amounts of investment by geographical area and by individual issuer to all insurance companies within the Group. In order to reduce their credit risk, Group members try to achieve the best possible spread of investments within the restrictions of law. The total value of investments exposed to credit risk amounts to EUR 1,456.7 million or 61.3% of all of the Group's investments. Individual members of the Group impaired debt securities of the issuers in default in 2008. As the portfolio of debt securities is very spread, the impairment charge equalled only 0.5% of the value of the portfolio, which is minimal in respect of its size.

On international financial markets, Zavarovalnica Triglav invests mostly in securities rated BBB or Baa3 by Standard & Poors or Moody's. The Group checks its overall exposure to individual issuers on an ongoing basis and follows their credit ratings. It also monitors the quality of its portfolios on a quarterly basis by using Moody's Weighted Average Rating (WAR) method.

At the level of the Group, pursuant to the strategy of setting up a centralised risk management system, a centralised control of assets and liabilities management is planned to be put in place during 2009.

12.2.3 Market risk

The Triglav Group pays attention to all three major segments of market risk that may materially affect the market value of its assets.

Interest rate risk is primarily managed by matching assets and liabilities according to maturity structure. Ideal matching would entirely offset the impact of interest rate fluctuations on the profit or loss. In 2008 the policy of maturity extension was applied mainly to the life insurance portfolio, where sensitivity was greatly limited through the “held-to-maturity” bookkeeping method.

Interest-rate risk is actively managed with derivative financial instruments, mainly by interest-rate swaps.

When the market was low, reinvestment risk was mitigated by investing in structured products enabling not only higher returns but also a good risk spread.

Most of the assets and liabilities of the Triglav Group are in euros. The largest portion of exposure denominated in currencies other than the euro is expressed in currencies of former Yugoslav countries, which is in line with the Group’s strategy.

The exposure to fluctuations in share market prices is balanced out by the limited portion of shares in the portfolio. Investments in shares are spread in line with analyses by industry and individual company.

Due to the established long-term decrease in the fair value of equity securities in 2008, the Triglav Group, in accordance with International Financial Reporting Standards, as at 31 December, 2008 impaired certain equity securities in the investment portfolios of assets backing liabilities and long-term business funds of the Triglav Group members. This impairment of equity securities is permanent and it is reflected in the profit and loss account.

12.2.4 Measures for balance sheet risk management (assets and liabilities mismatches)

Balance sheet risks arise as a result of different characteristics and exposures of assets and liabilities on the balance sheet. Zavarovalnica Triglav manages these risks at the level of the Assets and Liabilities Committee (ALCO), which supervises investment policies of individual long-term business funds and assets backing liabilities, exposures to balance sheet risks, profit distribution policy, etc. At the level of the Triglav Group, pursuant to the strategy of setting up a centralised risk management system, a centralised control of assets and liabilities management is planned to be put in place during 2009 in those group members where balance sheet risks are the highest.

More claims due to summer storms in the territory of the Republic of Slovenia combined with the impact of the financial crisis on the value of portfolio investments in 2008 raised the risk of assets and liabilities mismatches, primarily in Zavarovalnica Triglav itself. With an aim to manage the situation in a timely fashion, the frequency of liquidity status reporting was increased, as well as monitoring of the ratios and capital adequacy of long-term business funds and assets backing liabilities of Zavarovalnica Triglav and those of the Triglav Group. Based on regular reports and proposals by the ALCO, the Management Board of Zavarovalnica Triglav took prompt measures to provide for sufficient ratios, liquidity and capital adequacy.

12.3 OPERATIONAL RISK MANAGEMENT MEASURES

Operational risk is defined as the risk of loss due to:

- inadequate or inefficient internal procedures (disruption of work procedures, client complaints, lack of reliable information, disruptions to the conduct of business, improper cost management, poor document management and control, inefficient management of internal change, etc.);
- improper and inefficient conduct (inadequate human-resources management, staffing mistakes, inadequate management staff, poorly drafted internal rules, etc.);
- inadequate and inefficient functioning of systems (poor IT applications or IT infrastructure, technical means, etc.); and
- external events (changes in the law, loss of credit rating, competitive products, insurance fraud, etc.).

The efficient management of operational risk is based on a clearly defined control mechanism and on giving the management of such risk a high priority. A system of internal controls has been put in place in order to manage operational risk, while Zavarovalnica Triglav has a customised quality management system in line with the ISO 9001 international standard which covers all the company's work processes related to the development and marketing of non-life and life insurance, as well as financial asset management.

Following a successful 2007 pilot project for operational risk identification and analysis in non-life insurance loss liquidation, Zavarovalnica Triglav analysed operational risks in all of its other divisions in 2008. The analysis defined the levels of exposure to individual risks by division and in the insurance company as a whole as well as pointed to areas where processes can be further optimised, leading to a lower operational risk exposure. On the basis of the analysis results, the Risk Management Department started implementing a series of measures for monitoring operational risk with the aim of reducing exposures in identified areas.

12.4 INTERNAL AUDIT

The purpose of the Internal Audit Department is to provide for the continuous and comprehensive supervision of Zavarovalnica Triglav's operations in order to verify whether (the insurance company):

- insurance operations are performed pursuant to the Insurance Act, pertaining secondary legislation and the internal rules of Zavarovalnica Triglav;
- is keeping accounting records, drawing up bookkeeping documents, measuring bookkeeping items and compiling financial and other reports in line with the Insurance Act and subsequent secondary legislation, as well as the internal rules that regulate the insurance company's operations; and
- is keeping a register of insurance agents who act as insurance agents either as employees or on the basis of another type of legal relationship with the insurance company, in line with the Insurance Act and subsequent secondary legislation, as well as the internal rules that regulate the insurance company's operations.

The Internal Audit Department operates in accordance with the International Audit Standards and the Internal Audit Code of Professional Ethics, on which its methods of work are based. The basic activities of the department include drafting of the annual work programme, individual audit planning, audit performance and reporting to the Management Board. These activities were transferred to the internal audit departments in the Group subsidiaries abroad.

The Internal Audit Department of Zavarovalnica Triglav carried out audits in accordance with its Annual Work Programme for 2008 and following the Management Board's resolutions on extraordinary or advisory audits.

The Department performed 27 audits in 2008. From January to December it completed 9 regular audits, 18 partial audits, 4 extraordinary audits, participated in 4 ISO audits and was involved in 5 co-source audit ventures in the Triglav Group. The Internal Audit Department also helped establish corresponding departments in the members of the Triglav Group.

After the audits were completed the Department presented its findings to the responsible persons and gave recommendations aimed at establishing more efficient control, achieving better financial performance and ensuring observance of financial discipline and improvements in the design of internal controls.

The Internal Audit Department reported on all the audits performed to the Management Board regularly in writing and orally. The Board thereafter adopted decisions that are binding on the auditees, requiring them to follow the recommendations and eliminate all irregularities/shortcomings in due time.

The Department reported on its work (on a quarterly, semi-annual and annual basis) to the Management Board and the Supervisory Board.

13. DEVELOPMENT AND MARKETING ACTIVITIES IN THE TRIGLAV GROUP

13.1 MARKETING AND SALES ACTIVITIES

13.1.1 Non-life insurance

The year 2008 was marked by sales and marketing successes, as the Group attained all of its goals for non-life insurance. Furthermore, numerous insurance products were upgraded and adapted to client needs, relations with business partners were strengthened, insurance sales IT support was modernised and the sales organisation structure was improved.

DOM-01, the range of residential house insurance packages, was redesigned and an integrated home insurance range was launched in the summer which included three products: DOM-01, DOM-02 and DOM-03. By the end of the year just over 37,000 new home insurance policies were taken out. The sales of these topped up by fire insurance and home contents insurance products in 2008 yielded over EUR 6 million of new premium income.

Also in the car insurance segment the range of package insurance products was broadened and a new motor assistance product, COMFORT, was added. This is the most extensive motor insurance available from Zavarovalnica Triglav and it includes two new insurance packages: COMFORT and COMFORT PLUS. In the case of a car accident, policyholders are offered a make-ready repair, spare vehicle for the entire period of a repair, car towing expenses compensation and cash cover in the case of inability to use a vehicle due to the theft of cash or personal identification documents. These new products turned out to be appealing, as in 2008 over 13,000 Comfort packages were sold.

The agricultural insurance segment was broadened with milk production loss insurance, which provided for a more comprehensive coverage.

BUSINESS COOPERATION

The cooperation with tourist agencies was active, involving 146 cooperation agreements.

The cooperation with leasing and other companies offering movable property financing was very strong, primarily in the field of car insurance. Through this sales channel over EUR 8 million of premium income was generated, with new premiums representing over EUR 4.5 million. In addition, extended product warranty insurance yielded new premium income of around EUR 1 million.

In the car insurance segment Triglav's long-term strategic cooperation with the nation-wide Automobile Association of Slovenia (AMZS) and its subsidiaries plays an important role. In this framework 36,000 insureds of Zavarovalnica Triglav got one-year membership in AMZS free of charge.

The cooperation with insurance companies in South-East Europe was strengthened. This involved the active inclusion of the subsidiaries that make part of »Triglav network«. Such cooperation additionally boosts premium income, provides for the transfer of key client management know-how and enables servicing of key clients outside the »Triglav network«.

Insurance premium earned through brokerage firms rose by 18% in comparison to 2007 and totalled EUR 40 million. Cooperation was established by new brokerage firms so that their number increased by 50%.

The new WiTra underwriting application for non-life insurance was put in production, after the completion of the respective project, and started being used by all agents and points of sale. The new application was also adopted by the majority of Triglav's outsourced partners.

The year 2008 was marked by sales and marketing successes, as the Group attained all of its goals in non-life insurance.

Zavarovalnica Triglav provided 36,000 insureds with one-year membership in AMZS free of charge.

Client satisfaction and trust in insurance products combined with quick responsiveness in the event of a loss are the basic development principles.

We continued with sales campaigns offering single-premium unit-linked life insurance with a guaranteed capital investment, which over the years turned out to be an interesting addition to the standard range of life insurance products.

A wide range of non-life insurance products requires continued training of the sales force. As a result, numerous internal workshops and training seminars were organised, covering both insurance contents and sales techniques and skills. Great attention was also paid to motivational mechanisms aimed at raising the efficiency and efficacy of sales.

Furthermore, we continued implementing Key Account Management. Special attention was paid to the development of in-house sales networks for non-life insurance as well as to outsourced partners with whom Triglav had successfully worked in the past.

CLIENT COMMUNICATION

For communicating non-life insurance, different communication tools were used which ranged from advertising, promotion and PR activities to personal sales and direct marketing. Existing and potential clients were continually informed about new elements and favourable terms in Triglav's range of products and services.

Traditional tools were used in 2008 to measure client satisfaction. Client satisfaction levels remained the same as in 2007.

MODERN ORGANISATION

In order to improve sales management, the organisational structure of branch offices was changed with the introduction of sales teams. Such teams, which had before existed only informally, were formed in all in-house sales networks. The management and coordination of the outsourced sales force was organised in the same way.

The organisational structure was also changed to improve the effectiveness and coordination of sales activities in the segment of non-life insurance at the Headquarters of Zavarovalnica Triglav. A project management approach was applied in key activities.

13.1.2 Life insurance

The sales of life insurance, particularly investment related, were gravely affected in 2008 by the financial crisis. Various forms of marketing communications were used and more attention was dedicated to presenting unit-linked options in Triglav's range of products to existing and potential clients.

The range of life, health and accident insurance was tailored to specific target groups (depending on age, investment profile, etc.) The redesigned unit-linked life insurance product named FLEKS was among prominent new additions, and in autumn another version was introduced: FLEKS for individuals between 50 and 80 years of age. Both products represent an innovation on the Slovene insurance market, combining insurance, savings and investment features, which enables great flexibility at the outset and during the insurance period.

We continued with sales campaigns offering single-premium unit-linked life insurance with capital guarantee, which over the years turned out to represent an interesting addition to the standard range of life insurance products. Another two newly launched unit-linked products were TRIGLAV GARANT 150 with capital guarantee and TRIGLAV V.E.P. with a unit value guarantee.

Sales activities in 2008 were again supported by appropriate communication campaigns. The advertising campaign for both new FLEKS unit-linked products was well received.

Four direct marketing campaigns were realised in 2008:

- for linking instalment-based travel health insurance (THI) with other, already existent, underlying instalment-based unit-linked insurance products;
- for a range of accident insurance products for children and youths aimed at school-goers in the school year 2007-2008;

- aimed at the holders of instalment-based unit-linked insurance policies offering them an opportunity to pay a one-off additional premium for their insurance product free of entrance charges; and
- for additional premium payment to the personal account of supplementary voluntary pension insurance.

CLIENT COMMUNICATION

The existing and potential policyholders were informed about new elements in Triglav's range of products and services and provided with topical financial contents in two issues of the magazine *Naložbenik*. Articles in these two issues were written by experts in insurance, banking and asset management companies.

13.2 DEVELOPMENT ACTIVITIES

13.2.1 Non-life insurance

The Triglav Group pays significant attention to the development of new products, at the same time trying to take into account, as much as possible, market conditions. The Group's development activities are focused on designing and redesigning existing products as well as on the development of new ones, targeting potential clients.

In the area of insurance of property and interests in property the range was made more comprehensive by adding insurance coverage for natural persons, who under a single policy can get full insurance of their personal property (residential houses, condominiums and home contents).

Most attention was paid to various liability insurance types, for which the demand is growing and which are becoming ever more diversified. Thus the terms of professional liability insurance were completely recast and some specific professional liability insurance types were added (professional liability insurance for private security agencies, receivers and some other specific professions). Due to strenuous conditions in the corporate world Triglav started developing professional liability insurance products for managers, which will be finalised in 2009.

Additional development activities included:

- preparing general terms and conditions of insurance of photovoltaic power plants (premium tariffs change);
- preparing general terms and conditions of insurance of anti-hail nets (premium tariffs change);
- translating, transposing and introducing new products in the subsidiaries of the Triglav Group.

In car insurance the Triglav Group follows the portfolio management analyses, which serve as a basis for price differentiation taking account of numerous factors, such as history of past losses, individual driving experience, car makes and the like. On the other hand the range is improved through (re) designing bundled products or packages. In 2008, car insurance packages were redefined to which a comprehensive assistance service (*asistenca Confort*) was added.

The Regulation on the Co-Financing of Insurance Premiums to a great extent influenced the development of agricultural insurance in 2008. According to the provisions of that regulation some products were redesigned and some new ones introduced:

- terms for dog insurance were recast;
- a new package for livestock production (*Živinorejski paket*) was launched and additional insurance of milk production loss was introduced;
- Triglav actively participated in the Working Group for the Expert Evaluation of Establishing a System of Agricultural Outputs Insurance at the Ministry of Agriculture, Forestry and Food (MKGP);
- It was also active in creating a technological platform for interactive queries and searching through registers of agricultural holdings (RKG) and registers of the Animal Identification and Registration Division (SIR) at MKGP.

Due to strenuous conditions in the corporate world Triglav started developing professional liability insurance products for managers, which will be finalised in 2009.

By introducing FLEKS insurance, the Triglav Group clearly defined its range of life insurance products and provided for its further development as well as simplified tailoring of the existing products.

FLEKS for adults is the first unit-linked insurance product for the insureds above 65 years of age.

A product was added to the liabilities insurance range covering the repayment of full instalments (previously just interest) for loans with a term of over 30 years where an insured borrower experiences loss of employment, accidental death or permanent disablement. Other liabilities insurance products were subject to regular activities: banks were offered renewal of their existing policies or the option of taking out new ones under the revised general terms and conditions of insurance, primarily with respect to the insurance of retail and corporate loans (the majority of insurance contracts was revised). All of Triglav's centrally concluded insurance contracts belong to a "dynamic category", which entails continued adaptation to changes in the banking industry.

In transport insurance the focus was on the following:

- preparing general terms and conditions of insurance for the liability insurance of road cargo transporters;
- changes of premium tariffs for the liability insurance of aircraft owners covering damage to third parties and passengers (mostly for oldtimer vehicles and two-engine aircraft);
- agreement on designing a business interruption insurance product in several versions, from simple to complex for buyers and sellers of capital goods;
- the completion of the FOS project ("Freedom of Services") for marine insurance in Austria;
- active participation in the work of the Transport and Credit Losses Committee of the Slovenian Insurance Association, which created support for the central register of marine liability insurance.

13.2.2 Life insurance

Client satisfaction and trust in insurance products combined with a quick response in the event of a loss are the basic development principles of the Triglav Group. As in previous years, 2008 saw continued successful development of the life insurance sector, targeted at client satisfaction and trust. In 2008 the following insurance classes and/or products were developed:

- Unit-linked life insurance product named FLEKS;
- FLEKS - unit-linked life insurance for adults;
- FLEKS - group unit-linked insurance;
- ENZ Triglav Garant 150;
- ENZ Triglav V.E.P.;
- Borrower life insurance;
- Investment life cycle and automatic asset reallocation.

The focal insurance product of 2008 was FLEKS unit-linked life insurance, which is a milestone in the range of products carried by Zavarovalnica Triglav. It represents a new segment of unit-linked insurance products which combine an insurance policy with an investment. Moreover, it marks the beginning of an important differentiation of life insurance products. As a result this enables effective insurance product market segmentation. By introducing FLEKS insurance, the Triglav Group clearly defined its range of life insurance products and provided for its further development as well as simplified the redesigning of existing products.

In addition, 2008 saw the launching of FLEKS group unit-linked life insurance and FLEKS unit-linked life insurance for adults. The latter is the first unit-linked insurance product for individuals over 65 years of age. Thereby, Triglav upgraded its range of existing unit-linked products and added them to other insurance products which provide only insurance protection.

In the framework of FLEKS and FLEKS for adults investment based insurance products a new investment strategy was developed with Triglav DZU under the name Financial Objectives, which is an innovation on the Slovene insurance market. Investment related insurance products offered by Zavarovalnica Triglav are an innovation by themselves, especially the product targeted at older generations. Asset management clients may opt for an automatic asset reallocation facility. Two life insurance campaigns were organised in 2008 for two products: Triglav Garant 150, single-premium

unit-linked life insurance with capital guarantee and Triglav V.E.P., single-premium unit-linked life insurance with a unit value guarantee.

Major development projects included redesigning of mortgage life insurance which was renamed to borrower life insurance. This product no longer covers only mortgage loans but is available for all long-term loans (from 5 to 30 years).

The marketing and arranging of life, health and accident insurance was based on continued analyses of insurance market, legislation and competition, both domestic and foreign. Ongoing enhancements and following of market developments in 2008 resulted in the achievement of planned results and creation of a life insurance range on the Slovene market.

In addition to that in the fields of marketing, arrangement, development and actuary affairs for life, health and accident insurance secondary development was carried out (i.e. primarily expert analyses of operations) which generated reports, insurance-technical analyses and expert opinions. In the framework of development and actuarial affairs studies were conducted to identify what changes need to be made to calculated parameters and insurance rating bases for individual products and to provide development programming tools. The performance of life, health and accident insurance is measured against reliable results and adequate provisions which are actuarially correct. Insurance-technical analyses in 2008 included analyses of costs, endowments, withdrawals and mortality as well mortality projections for annuity insurance. All operational parameters are followed, including the changes of the financial indicators of the life insurance portfolio.

Moreover, 2008 witnessed the transfer of insurance products and know-how to subsidiaries.

13.3 INVESTMENTS IN PROPERTY AND EQUIPMENT IN 2008

In 2008, the Triglav Group invested EUR 5.6 million in immovable property, EUR 9.9 million in equipment and EUR 5.6 million in intangible fixed assets. Investments in intangible fixed assets include investments in software and property rights.

All the investments were intended for insurance operations and financed from Triglav's own funds.

There were no large-scale investments in immovable property, as the investment policy was focused only on urgent repairs, renewals and refurbishment of existing business premises.

13.4 ORGANISATION OF THE TRIGLAV GROUP IN 2008

In line with its strategy and long-term business goals the Triglav Group continued the business process redesign project in 2008. In its framework it set new organisational, process and IT requirements.

Basic strategic guidelines:

- adapt the organisational structure to the mission, vision, strategic goals and changed processes and technologies;
- re-define competences and authorities and divide tasks between the head office or Headquarters and branch offices;
- prepare a new, unified organisation with job descriptions in line with the needs of individual processes and macro-organisation of the insurance company;
- carry out reorganisation of operations by concentrating support functions.

Since organisational changes are very complex and comprehensive, they are being introduced systematically and gradually. The goal of the reorganisation is to ensure the implementation of business functions of the uniform (composite) insurance company by unifying the process and support functions. The aim of redesigning business processes is to streamline operations and to

In the framework of unit-linked insurance products a new investment strategy under the name Financial Objectives was developed with Triglav DZU, the first of its kind in Slovenia.

In placing and marketing life, health and accident insurance we continually follow legislation, and primarily domestic and foreign competition.

The Triglav Group continued the business process redesigning project. In its framework it set new organisational, process and IT requirements.

improve cost efficiency, performance and the effectiveness of business process implementation in the realisation of the set objectives. In fulfilling the requirements and meeting the expectations of its clients and policyholders the Triglav Group wishes to become even more responsive and flexible.

The greatest attention was paid to changing the organisational structure and job classification within the sales function in 2008. A basic regional unit reorganisation model was prepared as a reorganisational framework for the realisation of the set objectives in sales, governance and management of sales organisational units, vertical and horizontal communications in regional units, introduction of a unified insurance marketing system and a unified system of duties, competences and powers at different levels.

13.5 ISO 9001 QUALITY MANAGEMENT SYSTEM OF ZAVAROVALNICA TRIGLAV

Zavarovalnica Triglav has established a certified quality management system according to the ISO 9001 quality management system standard. The system is audited each year by the leading Slovene certification institution - SIQ - Slovene Institute for Quality and Metrology. Zavarovalnica Triglav also carried out its quality system internal audit programme in 2008.

Process owners are responsible for monitoring process performance. This is controlled by applying a set of process performance indicators which have to be in accordance with risk management indicators and business performance indicators. Business results by function or division and suggestions for their improvement are always discussed by the Management Board.

Zavarovalnica Triglav continued working on the Safety Management Information System (SMIS) project in accordance with the ISO 27001 international standard in 2008. The idea is to integrate the latter standard with the certified quality management system according to the ISO 9001 quality management system standard and gradually transfer it to the entire Triglav Group.

The ISO 9001 quality standard has already been acquired by Lovćen osiguranje and it is being introduced in Triglav Zdravstvena zavarovalnica at an accelerated rate.

13.6 DEVELOPMENT OF IT SUPPORT

In developing new products and sales channels the IT Department concentrated mainly on the simplification of procedures which enable safe and quick servicing of clients.

The work of the IT Department was organised in five groups of activities:

1. Software applications supporting personal (life, health and accident) insurance and property insurance for financial, accounting, human resources, general affairs and headquarters needs;
2. IT system support- providing business continuity of all the organisational units based on the functioning IT infrastructure (hardware, communications and system software);
3. IT user support - providing IT services to final users;
4. IT support for the Triglav Group - cooperation of the parent company staff with colleagues in subsidiaries and coordination of activities related to the implementation of software applications supporting the insurance business of the Group;
5. Security support and IT compliance - ensuring security of the IT assets and compliance with regulations (legislation and organisational rules) in the field of IT.

Zavarovalnica Triglav has established a certified quality management system according to the ISO 9001 quality management system standard. The work on the project for Safety Management Information System (SMIS) continued in 2008 according to the ISO 27001 international standard.

Additionally, the IT Department took part in some strategic projects:

- upgrading of software applications supporting property insurance through the development of in-house solutions in cooperation with outsourced partners;
- implementation of WiTra application support for non-life insurance policies;
- upgrading the personal (life, health and accident) insurance IT system;
- provision of adequate IT infrastructure for running the upgraded software applications supporting property and personal insurance.

The IT Department also provided software for new investment funds and upgraded the server infrastructure on which the upgraded software applications for property and personal insurance is run.

Furthermore, IT experts played an important role in smaller projects as well:

- In property (life, health and accident) insurance IT support they provided for the new product, Borrower Life Insurance, and for selling single-premium unit-linked life insurance with capital guarantee;
- for property insurance they created a data transfer system to the Slovenian Insurance Association for the purpose of feeding the registers required in the implementation of EU directives and they upgraded the e-triglav system;
- they participated in introducing a digitalisation system for input documents and in the integration of modules with the existing back office systems.

The IT Department worked closely with the Risk Management Department on the establishing a new IT risk register. In the process of upgrading the IT systems for property and personal insurance new functionalities were created, as required by the Personal Data Protection Act (ZVOP-1). IT experts initiated adequate internal procedures for ensuring compliance with the Copyright and Related Rights Act in the area of licensed software.

COOPERATION WITH SUBSIDIARIES

One of the priority tasks of the IT department is to transfer know-how and technologies to the Group subsidiaries abroad. In 2008 great efforts were dedicated to upgrading the software applications which support property insurance. Basic IT support was provided to the branch office in Slovakia and an upgraded software application for property insurance was installed in Triglav Osiguranje in Croatia. The software application for unit-linked life insurance was upgraded to support new funds in that subsidiary.

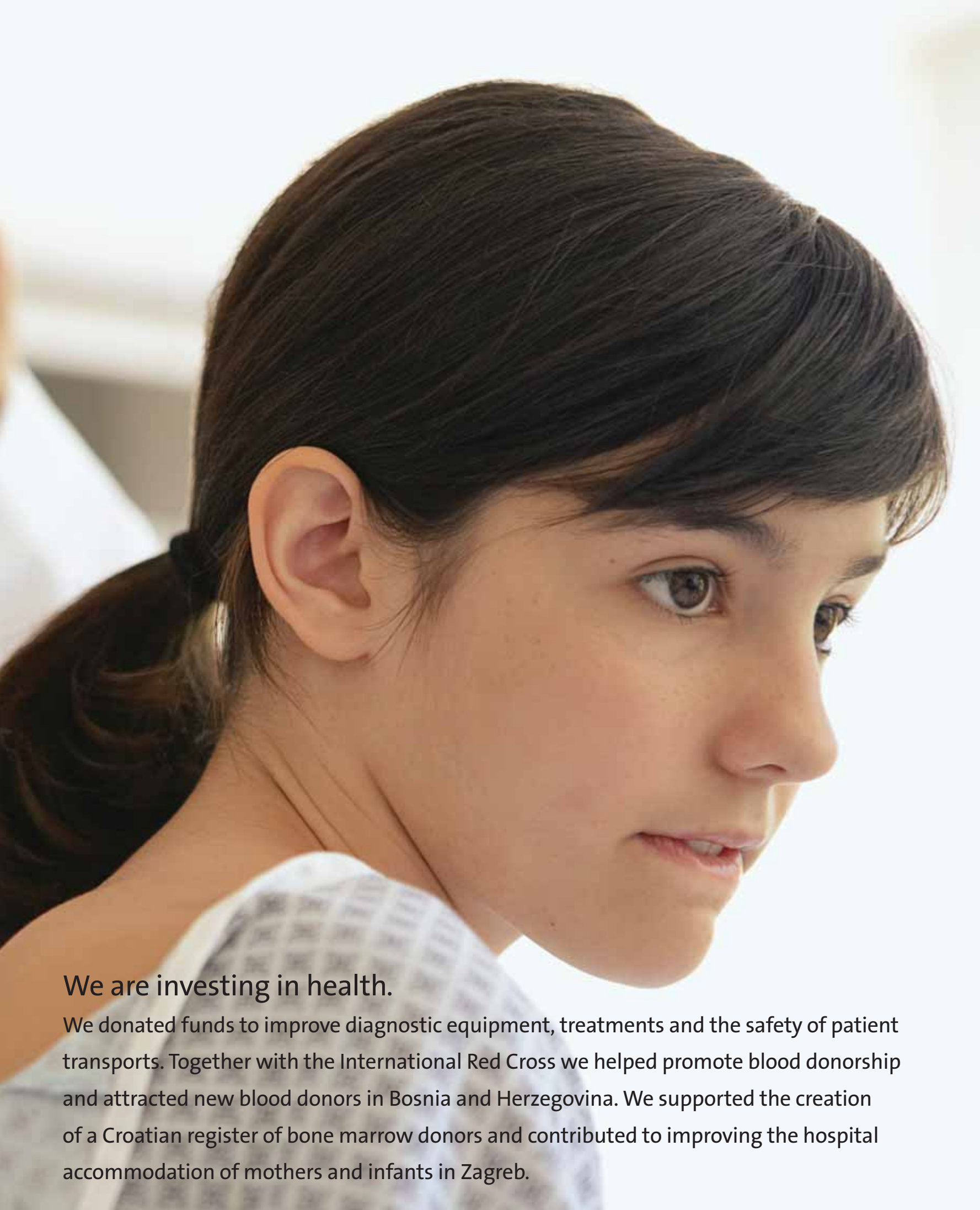
PLANS FOR 2009

The IT Department will focus on the implementation of the following business objectives in the future:

- redesigning of application support for non-life insurance;
- migration of remaining applications for personal insurance to a new technological platform, which will be common for both insurance areas;
- further transfer of knowledge and technologies to subsidiaries abroad through the introduction of applications;
- continued introduction of electronic records as an alternative to paper-document records;
- the continued functioning of the existing software applications and systems;
- IT risk management as part of the integrated operational risk management system at the level of Zavarovalnica Triglav;
- additional activities under the project for establishing a business continuity system.

The IT Department was not only developing new products and sales channels but primarily focused on the simplification of procedures, so as to enable quick and secure communication with clients.





We are investing in health.

We donated funds to improve diagnostic equipment, treatments and the safety of patient transports. Together with the International Red Cross we helped promote blood donorship and attracted new blood donors in Bosnia and Herzegovina. We supported the creation of a Croatian register of bone marrow donors and contributed to improving the hospital accommodation of mothers and infants in Zagreb.

14. SUSTAINABLE DEVELOPMENT IN THE TRIGLAV GROUP

14.1 HUMAN RESOURCES MANAGEMENT

Mutual and sustainable good relations between employees and employers enable successful human resources management. In turn, satisfied high quality employees are a guarantee for the competitiveness of the Triglav Group. This is why the Triglav Group is constantly looking for new talent and offers them good opportunities, recognises the needs and interests of its employees through individualised remuneration as well as enabling career development and personal growth in a well organised working environment.

EMPLOYMENT POLICY

A suitable combination of professional knowledge, skills and experience was defined for each job. This brings new challenges and promotion opportunities to the well motivated existing and incoming staff.

ETHICAL CONDUCT

Of crucial importance for the business of the Triglav Group is its attitude to clients and business partners, which can be built and successfully upgraded only through correct relations with employees, tolerance and appreciation of their work. The international orientation of the Triglav Group excludes any kind of discrimination of employees, clients and business partners and builds up reputation on the principle of equal partnership.

14.1.1 Employment and human resources structure

The activities of the Triglav Group in the field of employment were in line with the staffing plans for 2008 and the strategic goals, where focus is on the process of continuous redesigning of business procedures. In this latter process Zavarovalnica Triglav completed the third phase on 1 November, 2008. As at 31 December, 2008, the Triglav Group was employing a staff of 5,174, which is 345 employees more than in 2007.

NUMBER OF EMPLOYEES IN THE TRIGLAV GROUP AS AT 31 DECEMBER, 2008

MEMBER OF THE TRIGLAV GROUP	NUMBER OF EMPLOYEES		DIFFERENCE
	31 DECEMBER, 2008	31 DECEMBER, 2007	
Zavarovalnica Triglav d.d.	2,507	2,496	11
Pozavarovalnica Triglav Re d.d.	32	29	3
Triglav, Zdravstvena zavarovalnica d.d.	82	61	21
Triglav Osiguranje d.d.	571	538	33
Triglav BH Osiguranje d.d.	262	229	33
Triglav Pojišt'ovna a.s.	118	89	29
Lovćen Osiguranje a.d.	252	240	12
Triglav Kopaonik a.d.o.	587	422	165
Triglav penzijski fondovi a.d.	11	8	3
Triglav Krajina Kopaonik a.d.o.	92	76	16
Vardar Osiguruvanje a.d.	149	146	3
Triglav DZU d.o.o.	36	34	2
AS Triglav-servis in trgovina d.o.o.	32	32	0
TRI-PRO d.o.o.	109	96	13
Triglav Netherlands bv.	0	0	0
Zenit nepremičnine, inženiring in trženje d.d.	3	3	0
Triglav Naložbe finančna družba, d.d.	6	6	0
Slovenijales d.d.	313	310	3
Golf Arboretum d.o.o.	12	11	1
Gradis IPGI d.d.	0	3	-3
TOTAL	5,174	4,829	345



Compared to the preceding year the educational structure continued to improve in 2008, since the number of employees with higher-educational or university degrees was on the increase at the expense of the staff with less than secondary school and college degrees.

EMPLOYEES OF THE TRIGLAV GROUP AS AT 31 DECEMBER, 2007 AND 31 DECEMBER, 2008 BY EDUCATION LEVEL

	31 DECEMBER, 2008		31 DECEMBER, 2007	
	NUMBER	STRUCTURE	NUMBER	STRUCTURE
1 st - 4 th level	894	17.3%	1,171	24.2%
5 th level	2,413	46.6%	1,932	40.0%
6 th level	571	11.0%	512	10.6%
7 th level	1,223	23.6%	1,145	23.7%
MBA - PhD	73	1.4%	69	1.4%
TOTAL	5,174	100.0%	4,829	100.0%

14.1.2 Staff training and human resources development

14.1.2.1 Training

The Triglav Group promotes investments in building staff know-how at the level of the parent company and the group as a whole. Structure of training carried out by Zavarovalnica Triglav in 2008:

TYPES OF TRAINING IN 2007 AND 2008

TYPE OF TRAINING	2008	2007	INDEX
Scholarships	48	34	141
Work study	248	207	120
Trainees	15	27	56
Probationers	64	67	96
External training	489	453	108
In-house training	8,470	8,558	99
TOTAL	9,334	9,346	100

The training was performed in accordance with the training plan, focused on the following areas:

- 14 new scholarship contracts were concluded with higher school students of subjects which are in demand;
- with respect to work study, in addition to traditional form of co-funding studies interesting for Zavarovalnica Triglav, for the first time an internal group of students (mostly insurance agents) was organised for a bachelor degree course in economics, with specialisation in insurance. The purpose was to raise the level of knowledge for selling increasingly complex insurance products;
- in line with the set guidelines, external training accounted for a mere 5% of specialised training and the rest was in-house training;
- in-house training included regular professional, sales, computer, language and legally required training courses, on top of which new Triglav Academy programmes were organised (Management School, Business Negotiations School, Business Communications School) aimed at enhancing the management style of the managerial staff in Triglav, raise the quality of negotiations and improve communication with clients;
- e-training courses were introduced, which will increase in the future because of significant time and financial savings,
- in-house training courses at Zavarovalnica Triglav were also attended by employees from other group companies and colleagues from external agencies;
- two consultation sessions of the HRM heads in the Triglav Group were organised, focusing primarily on the exchange of good practices within the Triglav Group.

NUMBER OF HOURS OF SPECIALISED TRAINING PER EMPLOYEE IN 2007 AND 2008

	2008	2007	INDEX
Number of participants in specialised training	8,959	9,011	99
Number of hours of internal training	65,465	57,918	113
Number of hours of external training	9,220	7,928	116
Total number of hours of specialised training	74,685	65,846	113
Number of hours of specialised training per employee	30	26	113
Number of internal training sessions organised per working day	2.4	1.6	150

The number of participants in specialised training coursed remained the same as in 2007, whereas the number of training events and training hours rose due to a greater number of longer training courses in the form of workshops.

TRAINING COSTS IN 2007 AND 2008

	2008	2007	INDEX
Total costs*	1,148,829	859,058	134
Costs per employee	458	344	133
Costs per participant	123	92	134

* The figure includes both direct costs (tuition fees, registration fees, scholarships, work-study arrangements, trainee work costs, costs of external and in-house providers of training) and indirect costs (travelling expenses in Slovenia and abroad, per diem allowances and training related accommodation costs).

As the training courses grew in number, complexity and time and the number of scholarships and co-founding of work study programmes increased, the Triglav Group allocated more funds to training in 2008 than in 2007. Costs incurred, however, did not exceed the planned levels.

14.1.2.2 Management by objectives and development interviews

In Zavarovalnica Triglav, the parent company, objectives for employees were set based on development interviews. Employees with special authorisations had annual appraisal interviews with their superiors, since the performance related part of their salaries (incentive bonus) depends on such appraisals. As in previous years, managerial staff's managerial behaviour was rated with three-directional marks, which served as a basis for annual development interviews, improvement of managerial performance and agreement on development plans.

14.1.3 Internal communication

Internal and external communications (with media and investors) are the responsibility of the Corporate Communications Service. The communications of Zavarovalnica Triglav were in accordance with its business process organisation and the Communications Code of the Triglav Group. The expansion of services and markets showed a need for regulated and organised communication processes. Therefore, the Communications Code was adopted to facilitate communications with subsidiaries and enable uniform communications within the Group.

INTERNAL COMMUNICATION TOOLS IN THE TRIGLAV GROUP

TOOL	USAGE
"Notifications" (Lotus Notes application)	aimed at all employees depending on the contents, texts are categorised in different sections
Lotus Notes	Enables questionnaire surveys, following of direct employee responses, updated replies to their queries, comments and suggestions sent to a "staff ideas" post box.
"Staff ideas" post boxes	Two years ago they were placed in all regional units. They gave the staff opportunity to express their opinions and give suggestions.
Link, a monthly e-newsletter of the Triglav Group	It has been published since 2007 in both the Slovene and English language. The newsletter is available to employees of the Triglav Group and openly accessible at the website of the parent company and subsidiaries. At the end of 2008 Link started being upgraded, a process which is planned to be completed in the second half of 2009.
Obzornik, a monthly printed publication	Zavarovalnica Triglav has been publishing it for several decades. It covers professional topics and gives an overview of topical events in the Triglav Group.

14.1.4 Safety at work

In 2008, Zavarovalnica Triglav was raising the awareness of its employees about the importance of safe and healthy working environment. Risk reduction measures were taken following a risk assessment in order to reduce injuries and health damage. These primarily included:

- prevention of slips,
- stress reduction and stress management at work,
- safe driving courses for employees.

The activities in this field also include:

- periodic training on health and safety at work,
- work place decoration and organisation,
- regular periodic health checks, which covered one third of staff.

Injuries at work

Various accident prevention programmes brought down the number of accidents at work in Zavarovalnica Triglav by 7.

INJURIES AT WORK IN 2008

TYPE OF INJURY	AT WORKPLACE	ON BUSINESS TRIPS	TRAVELLING TO/ FROM WORK	TOTAL	PERCENTAGE (%)
Traffic accident	-	5	7	12	39
Slip / slide	1	3	5	9	29
Stumble / fall	3	3	4	10	32
TOTAL	4	11	16	31	100

14.1.5 Care for employee satisfaction

Additional benefits for employees

The staff of Zavarovalnica Triglav enjoy various insurance benefits:

- premiums are paid under collective accident insurance for all employees;
- favourable insurance terms are available for additional accident insurance to employees and their family members;
- additional accident insurance is proved for all business trips;
- after one year of employment, all employees may opt for voluntary additional pension insurance.

Care for employees outside working hours

The trade unions at the Triglav Group organise social events and meetings for the staff, among which the most prominent are: the Triglav Group Day in May, a New Year's gatherings of employees, gifts for employees' children, a gathering and excursion for retired former employees and ŠIFO - the Winter or Summer Games of Financial Organisations.

The trade union at the Triglav Group organises sports activities and provides other benefits, such as purchases of theatre tickets, organisation of trips, organised purchases of clothes, car tyres and similar. All employees can make use of our holiday facilities in Slovenia and Croatia at favourable prices.

14.2 RESPONSIBILITY TO THE SOCIAL AND NATURAL ENVIRONMENTS

Responsibility to the local and national social environment is incorporated in our development strategy and therefore also our mission. Among significant manifestations of the Triglav Group's social responsibility are:

- the presence and activity in the environment,
- identification of its needs and adequate responses to them,
- maintenance of long-term mutually beneficial partnerships.

14.2.1 Sponsorships and donations

All the sponsorships and donations are made in accordance with the Marketing Communication Plan of Zavarovalnica Triglav d.d. In 2008 Zavarovalnica Triglav spent EUR 3.5 million for sponsorships and EUR 0.4 million for donations, which is 16% more than in 2007.

STRUCTURE OF SPONSORSHIP AND DONATION FUNDS OF ZAVAROVALNICA TRIGLAV PER ACTIVITY

FIELD	PORTION IN 2008 (AS A%)	PORTION IN 2007 (AS A%)	DIFFERENCE 2008/2007 (IN PERCENTAGE POINTS)
Sports	79.0	73.2	+5.8
Culture	8.6	8.8	-0.2
Training courses	1.3	1.1	+0.2
Socially responsible, humanitarian activities and healthcare	1.9	4.9	-3.2
Other	9.2	12.0	-2.8

14.2.2 Main sponsorships and donations

Zavarovalnica Triglav supports the social environment at two levels: local and national. The local support is usually provided through branch offices. In this framework the branch offices contributed 34% to total sponsorships and the remaining 66% was the contribution of the Headquarters. Subsidiaries of the Triglav Group provide support at both local and national levels abroad.

Sports

The bulk of sponsorships (79%) by Zavarovalnica Triglav goes for sports at local and national levels, with special attention paid to the involvement of the young in sports.

For over 30 years Zavarovalnica Triglav has been among the biggest sponsors of the Ski Association of Slovenia and the golden sponsor of Slovene Nordic skiing and biathlon teams. We also traditionally organise a popular campaign "Triglav Generations in Planica", aimed at inspiring and cultivating the spirit of sport among the youngest generations. Zavarovalnica Triglav every year takes 3,000 children from all over Slovenia to see the ski flying in Planica.

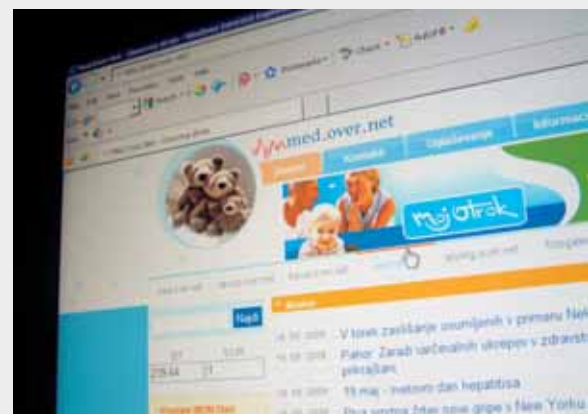
Culture

Almost 9% of our sponsorship budget was dedicated to cultural projects that boost creativity and are designed for the widest public.

We are cooperating with Cankarjev dom, the Ljubljana Summer Festival and Cafe teater, which every year organises the Chanson Festival in Ljubljana. At the local level, Zavarovalnica Triglav sponsored the Lent Festival in Maribor, the Tartini Festival in Piran, the Carniola Festival in Kranj and the Serious Music Festival organised by Klub pomurski akademski center.

In Trubar's Year of intercultural dialogue Triglav helped publish important literary and other works: the Historical Atlas of Slovenia, Slovenska kronika collection, the Complete Works of Primož Trubar and Plamenica. Sponsorship was also provided for an exhibition celebrating the 500th anniversary of the birth of Primož Trubar in the City Museum of Ljubljana and erect a bust in his honour in the German city of Kempten.

As proof of Triglav's traditional commitment to mountain climbing, a donation was made to the Slovenian Mountaineering Museum in Mojstrana, which will not only feature historic exhibits but also become the focal point of mountaineering and climbing in Slovenia.



Charity and healthcare

Donations were sent also for the purchase of medical devices, such as a non-invasive Legendair ventilator for the Clinical Department of Anaesthesiology and Intensive Therapy at the Ljubljana Clinical Centre and a digital, multipurpose x-ray system for the Slovenj Gradec General Hospital.

The funds which would have been spent on season's greetings to business partners went towards the purchase of a new device for early detection of brain damage in newborns and infants.

Health and charity activities are also supported by the member companies of the Triglav Group:

Triglav Zdravstvena zavarovalnica made donations for the purchase of a vehicle for the Cerebral Palsy Association, a mammograph to the Izola General Hospital and an x-ray device to the Koper Community Health Care Centre. Furthermore, it donated funds for a sports medicine seminar as well as "Take Them to the Sea" campaign by the Disabled People's Association and the Slovenian Red Cross. Triglav Zdravstvena zavarovalnica sent its New Year's donation to the Qualification Centre Janeza Levca (for children with slight mental disabilities) from Ljubljana. It promotes a healthy lifestyle by sponsoring the Healthy Club label, developed by the Sport Union of Slovenia, and the health information portal »med.over.net«.

Triglav BH Osiguranje from Sarajevo helped purchase a portable mammograph, organised by the International Women's Club, and a vehicle for the Cerebral Palsy Association. It also donated towards the publication of "SPES", a magazine for muscular dystrophy patients, and towards the blood donating promotion campaign organised by the International Red Cross.

Triglav Osiguranje from Zagreb as a donor provided funding to the Ana Rukavina Foundation for its work on the Croatian register of bone marrow donors, to the Clinic for Gynaecology and Obstetrics in Zagreb for improving hospital facilities for mothers and newborns as well as to the Special Hospital for Chronic Diseases of Children in Gornja Bistra for clothing and equipment for children suffering from chronic diseases.

14.2.3 Prevention activity

The implementation of well-planned and long-term prevention activities is an important demonstration of the social responsibility not only of the parent company but all the subsidiaries of the Triglav Group. In addition to awareness building prevention projects aim to reduce the threat of accidents to our policyholders. On top of the above mentioned donations for medical devices and health care institutions, prevention activities of the Triglav Group included child safety in traffic, safe driving, fire safety and nature protection.

Safe driving

With the aim of improving traffic safety Zavarovalnica Triglav supported the "Safe Way" project by the Institute for Traffic Accident Victim Assistance and as a partner in AMZS Safe Driving Centre in Vransko carried out training for its employees. Triglav BH Osiguranje from Sarajevo and Triglav Krajina Kopaonik, for their part, donated funds to various providers of roadworthiness tests for the purchase of modern equipment. As a representative of his company, the Director of Triglav Krajina Kopaonik, Branislav Đurica, was involved in the preparations of the Traffic Safety Council in drafting a traffic safety strategy of the Republic Srpska, targeted at decreasing the number of traffic accidents.

Child safety in traffic

For pupils starting primary school Zavarovalnica Triglav published a booklet entitled "Watch Out Doggie" about proper conduct in traffic. They were given yellow neck cloths to make them more visible. Lovćen Osiguranje did the same in the whole territory of Montenegro. Triglav Krajina Kopaonik donated funds for courses on proper conduct in traffic for school pupils organised by the Automobile Association of Serbia.

Fire safety

Zavarovalnica Triglav is helping several fire fighter associations with equipment purchases. Significant contributions were given to the association from the Municipality of Pivka and the Voluntary Fire fighter Association Dol pri Hrastniku were helped to purchase fire fighting vehicles. Various companies and institutions were assisted with their equipment purchases for improving fire safety.

Nature protection

After heavy storms caused considerable damage to the Slovene agriculture in June and August, Zavarovalnica Triglav helped out not only with prompt claim handling but also by providing anti-hail nets. In the framework of EKO Naložbe project, investments in advanced green technology, support was given to various environmentalist projects aimed at providing environmental safety, sustainable development and creation of quality long-term living space.

SPONSORED EKO DONATIONS AND RESULTS IN 2008

NO.	BENEFICIARY	AMOUNT	PURPOSE	STATUS
1	Esotech d.d., Velenje	12,500.00	environmental protection projects	UNDERWAY
2	Helios Tovarna barv, lakov in umetnih smol Količevo d.o.o.	12,500.00	construction of a new plant for the production of water-based coatings	FINISHED
3	Lepenka d.d., Tržič	12,500.00	construction of a waste-water treatment and cleaning plant	UNDERWAY
4	Ilirska Bistrica Municipality	12,500.00	investments in ecology in the municipality	FINISHED
5	Dr. Franc Derganc General Hospital Nova Gorica	12,500.00	investments in the modernisation of the existing hospital energy supply	UNDER PREPARATION
6	Bird Watching and Studying Association of Slovenia	12,500.00	project "The Green Heart of Koper"	UNDER PREPARATION
7	Public utilities company KOMUNALA Kočevje d.o.o.	12,500.00	district-heating project using wooden biomass	UNDERWAY
8	Meis storitve za okolje d.o.o., Šmarje - Sap	12,500.00	expansion of the system for monitoring the automatic measuring of environmental data in Zasavje	FINISHED
9	Javno podjetje Komunala d.o.o. Sevnica	12,500.00	construction of waterworks between Kravkovo and Sevnica	UNDERWAY
10	Institut za ekološki inženiring d.o.o. Maribor	12,500.00	project: "Let's Clean Up the Dravinja - Comprehensive Restoration of the Dravinja River Basin"	UNDERWAY
11	MPI - Reciklaža metalurgija d.o.o., Črna na Koroškem	12,500.00	project: conversion of boilers used for refining	FINISHED
12	Gornja Radgona Municipality	4,166.67	project: "Low Energy Kindergarten"	FINISHED
13	Puconci Primary School	4,166.67	investments in ecology-related projects to be realised by school attendants	UNDERWAY
14	Ocean Orchids d.o.o., Dobrovnik	4,166.66	use of the ground's stored energy for heating	UNDERWAY

14.3.4 Environmental awareness

Although the insurance business has no direct impact on the environment, we included the environmental cause in the day-to-day operations of the Triglav Group. We separate waste - waste paper is collected in cardboard containers and then recycled. In all branch offices where meals are provided, organic and inorganic waste is separated. Promotion material and gifts made in Slovenia and environmentally friendly are given priority. In December, we launched a new a unit-linked life insurance product with capital guarantee EKO Naložbe, investing in advanced green technologies. The previously described "EKO donations" were made as part of promoting this new insurance product.

15. SUBSEQUENT EVENTS

No events occurring after the Balance Sheet Date were material to the financial statements of the Triglav Group prepared for 2008.

The following events occurred after the Balance Sheet Date which may have a material effect on the financial statements of the Group for 2009:

Further security price declines in 2009

Securities prices continued falling in the first quarter of 2009. In accordance with accounting principles on financial asset valuation of Zavarovalnica Triglav, financial assets were additionally impaired in the first quarter by EUR 2.2 million.

Election of the new Supervisory Board of Zavarovalnica Triglav

The General Meeting of Shareholders, held on 6 April, 2009, elected the following Supervisory Board:

- Borut Jamnik,
- Mirko Miklavčič,
- Anton Ribnikar,
- Igor Mihajlovič,
- Aljoša Valentinčič,
- Uroš Slavinec.

The above stated members of the Supervisory Board were elected as shareholder representatives with a four-year term of office as of 7 April, 2009.

Appointment of the new president of the Management Board of Zavarovalnica Triglav

At Supervisory Board meeting, which took place on 28 May, 2009, Supervisory Board accepted the resign statement of the president of the Management Board Andrej Kocič and appointed Vladimir Mišo Čeplak as a new president of the Management Board of Zavarovalnica Triglav with six month mandate from 28 May, 2009 onwards.

Merger of Triglav Nekretnine d.o.o. with Triglav Osiguranje d.d.

Pursuant to the Merger Agreement of 26 November, 2007 and Annex 1 to the Merger Agreement of 19 May, 2008, the Commercial Court of Zagreb on 18 February, 2009 entered the merger of Triglav Nekretnine d.o.o., Zagreb with Triglav Osiguranje d.d., Zagreb. Triglav Nekretnine d.o.o. was a 100%-owned subsidiary of Triglav Osiguranje d.d. before the merger. By entering the merger in the Companies Register, Triglav Nekretnine d.o.o. was wound up and all its assets and liabilities were taken over by Triglav Osiguranje d.d.

Compliance of Vardar Osiguruvanje a.d. with the new Macedonian legislation

The insurance company Vardar Osiguruvanje a.d. should have aligned its operations with the amended Law on Insurance Supervision by 3 January, 2009 and accordingly raise share capital from EUR 752,300 to EUR 3,000,000. During the performance of activities for raising the share capital to an adequate level, Zavarovalnica Triglav and Vardar Osiguruvanje encountered numerous regulatory obstacles which prevented compliance by the date of issue of the consolidated financial statements. In spite of the fact that Vardar Osiguruvanje has enough own funds which will be used for recapitalisation, the Ministry of Finance of the Former Yugoslav Republic of Macedonia has defined a new deadline (9 June, 2009) by which Vardar Osiguruvanje has to comply with the amended law as stated above.

Slovenijales d.d. lease agreements

In February 2009 a lease agreement with a long-term business premises lessee in an office building was cancelled. This agreement contributed 20% to the total income of Slovenijales d.d. in 2008. The company is carrying out marketing and communications activities aimed at attracting new lessees. The office building is expected to be optimally occupied sometime in the course of 2009.

16. INFORMATION ON THE TRIGLAV GROUP AS AT 31 DECEMBER, 2008

Insurance and co-insurance

ZAVAROVALNICA TRIGLAV D.D.	
Address:	Miklošičeva 1, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 474 72 00
Fax:	++ 386 (1) 432 63 02
Email address:	info-triglav@triglav.si
Website:	www.triglav.si

POZAVAROVALNICA TRIGLAV RE D.D.	
Address:	Miklošičeva 19, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 474 79 00
Fax:	++ 386 (1) 433 14 19
Email address:	mail@triglavre.si
Website:	www.triglavre.si
Activity:	reinsurance
Equity stake:	87.00%
Share of voting rights:	87.00%

TRIGLAV ZDRAVSTVENA ZAVAROVALNICA D.D.	
Address:	Pristaniška ulica 10, 6000 Koper, Slovenia
Phone:	++ 386 (5) 66 22 000
Fax:	++ 386 (5) 66 22 002
Email address:	info@zdravstvena.net
Website:	www.zdravstvena.net
Activity:	all types of health insurance
Equity stake:	99.51%
Share of voting rights:	99.51%

TRIGLAV OSIGURANJE D.D.	
Address:	Antuna Heinza 4, 10000 Zagreb, Croatia
Phone:	++ 385 (1) 56 32 777
Fax:	++ 385 (1) 56 32 709
Email address:	centrala@triglav-osiguranje.hr
Website:	www.triglav-osiguranje.hr
Activity:	all types of non-life and life insurance
Equity stake:	98.04%
Share of voting rights:	98.04%

TRIGLAV POJIŠT'OVNA A.S.	
Address:	Novobranska 544/1, 602 00 Brno, Czech Republic
Phone:	++ 420 (5) 42 425 000
Fax:	++ 420 (5) 42 217 910
Email address:	triglav@triglav.cz
Website:	www.triglav.cz
Activity:	some types of non-life insurance
Equity stake:	100.00%
Share of voting rights:	100.00%

LOVČEN OSIGURANJE A.D.	
Address:	Ulica Slobode 13a, 81000 Podgorica, Montenegro
Phone:	++ 382 (20) 404 400
Fax:	++ 382 (20) 665 281
Email address:	lovosig@cg.yu, lovcen@lo.cg.yu
Website:	www.lovcenosiguranje.cg.yu
Activity:	all types of non-life and life insurance
Equity stake:	50.68%
Share of voting rights:	50.68%

TRIGLAV BH OSIGURANJE D.D.	
Address:	Dolina 8, 71000 Sarajevo, Bosnia and Herzegovina
Phone:	++ 387 (33) 252 110
Fax:	++ 387 (33) 252 177
Email address:	opstasluzba@triglavbh.ba
Website:	www.triglavbh.ba
Activity:	all types of non-life and life insurance
Equity stake:	68.94%
Share of voting rights:	78.71%

TRIGLAV KRAJINA KOPAONIK A.D.O.	
Address:	Kralja Petra I. Karađorđevića 103, 78000 Banja Luka, Bosnia and Herzegovina
Phone:	++ 387 (51) 215 262
Fax:	++ 387 (51) 215 262
Email address:	info@krajinakopaonik.com
Website:	www.krajinakopaonik.com
Activity:	all types of non-life insurance
Equity stake:	98.72%
Share of voting rights:	98.72%

TRIGLAV KOPAONIK A.D.O.	
Address:	Kralja Petra 28, 11000 Belgrade, Serbia
Phone:	++ 381 (11) 33 05 100
Fax:	++ 381 (11) 33 05 138
Email address:	office@triglav.rs
Website:	www.triglav.rs
Activity:	all types of non-life and life insurance
Equity stake:	100.00%
Share of voting rights:	100.00%

VARDAR OSIGURUVANJE A.D.	
Address:	Gradski Zid blok 8, 1000 Skopje, Former Yugoslav Republic of Macedonia
Phone:	++ 389 (2) 3 286 600
Fax:	++ 389 (2) 3 286 660
Email address:	osig@advardar.com.mk
Website:	www.insurance.com.mk
Activity:	all types of non-life insurance
Equity stake:	70.36%
Share of voting rights:	70.36%

Investment fund and asset management

TRIGLAV DZU D.O.O.	
Address:	Slovenska 54, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 300 73 00
Fax:	++ 386 (1) 300 73 50
Email address:	info@triglav-du.si
Website:	www.triglav-du.si
Activity:	investment company and mutual fund management
Equity stake:	96.43%
Share of voting rights:	96.43%

TRIGLAV NALOŽBE FINANČNA DRUŽBA D.D.	
Address:	Slovenska 54, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 434 55 40
Fax:	++ 386 (1) 434 55 50
Email address:	info@triglav-fd.si
Website:	www.triglav-fd.si
Activity:	holding company
Equity stake:	79.94%
Share of voting rights:	79.94%

TRIGLAV PENZIJSKI FONDOVI A.D.	
Address:	Kralja Petra 45, 11000 Belgrade, Serbia
Phone:	++ 381 (11) 30 36 356
Fax:	++ 381 (11) 303 84 87
Email address:	office@triglavpenzija.co.yu
Website:	www.triglavpenzija.co.yu
Activity:	organisation and management of voluntary pension funds
Equity stake:	99.10%
Share of voting rights:	99.10%

TRIGLAV NETHERLANDS B.V.	
Address:	Koningslaan 14, Amsterdam, the Netherlands
Activity:	financial brokerage
Equity stake:	100.00%
Share of voting rights:	100.00%

Other activities

TRI-PRO D.O.O.	
Address:	Ljubljanska cesta 86, 1230 Domžale, Slovenia
Phone:	++ 386 (1) 7246 650
Fax:	++ 386 (1) 7246 675
Email address:	info@tri-pro.si
Website:	www.tri-pro.si/sl/default.asp
Activity:	insurance agency
Equity stake:	100.00%
Share of voting rights:	100.00%

AS TRIGLAV-SERVIS IN TRGOVINA D.O.O.	
Address:	Verovškova 60b, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 5806 872
Email address:	as-triglav@siol.net
Activity:	maintenance and repair of motor vehicles
Equity stake:	100.00%
Share of voting rights:	100.00%

ZENIT NEPREMIČNINE, INŽENIRING IN TRŽENJE D.D.	
Address:	Verovškova 60b, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 2420 690
Activity:	real-estate management
Equity stake:	100.00%
Share of voting rights:	100.00%

SLOVENIJALES D.D.	
Address:	Dunajska 22, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 4744 200
Fax:	++ 386 (1) 4314 145
Email address:	info@slovenijales.si
Website:	www.slovenijales.si
Activity:	retail trade
Equity stake:	61.74%
Share of voting rights:	61.74%

GOLF ARBORETUM D.O.O.	
Address:	Volčji potok 3a, 1235 Radomlje, Slovenia
Phone:	++ 386 (1) 831 8080
Fax:	++ 386 (1) 831 8091
Email address:	uprava@golfarboretum.si
Website:	http://www.golfarboretum.si/main.htm
Activity:	sport activities
Equity stake:	80.10%
Share of voting rights:	80.10%

GRADIS IPGI D.D.	
Address:	Industrijska cesta 2, 1000 Ljubljana, Slovenia
Phone:	++ 386 (1) 5411 997
Fax:	++ 386 (1) 5411 998
Email address:	info@gradis-ipgi.si
Website:	www.gradis-ipgi.si
Activity:	construction
Equity stake:	79.40%
Share of voting rights:	79.40%

17. THE BUSINESS NETWORK OF THE TRIGLAV GROUP

The registered office of Zavarovalnica Triglav is where the management, developmental and coordinating functions are performed. A business network of 12 regional units across Slovenia and a branch office in Slovakia offer simple and quick access to our products and services.

Triglav's own business network is expanded by insurance agencies and insurance brokerage firms. Agency contracts for selling insurance products are concluded with companies carrying out motor vehicle roadworthiness tests. Moreover, Triglav's products and services are also available in banks, post offices, at border crossings, travel agencies and on the web portal of Zavarovalnica Triglav.

17.1 INSURANCE AND CO-INSURANCE

- **ZAVAROVALNICA TRIGLAV D.D., LJUBLJANA,**
HEADQUARTERS - registered office

Branch offices:

- Celje
- Koper
- Kranj
- Krško
- Ljubljana
- Maribor
- Murska Sobota
- Nova Gorica
- Novo mesto
- Postojna
- Slovenj Gradec
- Trbovlje

Branch office abroad:

- Slovakia

- **POZAVAROVALNICA TRIGLAV RE D.D., LJUBLJANA**
- registered office

- **TRIGLAV ZDRAVSTVENA ZAVAROVALNICA D.D., KOPER** - registered office

The insurance company has agencies set up in all 12 of the regional units of Zavarovalnica Triglav.

- **TRIGLAV OSIGURANJE D.D., ZAGREB**
- registered office

Branch offices:

- Čakovec
- Koprivnica
- Pula
- Rijeka
- Zagreb
- Osijek
- Split

- **TRIGLAV BH OSIGURANJE D.D., SARAJEVO**
- registered office

Branch offices:

- Sarajevo
- Bihać
- Tuzla
- Mostar
- Zenica
- Travnik
- Goražde

- **TRIGLAV POJIŠŤOVNA A.S., BRNO**
- registered office

Branch offices:

- Brno
- Praga
- České Budějovice
- Ostrava
- Pardubice
- Plzeň
- Liberec
- Olomouc

- **LOVČEN OSIGURANJE A.D., PODGORICA**

- registered office

Branch offices:

- Podgorica
- Nikšić
- Berane
- Plevlja
- Bijelo Polje
- Kotor

- **TRIGLAV KOPAONIK A.D.O., BELGRADE**

- registered office

Branch offices:

- Vranje
- Novi Sad

Agencies:

- Aranđelovac
- Bor
- Čačak
- Golubac
- Jagodina
- Kikinda
- Kragujevac
- Kraljevo
- Kruševac
- Leskovac
- Mladenovac
- Negotin
- Niš
- Novi Pazar
- Pančevo
- Šabac
- Subotica
- Valjevo

- **TRIGLAV KRAJINA KOPAONIK A.D., BANJA LUKA**

- registered office

Agencies:

- Banja Luka
- Prijedor
- Gradiška
- Mrkonjić Grad
- Doboj
- Bjeljina
- Zvornik
- Istočno Sarajevo
- Bileća
- Brčko

- **VARDAR OSIGURUVANJE, A.D., SKOPJE**

- registered office

Agencies:

- Skopje
- Bitola
- Ohrid
- Gostivar
- Tetovo
- Kumanovo
- Veles
- Gevgelija
- Negotino
- Resen
- Prilep
- Kicevo
- Radoviš
- Kočani
- Štip
- Kavadarci
- Strumica
- Kruševo
- Delčevo

17.2 INVESTMENT FUND AND ASSET MANAGEMENT

- **TRIGLAV DRUŽBA ZA UPRAVLJANJE, D.O.O., LJUBLJANA** - registered office

- **TRIGLAV NALOŽBE, FINANČNA DRUŽBA D.D., LJUBLJANA** - registered office

- **VOLUNTARY PENSION FUND MANAGEMENT COMPANY - TRIGLAV PENZIJSKI FONDOVI A. D., BELGRADE** - registered office

18. GLOSSARY OF INSURANCE TERMS

BONUS - MALUS SYSTEM

A “bonus-malus system” (BMS) is a system that adjusts the premium paid by a customer according to his individual claim history. If no claim is made in a given period, the customer is given a discount in the premium on the renewal of the policy (bonus). If a claim is made in a given period, the premium is increased (malus).

FLOATING POLICY

Floating policies can be taken for fire and some other types of insurance. When the amount and value of a customer’s inventories vary during the year, fire insurance is covered by a floating policy. The premium is computed on the basis of average planned values of customer’s inventories and claims are paid even if they exceed the average value.

FRANCHISE

The indemnity engagement assumed by the insured at their own expense if the percentage of loss is equal to or lower than the franchise, which is an amount set as a percentage of the sum insured or insurable value.

There are two types of franchise:

- unconditional franchise
- conditional or deductible franchise

In the case of an unconditional franchise, if the value of the loss exceeds the franchise value, the insurer compensates the caused losses in full. In the case of a conditional franchise the insurer’s liability in all cases is limited only to the excess of any loss over and above the franchise.

INDIVIDUAL INSURANCE

An insurance policy which provides direct protection to an individual as a means of satisfying their concrete need for safety and security.

FULL VALUE INSURANCE

In the case of full value insurance the benefit is set as a result of the amount of loss covered by the insurance multiplied by the ratio between the sum insured and insurable value, whereas this ratio should not exceed one. Consequently, the benefit depends on the ratio between the sum insured and insurable value.

COMPOSITE INSURANCE COMPANY

A composite insurance companies carry out both life and non-life insurance business.

LONG-TERM BUSINESS FUND

Represents assets covering an insurer’s liabilities arising from all insurance classes for which mathematical provisions have to be established.

ASSETS BACKING LIABILITIES

Represent the insurer’s assets set aside for meeting future liabilities from the policies they underwrite as well as potential losses arising from risks undertaken in the course of insurance business for which technical provisions (i.e. insurance contract liabilities) have to be established.

MATHEMATICAL PROVISIONS

These provisions are set aside in the amount equalling the present values of estimated future liabilities arising from insurance policies, reduced by the present estimated value of future premiums paid on these policies.

COMPULSORY INSURANCE

Compulsory insurance is coverage certain persons are required to have by law. The law in Slovenia stipulates compulsory motor vehicle insurance, liability insurance in certain industries and ecological insurance.

INDEMNITY

An indemnity is the compensation paid by the insurer to the injured party based on a liability insurance contract with the insured in accordance with the law of damages.

RE-INSURANCE

This is the process of further offsetting the financial loss exposure of the insurer which they cannot absorb themselves.

VOLUNTARY INSURANCE

Any insurance contract made between the parties of their free will as opposed to compulsory insurance which the parties are obliged to arrange.

SOCIAL INSURANCE

Social insurance is designed to directly safeguard a certain social group and meet its need for safety and security by providing the minimum standard of living to that group. Compulsory social insurance includes disability, health, pension and unemployment insurance.

SOLVENCY II

On 10 July, 2007 the European Commission published Solvency II Framework Directive in order to replace 14 existing directives regulating life and non-life insurance, reinsurance and insurance groups and upgrade them with the new Solvency II regime. The Solvency II regime has a three-pillar structure and focuses on risk management and risk-adjusted capital adequacy requirements. Major changes cover setting up supervision systems in insurance companies, their governance, supervision of their operations, computing technical provisions and defining the required capital levels that insurance companies have to hold against a range of risks involved in their business. The new regime will come into force on 31 October, 2012.

CO-INSURANCE

Co-insurance is made under a single insurance contract where two or more insurers assume a designated portion of the liability for the total risk and are liable for only such portion of any loss if an insured event occurs.

BENEFICIARY

A beneficiary is a person to whom the insurer is obliged to pay benefits upon the occurrence of the event insured.

FIXED SUM INSURANCE

In contrast to insurance against loss or damage, the agreed sum insured is paid out by the insurer when an insured loss is sustained. Fixed sum insurance is used in accident insurance for example.

TEMPORARY INSURANCE COVER

This is a document which replaces an insurance policy. It is used in cases where some of the required data for an insurance policy are not available.

POLICYHOLDER

A policyholder is a person to whom the insurer issues a policy on which they agree to pay a premium.

INSURANCE COMPANY - INSURER

An insurance company is an economic entity whose core business is insurance. As a party to an insurance contract the insurance company undertakes to pay a benefit or indemnity to the other party upon the occurrence of the event insured in exchange for an agreed premium. In insurance theory, an insurer is a company which provides insurance.

(INSURANCE) POLICY

An (insurance) policy is part of an insurance contract. The (insurance) policy has to contain all the data required for arranging insurance. It includes the essential elements of an insurance contract: parties, subject matter of the insurance or the insurant, definition of perils, general and specific terms and conditions of insurance (which form part of the insurance contract), term of insurance, place of arranging insurance and the signatures of the contracting parties. The (insurance) policy may be replaced by a temporary insurance cover for a period.

(INSURANCE) PREMIUM

An (insurance) premium is an amount paid by the policyholder to the insurer as agreed in the insurance contract. The (insurance) premium is used to cover present and future losses, prevention costs and the insurer's costs of operation.

SUM INSURED

A sum insured is an amount agreed to be the maximum liability of the insurer upon the occurrence of the event insured. An insurance contract may stipulate that the sum insured is revalued during the term of insurance so as to retain the real value it had at the time the insurance was arranged.

INSURANCE CONTRACT

Under an insurance contract one contracting party (the policyholder) promises the other contracting party (the insurer) to pay a premium. The other contracting party (the insurer), in turn, promises to pay the insured or another person whom the contract specifies as beneficiary, the indemnity for damage following the occurrence of an insured peril.

INSURANCE TERMS AND CONDITIONS

These form a constituent part of an insurance contract. Depending on the insurance class they are used to determine insured perils and mutual rights and obligations of the contracting parties during the term of insurance. Rights and obligations are specifically determined for the event insured.

INSURANCE BROKER

An insurance broker is a person who brokers contracts of insurance for one or several insurers. In performing this activity they have a primary role of protecting the interests of policyholders.

INSURED EVENT

An “insured event against” refers to an uncertain event which may occur irrespective of the express will of the contracting parties. The insurer must pay a benefit or indemnity within an agreed period after the occurrence of the event insured. This must not exceed fourteen days of the date the insurer is notified of such an occurrence.

INSURANCE AGENT

An insurance agent is a person who is, based on their employment or other contractual relationship with the insurer or an insurance brokerage firm, authorised to source contracts of insurance in the name and on behalf of the insurer. An insurance agency encompasses all activities related to the drafting of insurance contracts and assistance in executing rights arising therefrom, especially in the insurance claim settlement process.

BENEFIT

A benefit is a payment the insurer is obliged to make, due to the occurrence of the event insured covered by an insurance contract, to the insured or another person whom the contract specifies as beneficiary.

THE INSURED (INSURANT)

In non-life insurance the insured is a person whose property or property interest is protected by an insurance policy. In this case, excluding insurance on behalf of a third party, the policyholder and the insured are one and the same person.

In life insurance the insured is a person who is the object of risk, i.e. the person whose death, disability, injury to health, morbidity or survival is the condition for benefit payment.

AGREED VALUE INSURANCE

Agreed value insurance is a combination of classic insurance and first loss insurance. It is available to those insurants who regularly keep the required accounting records showing the value of fixed assets. Agreed value insurance cover is provided under fire, machinery breakdown and computer insurance policies.

DOUBLE FIRST LOSS INSURANCE

This type of insurance is issued for art collections. The policyholder and the insurer agree on two sums insured:

- the higher, covering the entire collection and
- the lower, covering an individual collection item.

The insurer covers the loss per individual item of the collection up to the lower sum insured and the loss of the entire collection up to the higher sum insured.

FULL REPLACEMENT VALUE INSURANCE

The sum insured equals the value of new replacement property at the location it is situated. The sum insured is set on the basis of the insurable value of the insured property where, in the event of a loss, no depreciation is deducted from its full replacement value. This is the difference between full replacement value insurance on the one hand and classic insurance and agreed value insurance on the other.

FIRST LOSS INSURANCE

As opposed to classic insurance, this type of insurance does not take into account the ratio between the sum insured and the insurable value. If an insured event occurs, the insurance benefit equals the insurance cover only if the sum insured is equal to or higher than the loss incurred. If the loss incurred exceeds the sum insured, the insurance benefit equals the sum insured.

APPRAISED VALUE INSURANCE

Under this type of insurance, in order to facilitate loss adjustment, the policyholder and the insurer agree on the value of the insured property upon the arrangement of insurance and use that value as the basis for defining the sum insured.

INSURANCE WITH EXPIRATION DATE

An insurance policy with an expiration date defines the beginning and expiration of insurance cover. It may be taken out for up to one year (short-term insurance) or above one year periods (long-term insurance). Such an insurance policy may expire before the expiration date subject to an agreement by both contracting parties and the occurrence of events set out in the insurance contract. For long-term insurance policies, after a period of 3 years either contracting party may cancel the contract with a 6-month notice period served in written form.

INSURANCE WITHOUT EXPIRATION DATE

This type of insurance policy defines the beginning but not the expiration of insurance cover. It remains in force until cancelled by either of the contracting parties at least three months prior to the end of the insurance year.

TECHNICAL PROVISIONS (INSURANCE CONTRACT LIABILITIES)

The insurer is obliged to establish technical provisions (i.e. insurance contract liabilities) for all insurance classes they provide. These provisions are set aside to cover future obligations arising from policies and possible risk losses undertaken in the course of insurance business.



Nature is unique and common to all.

By collecting and recycling paper we protect forests in Croatia. As partners we were involved in several environmental projects in Slovenia and supported the energy-saving reconstruction of a kindergarten in Gornja Radgona. We helped protect crops with anti-hail nets.



FINANCIAL OVERVIEW

I. INDEPENDENT AUDITOR'S REPORT

To the Management and Supervisory Board of Zavarovalnica Triglav d.d., Ljubljana



Independent Auditor's Report

To the Shareholders of Zavarovalnica Triglav, d.d., Ljubljana

We have audited the accompanying consolidated financial statements of Zavarovalnica Triglav, d.d., Ljubljana and its subsidiaries (Triglav Group) which comprise the consolidated balance sheet as at 31 December 2008, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Triglav Group as at 31 December 2008, its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion we draw attention to Notes 6.12. of the financial statements referring to inconsistency of requirements in the Insurance Act with the International Financial Reporting Standards as adopted by the European Union. The Company forms and discloses equalisation provisions within equity in accordance with the International Financial Reporting Standards as adopted by the European Union. If the financial statements would be prepared according to provisions of the Insurance Act, these equalisation provisions would have been formed and charged against operating profit or loss and disclosed among liabilities from insurance business.

Report on other legal and regulatory requirements

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.


Mag. Simona Korošec Lavrič, M.Sc.Ec.

Certified Auditor

Ljubljana, 29 April 2009

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.


Katarina Sitar Suštar, B.Sc.Ec.

Certified Auditor

Partner

KPMG Slovenija, d.o.o.
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II. CONSOLIDATED FINANCIAL STATEMENTS

A) CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2008

		IN EUR	
	NOTE	31 DECEMBER, 2008	31 DECEMBER, 2007 (RESTATED) ¹
ASSETS			
1. Property, plant and equipment	6.1	132,584,565	134,963,596
2. Intangible assets	6.2	84,455,499	75,960,946
3. Non-current assets for sale	6.3	1,609,225	15,903,583
4. Investment property	6.4	80,069,945	59,770,494
5. Investments in associates	6.5	99,330,861	47,862,503
6. Financial assets	6.6	1,963,318,102	2,112,388,747
7. Insurance receivables	6.7	225,288,038	187,441,713
8. Assets from reinsurance contracts	6.8	42,960,186	27,202,664
9. Deferred tax assets	6.9	19,323,975	9,273,404
10. Receivables from corporate income tax		2,041,613	1,344,436
11. Cash and cash equivalents	6.10	32,517,218	25,320,567
12. Other assets	6.11	13,001,916	12,870,814
TOTAL ASSETS		2,696,501,143	2,710,303,467
EQUITY AND LIABILITIES			
1. Share capital		23,701,391	23,701,392
2. Capital reserves		53,412,885	53,412,885
3. Other reserves		51,549,611	45,448,057
4. Fair value reserve		70,010,806	162,786,788
5. Retained earnings		284,326,752	293,809,067
- Net profit from previous years		284,703,008	243,014,002
- Net profit for the year		-376,256	50,795,065
6. Consolidation equity adjustment		-1,195,098	-47,119
Equity attributable to equity holders of parent total		481,806,347	579,111,070
7. Minority interests		45,154,010	45,760,352
TOTAL EQUITY	6.12	526,960,357	624,871,422
1. Insurance contract liabilities	6.13	1,904,571,984	1,814,693,465
2. Other provisions	6.14	21,565,178	18,489,661
- Employee benefits		7,271,982	6,649,404
- Other provisions		14,293,196	11,840,257
3. Financial liabilities	6.15	106,341,389	61,059,352
4. Liabilities from insurance operations	6.16	34,800,213	28,255,706
5. Deferred tax assets	6.9	15,297,569	81,636,628
6. Current tax liabilities		8,363,526	9,422,751
7. Other liabilities	6.17	78,600,927	71,874,482
TOTAL EQUITY AND LIABILITIES		2,696,501,143	2,710,303,467

1 Comparative information have been restated due to a change in accounting policy as described in Chapter 1.

B) CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER, 2008

		IN EUR	
	NOTE	2008	2007
NET PREMIUM INCOME	6.18	941,032,569	847,230,636
1. Gross written premium		1,024,451,610	915,424,885
2. Re/co- insurer's share in gross written premium		-64,515,171	-51,005,847
3. Change in provision for unearned premium		-19,851,568	-18,520,781
4. Change in re/co- insurer's share of provision for unearned premium		947,698	1,332,379
OTHER NET INCOME		47,964,047	279,202,156
1. Investment income	6.19	91,365,343	89,857,958
2. Investment property income	6.20	5,803,361	6,568,929
3. Fees and commission income	6.21	36,596,027	38,409,518
4. Net fair value gains / (losses)	6.22	-137,764,962	47,484,053
5. Net realised gains / (losses) on financial assets	6.23	-9,874,952	27,647,444
6. Other insurance income	6.24	7,301,417	5,168,488
7. Other income	6.25	54,537,813	64,065,766
NET CLAIMS INCURRED	6.26	583,723,107	531,569,482
1. Gross claims settled		617,964,516	498,960,083
2. Recourse income		-21,432,255	-19,022,363
3. Re/co- insurer's share in gross claims settled		-55,658,365	-21,618,532
4. Change in gross claim provision		53,929,623	78,058,826
5. Change in re/co- insurer's share in gross claim provision		-14,366,180	-6,155,904
6. Expenses from equalisation scheme for health insurance		3,285,768	1,347,372
OTHER EXPENSES		411,243,975	530,304,378
1. Bonuses and discounts	6.27	12,388,561	11,160,425
2. Change in other net insurance contract liabilities	6.28	24,376,537	192,482,652
3. Acquisition costs	6.29	134,953,597	122,733,462
4. Other operating costs	6.29	73,450,325	59,876,219
5. Finance costs	6.30	45,719,495	8,457,269
6. Investment property expense	6.31	3,616,634	3,179,247
7. Other expenses from insurance operations	6.31	52,953,040	45,386,957
8. Other expenses	6.31	63,785,786	87,028,147
SHARE OF PROFIT / (LOSS) OF ASSOCIATES (+/-)	6.5	8,316,494	4,460,866
PROFIT BEFORE TAX		2,346,028	69,019,798
Income tax expense	6.33	786,418	14,561,452
PROFIT FOR THE YEAR		1,559,610	54,458,346
- Profit attributable to equity holders		2,951,518	51,939,235
- Profit attributable to minority interests		-1,391,908	2,519,111

C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY²

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 31 DECEMBER, 2008

2008		SHARE CAPITAL	CAPITAL RESERVES	STATUTORY RESERVES	RESERVES FOR OWN SHARES	OWN SHARES	SAFETY RESERVE	EQUALISATION PROVISION FOR CREDIT INSURANCE
A.	Opening balance for the period	23,701,392	53,412,884	4,662,643	2,723,566	-2,723,566	12,176,095	28,458,240
1.)	Net profit recognised in the income statement	-	-	-	-	-	-	-
2.)	Net profit recognised in the equity	-	-	-	-	-	-	4,193,813
-	change in fair value of financial assets available for sale	-	-	-	-	-	-	-
-	change in fair value of financial assets in life-insurance fund (shadow accounting)	-	-	-	-	-	-	-
-	change in equalisation provision for credit and catastrophe insurance	-	-	-	-	-	-	4,193,813
-	deferred taxes on profit/losses from financial assets and consolidation	-	-	-	-	-	-	-
3.)	Decrease due to disposal	-	-	-	-	-	-	-
4.)	Dividends paid	-	-	-	-	-	-	-
5.)	Bonuses to Supervisory Board, employees	-	-	-	-	-	-	-
6.)	Other payments	-	-	9,235,276	364,680	-364,680	-7,306,169	-
7.)	Other increases/decreases in capital items	-	-	-	-	-	-	-
B.	Closing balance for the period	23,701,392	53,412,884	13,897,919	3,088,246	-3,088,246	4,869,926	32,652,053
Accumulated profit								

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 31 DECEMBER, 2007

2007 ³		SHARE CAPITAL	CAPITAL RESERVES	STATUTORY RESERVES	RESERVES FOR OWN SHARES	OWN SHARES	SAFETY RESERVE	EQUALISATION PROVISION FOR CREDIT INSURANCE
A.	Opening balance for the period (prior to the change in accounting policy)	23,718,023	53,396,253	4,652,451	2,723,566	-2,723,566	7,865,417	26,939,221
	Restatement due to the change in accounting policy	-	-	-	-	-	-	-
B.	Opening balance for the period (following the change in accounting policy)	23,718,023	53,396,253	4,652,451	2,723,566	-2,723,566	7,865,417	26,939,221
1.)	Net profit recognised in the income statement	-	-	-	-	-	-	-
2.)	Net profit recognised in the equity	-	-	-	-	-	-	1,519,019
-	change in fair value of financial assets available for sale	-	-	-	-	-	-	-
-	change in fair value of financial assets in life-insurance fund (shadow accounting)	-	-	-	-	-	-	-
-	change in equalisation provision for credit and catastrophe insurance	-	-	-	-	-	-	1,519,019
-	deferred taxes on profit/losses from financial assets and consolidation	-	-	-	-	-	-	-
3.)	Dividend paid	-	-	-	-	-	-	-
4.)	Other increases/decreases in capital items	-16,631	16,631	10,192	-	-	4,310,678	-
C.	Closing balance for the period	23,701,392	53,412,884	4,662,643	2,723,566	-2,723,566	12,176,095	28,458,240
Accumulated profit								

2 For the accounting policies see Chapter 2.16, for the additional disclosures see Chapter 6.12.

3 Retained earnings as at 1 January, 2007 and 31 December, 2007 were adjusted in line with the changed accounting policy - see Chapter 1.

							IN EUR	
RESERVES FROM PROFIT								
CATASTROPHE RESERVES	FAIR VALUE RESERVE	RETAINED EARNINGS	NET PROFIT FOR THE YEAR	CONSOLIDATION EQUITY ADJUSTMENT	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	MINORITY INTEREST	TOTAL	
151,080	162,786,788	243,014,002	50,795,065	-47,119	579,111,070	45,760,352	624,871,422	
-	-	-	2,951,518	-	2,951,518	-1,391,908	1,559,610	
-	-92,775,983	-	-3,326,391	-	-91,908,561	3,352,975	-88,555,586	
-	-143,096,645	-	-	-	-143,096,645	4,220,397	-138,876,248	
-	16,108,624	-	-	-	16,108,624	-	16,108,624	
-	-	-	-3,326,391	-	867,422	-867,422	-	
-	34,212,038	-	-	-	34,212,038	-	34,212,038	
-	-	-	-	-	-	-2,964,470	-2,964,470	
-	-	-5,683,787	-	-	-5,683,787	-383,945	-6,067,732	
-	-	-273,183	-	-	-273,183	-	-273,183	
-21,366	-	-2,270,693	-1,384	-	-364,336	-344	-364,680	
-	-	49,916,669	-50,795,065	-1,147,979	-2,026,375	781,350	-1,245,025	
129,714	70,010,806	284,703,008	-376,257	-1,195,098	481,806,347	45,154,010	526,960,356	
		284,703,008	-376,257				284,326,751	

							IN EUR	
RESERVES FROM PROFIT								
CATASTROPHE RESERVES	FAIR VALUE RESERVE	RETAINED EARNINGS	NET PROFIT FOR THE YEAR	CONSOLIDATION EQUITY ADJUSTMENT	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	MINORITY INTEREST	TOTAL	
41,093,479	83,348,275	214,656,476	28,260,551	326,711	484,256,858	39,347,420	523,604,278	
-41,093,479	-	34,033,560	-	-	-7,059,919	-	-7,059,919	
-	83,348,275	248,690,036	28,260,551	326,711	477,196,938	39,347,420	516,544,358	
-	-	-	51,939,235	-	51,939,235	2,519,111	54,458,346	
151,080	79,438,513	-	-1,668,919	-	79,439,693	-	79,439,693	
-	97,313,670	-	-	-	97,313,670	-	97,313,670	
-	726,207	-	-	-	726,207	-	726,207	
151,080	-	-	-1,670,099	-	-	-	-	
-	-18,601,364	-	1,180	-	-18,600,184	-	-18,600,184	
-	-	-2,841,894	-	-	-2,841,894	-	-2,841,894	
-	-	-2,834,141	-27,735,802	-373,830	-26,622,903	3,893,821	-22,729,082	
151,080	162,786,788	243,014,002	50,795,065	-47,119	579,111,070	45,760,352	624,871,422	
		243,014,002	50,795,065				293,809,067	

D) CONSOLIDATED CASH FLOW STATEMENT⁴

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDING 31 DECEMBER, 2008

			IN EUR	
		NOTE	2008	2007
A.	OPERATING CASH FLOW			
a.	Income statement items		110,110,681	221,960,448
	Operating revenues and financial income from operating receivables	6.18	1,198,079,473	1,021,305,397
	Operating expenses excluding depreciation and financial expenses for operating liabilities	6.26 - 6.29	-1,073,265,187	-799,344,949
	Corporate income tax and other taxes excluded from operating expenses	6.34	-14,703,605	-
b.	Changes in current assets		-114,149,377	-26,515,967
	Change in receivables	6.7	-75,594,445	-56,160,598
	Change in deferred costs and accrued revenue	6.11	-744,581	875,658
	Change in deferred tax assets	6.9	-10,050,571	137,990
	Change in inventories	6.11	3,591,365	-3,303,414
	Change in operating liabilities	6.16	30,995,699	27,991,208
	Change in accrued cost and deferred revenue	6.17	3,992,215	6,019,161
	Change in deferred tax liabilities	6.9	-66,339,059	-2,075,972
	Cash flow from operating activities		-4,038,696	195,444,481
B.	INVESTING CASH FLOW			
	Interest and dividends received from investments	6.19	91,190,996	78,426,764
	Receipts/payments from intangible assets	6.2	-12,298,710	-3,717,944
	Receipts/payments from property, plant and equipment	6.1	-10,962,747	-7,250,788
	Receipts/payments from investment property	6.4	-3,650,734	914,533
	Receipts/payments from financial assets	6.6	-9,051,226	-261,123,270
	Receipts/payments from new subsidiaries		-	2,084,572
	Cash flow from investing activities		55,227,579	-190,666,133
C.	FINANCING CASH FLOW			
a.	Inflows from financing		21,340,345	15,829,826
	Receipts from paid-in capital	6.12	-	263,691
	Receipts from long-term loans received	6.15	21,340,345	15,566,135
b.	Outflows from financing		-64,774,430	-12,300,926
	Expenses for interest related to financing activities	6.30	-11,837,273	-2,764,458
	Expenses for repayment of financial obligations	6.15	-47,449,100	-6,694,574
	Dividend payments	6.12	-5,488,057	-2,841,894
	Cash flow from financing activities		-43,434,085	3,528,900
D.	Opening balance of cash and cash equivalents	6.10	25,320,567	17,429,740
E1	Net cash flow for the period		7,754,798	8,307,248
E2	Exchange-rate differences		-558,147	-416,421
F.	Closing balance of cash and cash equivalents	6.10	32,517,218	25,320,567

⁴ For the additional disclosures related to the cash flow statement see Chapter 6.37.

1. GENERAL INFORMATION

DESCRIPTION OF THE GROUP

Zavarovalnica Triglav d.d. (»Zavarovalnica Triglav« or »the Company« or »the parent company«) and its subsidiaries form the Triglav Group (»the Group«).

Zavarovalnica Triglav is a joint-stock company located in Ljubljana, Slovenia (the address of its registered office is Miklošičeva 19, Ljubljana). The largest owner of Zavarovalnica Triglav is the Republic of Slovenia with Zavod za pokojninsko in invalidsko zavarovanje Slovenije holding 34.47% and Slovenska odškodninska družba holding 28.31% of the shares. Zavarovalnica Triglav shares are listed on Ljubljana Stock Exchange.

The Group offers a wide range of life, property and health insurance and reinsurance products. In addition to insurance products the Group also offers asset management and other services.

These consolidated annual financial statements were authorised for issue by the Management Board on 29 April, 2009 and can be obtained at the registered office of Zavarovalnica Triglav or on its web page.

STATUTORY BODIES

The Management Board as at the balance sheet date:

- Andrej Kocič, M.Sc., President,
- Borut Eržen, PhD, member,
- Vladimir Mišo Čeplak, M.Sc., member and
- Tomaž Rotar, B.Sc., member.

The Supervisory Board as at the balance sheet date:

- Damjan Mihevc, Chairman,
- Mateja Perger, Vice Chair,
- Gregor Gomišček, PhD, member,
- Janez Sušnik, member,
- Bojan Župevc, member,
- Janez Gregorič, member,
- Branko Gorjan, member,
- Boris Gabor, member and
- Peter Celar, member.

EMPLOYEES

At the balance sheet date there were 5,174 employees in the Group. The average number of employees in 2008 was 5,011 (in 2007: 4,629). An overview of employees by their education level is shown below.

LEVEL OF EDUCATION	2008	2007
I. - IV.	894	1,171
V.	2,413	1,932
VI.	571	512
VII.	1,223	1,145
VIII. - IX.	73	69
TOTAL	5,174	4,829

BASIS OF PREPARATION

The consolidated financial statements of the Triglav Group have been prepared on the historical cost basis, except for the following assets and liabilities:

- derivative financial instruments, which are stated at their fair value,
- financial instruments recognised at fair value through profit or loss, which are stated at their fair value,
- financial assets available for sale, which are stated at their fair value and
- investments in associates, which are measured using the equity method.

The methods used for measuring fair value are described in Chapter 2.8.

The Group presents its balance sheet broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the balance sheet date (current) and more than twelve months after the balance sheet date (non-current), presented in the notes.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense are not offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

In the consolidated financial statements for 2008 and comparative for 2007 net profit or loss from the sale of financial assets is shown separately, with comparative 2007 results, from net income or expenses due to changes in fair value of financial assets. Net investment property income is disclosed separately as well. Profit from the sale of financial assets, income due to changes in fair value of financial assets and investment property income were all disclosed as financial income in the 2007 financial statements whilst all the pertaining expenses or losses were disclosed as financial expenses.

Consolidated financial statements are authorised for issue by the Management Board and approved by the Supervisory Board. If the Supervisory Board does not approve the financial statements, they have to be approved at the General Meeting.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS). In addition to consolidated financial statements the parent company also prepares separate financial statements in accordance with local regulations and IFRS which are available at the registered office of the Company and online on its website.

BASIS OF CONSOLIDATION

Entities where the Group directly or indirectly holds more than half of the voting rights or has the power to control the business operations of these entities, are fully consolidated. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, income and expenses are eliminated in full. For the purpose of consolidation all financial statements of subsidiaries are appropriately adjusted to the Group accounting policies. Minority interests are presented in the Statement of Changes in Equity.

There were no changes in the Group in 2008. A list of the entities of the Triglav Group is presented in the table below.

NAME	ADDRESS	TAX RATE (IN%)	ACTIVITY	IN EUR					
				SHARE IN CAPITAL (IN%)		VOTING RIGHTS (IN%)		EQUITY AS AT 31 DECEMBER	
				2008	2007	2008	2007	2008	2007
1 Pozavarovalnica Triglav Re d.d.	Miklošičeva 19, Ljubljana, Slovenia	22	Reinsurance	87.00	87.00	87.00	87.00	28,698,907	33,813,935
2 Triglav, Zdravstvena zavarovalnica d.d.	Pristaniška ul. 10, Koper, Slovenia	22	Insurance	99.51	99.51	99.51	99.51	6,166,524	6,035,707
3 Triglav Osiguranje d.d.	Antuna Heinza 4, Zagreb, Croatia	20	Insurance	98.04	98.04	98.04	98.04	2,415,674	9,290,179
4 Triglav BH Osiguranje d.d.	Dolina br. 2, Sarajevo, Bosnia and Herzegovina	10	Insurance	68.94	68.94	78.71	78.71	15,594,921	13,985,225
5 Triglav Pojišt'ovna a.s., Brno	Novobranska 1, Brno, Czech Republic	20	Insurance	100.00	100.00	100.00	100.00	7,615,926	4,368,736
6 Lovčen Osiguranje a.d.	Slobode 13a, Podgorica, Montenegro	9	Insurance	50.68	50.68	50.68	50.68	19,323,929	24,627,765
7 Triglav Kopaonik a.d.o., Beograd	Kralja Petra 28, Belgrade, Serbia	10	Insurance	100.00	100.00	100.00	100.00	8,221,085	7,206,151
8 Triglav penzijski fondovi a.d.	Zmaj Jovina 15, Belgrade, Serbia	10	Fund management	99.10	99.10	99.10	99.10	1,314,715	1,058,730
9 Triglav Krajina Kopaonik a.d.o.	Kralja Petra I. Karadjordjevića 103, Banja Luka, BIH	10	Insurance	98.72	95.00	98.72	95.00	2,587,248	2,622,967
10 Vardar Osiguruvanje a.d.	Gradski zid, blok br. 8, Skopje, FYRM	10	Insurance	70.36	70.36	70.36	70.36	8,328,968	8,743,357
11 Triglav DZU d.o.o.	Slovenska c. 54, Ljubljana, Slovenia	22	Asset management	96.43	96.43	96.43	96.43	16,116,869	34,610,829
12 AS Triglav-servis in trgovina d.o.o.	Verovškova 60b, Ljubljana, Slovenia	22	Maintenance and repair of motor vehicles	100.00	100.00	100.00	100.00	46,799	58,893
13 TRI-PRO, zavarovalno zastopniška družba d.o.o.	Ljubljanska c. 86, Domžale, Slovenia	22	Insurance agents	100.00	100.00	100.00	100.00	223,461	146,724
14 Triglav Netherlands b.v.	Koningslaan 14, Amsterdam, Netherlands	33,6- 52	Asset management	100.00	100.00	100.00	100.00	4,349,184	6,061,165
15 Zenit nepremičnine, inženiring in trženje d.d.	Verovškova 60C, Ljubljana, Slovenia	22	Real estate	100.00	100.00	100.00	100.00	596,630	484,104
16 Triglav Naložbe, finančna družba d.d.	Slovenska 54, Ljubljana, Slovenia	22	Asset management	79.94	74.22	79.94	74.22	54,255,730	31,593,312
17 Slovenijales, družba za trgovino in druge storitve d.d.	Dunajska 22, Ljubljana, Slovenia	22	Real estate	61.74	61.74	61.74	61.74	43,398,130	33,616,546
18 Golf Arboretum, športno trženje, gostinstvo, turizem d.o.o.	Volčji potok 3a, Radomlje, Slovenia	22	Sports facilities	80.10	80.10	80.10	80.10	859,091	824,520
19 Gradis IPGI, industrijsko podjetje gradbenih izdelkov Ljubljana d.d.	Industrijska cesta 2, Ljubljana, Slovenia	22	Construction	79.40	77.76	79.40	77.76	-2,334,800	-1,317,720
20 Slovenijales trgovina d.o.o.	Plemljeva ulica 8, Ljubljana, Slovenia	22	Trading	61.74	61.74	61.74	61.74	1,448,687	1,309,417
21 Lesnina LGM trgovsko podjetje za les in gradbeni material d.o.o.	Dunajska cesta 22, Ljubljana, Slovenia	22	Trading and manufacturing	58.41	58.41	58.41	58.41	2,687,539	3,591,425
22 TRI-PRO BH d.o.o., Sarajevo	Topal Osman Paše 30, Sarajevo, Bosna in Hercegovina	10	Insurance agents	84.78	84.78	84.78	84.78	6,202	136,909
23 Triglav Nekretnine d.o.o., Zagreb	A. Heinza 4, Zagreb, Croatia	20	Real estate	98.04	-	98.04	-	7,193,302	-

CHANGES IN ACCOUNTING POLICIES

The parent company changed its accounting policy for nuclear risk reserve. Based on the appointed actuary's judgment, the Management Board made a decision not to form this reserve as an equity item anymore. According to the Insurance Act these reserves are treated as insurance-technical reserves. This reserve was formed for potential future liabilities arising from massive nuclear claims. Based on the appointed actuary's judgment, claims reserves are formed for ordinary claims development. In case of catastrophic claims these should be settled with retained earnings. The changed presentation of these liabilities is more appropriate and gives a better presentation of financial statements.

By changing the accounting policy these reserves are no longer formed. The current balance has been released through retained earnings.

Due to a better presentation of the Group's financial position of the above mentioned change in accounting policy represents a voluntary change. Therefore retrospective application has been used.

The effects of the change in accounting policy for specific balance sheet items are shown below.

BALANCE PRIOR TO CHANGE IN ACCOUNTING POLICY

	IN EUR		
	AS AT 31 DECEMBER, 2008	AS AT 31 DECEMBER, 2007	AS AT 1 JANUARY, 2007
EQUITY			
Share capital	23,701,392	23,701,392	23,718,023
Capital reserves	53,412,884	53,412,884	53,396,253
Reserves from profit:			
- Statutory reserves	13,897,919	4,662,644	4,652,453
- Reserves for own shares	3,088,246	2,723,566	2,723,567
- Own shares	-3,088,246	-2,723,566	-2,723,567
- Safety reserve	4,869,926	12,176,095	7,865,417
- Equalisation provision for credit insurance	32,652,053	28,458,240	26,939,221
- Catastrophe reserves	42,443,781	41,791,551	41,093,479
Fair value reserve	70,010,806	162,786,788	83,348,275
Retained earnings	250,242,794	208,980,442	214,656,476
Net profit for the year	-1,049,853	50,368,411	28,260,551
Consolidation equity adjustment	-1,195,098	-47,119	326,711
Equity attributable to equity holders of the parent	488,986,604	586,291,328	484,256,859
Minority interest	45,154,010	45,760,352	39,347,420
EQUITY	534,140,614	632,051,680	523,604,279

BALANCE PRIOR TO CHANGE IN ACCOUNTING POLICY

	IN EUR					
	AS AT 31 DECEMBER, 2008	AS AT 31 DECEMBER, 2007	AS AT 1 JANUARY, 2007	DIFFERENCE 31 DECEMBER, 2008	DIFFERENCE 31 DECEMBER, 2007	DIFFERENCE 1 JANUARY, 2007
EQUITY						
Share capital	23,701,392	23,701,392	23,718,023			
Capital reserves:	53,412,884	53,412,884	53,396,253			
Reserves from profit:						
- Statutory reserves	13,897,919	4,662,644	4,652,453			
- Reserves for own shares	3,088,246	2,723,566	2,723,567			
- Own shares	-3,088,246	-2,723,566	-2,723,567			
- Safety reserve	4,869,926	12,176,095	7,865,417			
Equalisation provision for credit insurance	32,652,053	28,458,240	26,939,221			
- Catastrophe reserves	129,714	151,080	-	-42,314,067	-41,640,471	-41,093,479
Fair value reserve	70,010,806	162,786,788	83,348,275			
Retained earnings	284,703,008	243,014,002	248,690,037	34,460,214	34,033,560	34,033,561
Net profit for the year	-376,257	50,795,065	28,260,551	673,596	426,654	
Consolidation equity adjustment	-1,195,098	-47,119	326,711			
Equity attributable to equity holders of the parent	481,806,347	579,111,071	477,196,941			
Minority interest	45,154,010	45,760,352	39,347,420			
EQUITY	526,960,357	624,871,423	516,544,361			
Tax liabilities	7,180,258	7,180,258	7,059,920	7,180,258	7,180,258	7,059,920

ADJUSTMENT AFTER THE INITIAL ACCOUNTING FOR THE BUSINESS COMBINATION

Adjustments were made in 2008 after the initial accounting for the acquiree Vardar Osiguruvanje a.d. was complete. The goodwill initially recognised in 2007 was allocated to the value of acquired business from insurance contracts and to rights from insurance contracts (list of insureds) after completion. The explanation of this and the resulting changes in the balance sheet are described in Item 6.2.

CHANGE OF MAIN ASSUMPTION

The applied Liability Adequacy Test considered all the returns defined on the basis on the yield curve for AAA-rated government bonds published by the European Central Bank (ECB). The 15 year reference value was 3.962% on 31 December, 2008 and 4.526% on 31 December, 2007. For comparison, Zavarovalnica Triglav in its Liability Adequacy Test for 2007 used the same risk-free yield curve as the reference for AAA-rated government bonds additionally decreased (parallel curve shift) by 25 bp to account for possible volatility and mismatches. No shift in the negative yield curve was applied in the financial year 2008 as this is not in compliance with IAA Guidance: Measurement of liabilities for insurance contracts, dated 24 March, 2008. Irrespective of the described change, test results show that mathematical provisions were adequate as at the end of the financial years 2007 and 2008 with or without applying a parallel negative yield curve shift.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the disclosed amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The actual values may differ from these estimates.

The estimates and the underlying assumptions used are reviewed on an ongoing basis. Any adjustment to accounting estimates is recognised in the period for which the estimates have been adjusted, as well as for any future periods affected.

The most important uncertainty estimates and decisive judgments prepared by the management while applying the accounting principles and which have the strongest impact on the figures in the consolidated financial statements are the following:

- Claims provisions: The provisions are calculated based on insurance contracts, the number of loss events in the past and other factors which cannot be measured with utmost certainty. The accounting principles are presented in Chapter 2.17, the main assumptions in Chapter 3, while an analysis of changes in these provisions is presented in 6.13. The liability adequacy test («LAT») for claims provisions as at 31 December, 2008 is also presented.
- Calculation of the fair value of financial assets and impairment thereof: An estimate of the fair value of financial assets, whose price cannot be obtained from capital markets, has been made on the basis of several assumptions. Any potential change in these assumptions is therefore reflected in the amount or even the impairment of these assets. Uncertainty of fair value measurement has even increased due to the financial crisis. The accounting principles are presented in Chapters 2.7, 2.8 and 2.9. The values are presented in Chapter 6.6.

2.2 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the separate financial statements of the Group entities are measured using the currency of the primary economic environment in which the entity operates. Consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group.

Foreign currency transactions in Group entities are translated into functional currency at exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of monetary items denominated in foreign currencies are recognized in the income statement. The consolidated balance sheet contains all equity items, except net profit or loss for the current period carried at values recognised at first consolidation or sub-

sequently recognised equity values. The difference between the value of equity recognised on this basis and the value of equity at final bond price is reported as a separate item: consolidation equity adjustment.

Translation differences resulting from changes in the amortized cost of monetary items denominated in foreign currency and classified as available-for-sale financial assets, are recognized in the income statement. Translation differences on non-monetary items, such as equity instruments at fair value through profit or loss, are recognised in the income statement. Translation differences on non-monetary items, such as equity instruments classified as available for sale, are recognised in the fair value reserve in equity.

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date,
- income and expenses for each income statement are translated at average exchange rates.

2.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less accumulated depreciation and, if applicable, accumulated impairment losses. The historical cost includes acquisition expenses and all other costs incurred in the process of putting the assets into use.

Depreciation is provided on a straight-line basis at rates designed to write off the cost of buildings and equipment over their estimated useful lives.

The following depreciation rates are used consistently:

	ANNUAL RATE
Buildings	1.5% - 5.0%
Transport vehicles	12.50%
Computers and hardware	50.00%
Office and other furniture	10% - 20%
Other equipment	6.7% - 25.0%

Assets acquired during the year become subject to depreciation on the first day of the month following the month in which they are available for use. Assets in the course of construction are not depreciated until they are available for use.

Asset residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

Gains and losses on disposal of property and equipment are determined by reference to their carrying value and are taken into account in determining operating profit. Maintenance and repairs are charged to the income statement during the financial period in which they are incurred.

Day-to-day servicing costs are recognized in profit or loss as incurred. Subsequent costs which increase future economic benefits are recognized in the carrying amount of an asset.

2.4 INTANGIBLE ASSETS

Intangible assets are measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis at rates designed to write off the costs of intangible assets over their estimated useful lives.

	ANNUAL RATE
Software	20.00%
Other economic rights	1% - 20%

The depreciation methods, useful lives and residual values, if not insignificant, are reassessed annually.

Intangible assets with an indefinite useful life are not depreciated but are tested for impairment annually.

Intangible assets also include assets recognised in business combinations, such as:

- rights from insurance contracts (list of insureds) treated as intangible assets whose useful life cannot be determined;
- value arising from insurance contracts as a difference between fair value and the actual carrying value in accordance with accounting principles (value of the acquired business). After initial recognition, these assets are measured in relation to the measurement of insurance liabilities which were the basis for their creation.

Intangible assets include the deferred acquisition costs for non-life insurance contracts. The deferred acquisition costs for life insurance policies are included in mathematical provision using the Zillmer method.

2.5 INVESTMENT PROPERTY

Investment property is property which is held to earn rental income. A property owned by the Group is treated as an investment property if it is not used by the Group for its own business or if only an insignificant portion of the property is occupied by the Group.

Investment property is initially recognised and carried at cost including the costs of legal services, tax on the transfer of investment property and other transaction costs. Subsequent to initial recognition all investment properties are measured at cost. These assets are depreciated and impaired using the same method as that for property, plant and equipment described in Chapter 2.3.

Fair values for disclosure purposes are determined based on official valuations.

2.6 INVESTMENTS IN ASSOCIATES

Investments in associates are accounted for using the equity method. These are entities where the Group holds between 20% and 50% of voting rights and over which the Group exercises significant influence but which it does not control. The share in profit or loss of an associate is recognised in the consolidated income statement.

2.7 FINANCIAL ASSETS (EXCEPT INSURANCE RECEIVABLES AND CASH)

The Group classifies its investments into the following categories: financial assets at fair value through profit or loss, financial assets held to maturity, loans and receivables and financial assets available for sale. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets are initially recognised at cost. The initially recognised values are then increased by transaction costs (allowances and payments to agents, consultants, stock-exchange brokers, stock-exchange fees and other transaction related levies) directly attributable to the acquisition or issue of the financial assets. This does not apply to the financial assets classified as assets designated at fair value through profit or loss.

The Group policy is to recognize the financial assets using the trade date. However, settlement date accounting is used for loans and receivables.

Financial assets available for sale

Financial assets available for sale are those non-derivative financial assets that are not classified as loans and receivables, investments held to maturity, or financial assets at fair value through profit or loss.

After initial recognition, the Group measures financial assets available for sale at their fair values, without any deduction for transaction costs which may incur upon sale or other disposal. For financial instruments that do not have a quoted market price on an active market, fair value is measured based on the latest arm's length transactions or valuation model (discounted cash flow). Financial instruments that do not have a quoted market price on an active market and whose fair value cannot be reliably measured are stated at cost.

Any revaluation gain or loss on a financial asset available for sale is recognized directly in equity with the exception of impairment losses and in case of monetary items such as debt securities, foreign exchange gains and losses.

When assets available for sale are derecognized, the cumulative gain or loss previously recognized in equity is recognized in the income statement.

Financial assets held to maturity

Financial assets held to maturity are those non-derivative financial assets with fixed or determinable payments and fixed maturity where the Group has the positive intent and ability to hold to maturity.

Financial assets held to maturity are measured at amortised cost less any impairment losses.

The fair value of an individual security within the held to maturity portfolio can fall temporarily below its carrying value but, provided there is no risk resulting from a change in financial standing, the security would not be impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and non-trading which are designated upon initial recognition at fair value through profit or loss.

Financial assets classified as held for trading are typically acquired with the intention to sell in the near future, they make part of the financial instrument portfolio intended for making short-term profit or are classified as such based on a decision by the management.

Derivative financial instruments are always classified as held for trading.

For investments designated at fair value through profit or loss, the following criteria must be met:

- The assets are part of a group of financial assets which are managed to cover liabilities arising from insurance contracts and their performance is evaluated on a fair value basis. This classification eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or
- The assets are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Upon initial recognition the assets designated at fair value through profit or loss are measured at fair value based on quoted prices on an active market, with the exception of derivative financial instruments which are not traded and non-listed financial assets. In such cases fair value is determined on the basis of the latest transactions or by using a pricing model.

Fair value adjustments and realised gains and losses are recognised in the income statement.

Derivative financial instruments

After initial recognition, derivative financial instruments are measured at fair value through profit or loss. Fair value is based on a quoted price on an active market. If there is no quoted price, the fair value is based on last transaction prices or valuation model (discounted future cash flows, Black-Scholes option valuation model). Derivative financial instruments include cash flow hedges used to offset the variability of expected future cash flows due to changes in interest rates, cashflow hedges for individual financial instruments, as well as other items.

All gains or losses arising from the change in fair value are recognised in the income statement.

Loans and receivables

Loans and receivables (except for insurance receivables) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are recognised initially at cost and subsequently measured at amortised cost using the effective interest method.

2.8 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market prices on the balance sheet date. If quoted market prices are not available, reference can also be made to broker or dealer price quotation.

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and option pricing models.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for an instrument with similar terms and conditions.

If the fair value cannot be measured reliably, these financial instruments are valued at cost, being the fair value of the consideration paid for the acquisition. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

2.9 DERECOGNITION OF FINANCIAL ASSETS

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired,
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or
- the Group has transferred its rights to receive cash flows from the asset and either:
 - has substantially transferred all the risks and rewards of the asset, or
 - has neither transferred nor substantially retained all the risks and rewards of the asset, but has transferred control of the asset.

2.10 INSURANCE RECEIVABLES

Insurance receivables are recognised when invoiced to policy holders and measured at fair value. Subsequent to initial recognition, the receivables are measured at cost less bad debt provisions, in order to reflect expected collectable amounts.

Recourse receivables are recognised when the first instalment is paid, when the receivable is recognised by the court or the agreement is reached with the subrogation debtor. Recourse receivables from credit insurance are recognised immediately when formed.

2.11 ASSETS FROM REINSURANCE CONTRACT

Reinsurance assets represent balances due from reinsurance companies from reinsurance contracts.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably identifiable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the income statement.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

2.12 IMPAIRMENT

Intangible assets

The carrying amounts of the Group's intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For intangible assets with an indefinite useful life (including rights from insurance contracts) and for intangible assets not yet in use the recoverable amount is measured annually, regardless of any indication of impairment.

An impairment test for goodwill is performed annually or where there is objective evidence of impairment. The carrying amount of consideration is compared to its recoverable amount (fair value decreased by the cost of sale or value in use). If the carrying amount exceeds the recoverable

amount of the consideration, the impairment loss is recognised in the income statement.

The reversal of impairment loss in respect of intangible assets is recognised only if its recoverable amount increases and this increase is directly attributable to an event after the intangible asset was impaired. The increased carrying amount of an intangible asset shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Property, plant and equipment

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The carrying amounts of these assets are compared to their recoverable amounts.

If the carrying amounts exceed their recoverable amounts, the impairment loss is recognised in the income statement.

For assets with material carrying values, individual impairment tests are performed. For other assets, group impairment tests are performed based on the common characteristics in the risk exposure.

The reversal of impairment loss in respect of property, plant and equipment is recognised only if its recoverable amount increases and this increase is directly attributable to an event occurring after the asset was impaired. The increased carrying value of an asset shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Financial assets

Investments in associates are reviewed for impairment on a quarterly basis. The Group considers the fact that the operating results of associates are below budget as a key indicator of potential impairment.

Impairment losses of financial assets carried at amortised cost are calculated as the difference between their carrying value and the present value of estimated future cash flows, discounted with the effective interest rate.

Impairment losses of financial assets available for sale are calculated according to their current market values. When there is objective evidence that a financial asset is impaired, the decline in fair value that had previously been recognized in equity is recognized in the income statement. A changed status of the issuer (bankruptcy, liquidation, etc.), significant decline in the fair value (over 40%) or prolonged decline in the fair value of an investment are considered as objective evidence of impairment of equity instruments. A changed status of the issuer (bankruptcy, liquidation, etc.), payment delays or other important events related to the issuer's credit rating are considered as objective evidence of impairment of debt instruments.

Impairment of capital instruments available for sale is reversed directly through capital (and not through the income statement).

Impairment of debt instruments is reversed through the income statement (up to the amount of the amortised cost) if the subsequent increase in recoverable amount can be attributed objectively to an event that occurred after the impairment loss was recognised.

Impairment of loans is recognised when there is objective evidence that these loans will not be repaid in accordance with the terms.

The carrying amounts of receivables are reviewed for each group of debtors. Impairment tests are performed at least annually. Impairment is recognised as a provision for bad debt and is formed individually or for a group of debtors with common characteristics in the credit risk exposure. Credit risk exposure is evaluated based on the maturity structure of receivables and on the historical data of paid receivables. Increase of the bad debt provision is recognised within other expenses from insurance operations.

2.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and cash in hand.

For the cash flow purposes, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Translation of foreign currencies is performed on a transfer date, using the exchange rate prevailing on the date of the transfer. Closing balances of accounts in foreign currency are converted at the exchange rate of the Central European Bank valid on the balance-sheet date.

2.14 OTHER ASSETS

Other assets include inventories and short-term accruals. Inventories are measured using the FIFO method. Short-term accrued items or expenses are included in other assets if the payment of underlying services provided refers to the following accounting period.

2.15 TAXES

Income tax for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity. Current tax in the Republic of Slovenia is calculated using a 22% tax rate (for 2007: 21%). Current taxes for companies outside the Republic of Slovenia are calculated using tax rates enacted by local tax laws.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised in respect of income tax losses if it is probable that future taxable profit will be available.

Deferred tax is also recognised for temporary differences arising from consolidation adjustments. Deferred tax assets and liabilities arising from consolidation are offset on a single entity basis.

2.16 EQUITY

Share capital

Share capital is the nominal value of ordinary shares paid up, denominated in euros.

Capital reserves

Capital reserves are paid up capital surpluses and other capital contributions in line with the Company's statute. With the transition to IFRS, the revaluation of the nominal value of shares arising from the periods of high inflation has been transferred to capital reserves.

Reserves from profit

Reserves from profit are legal reserves, reserves for own shares and credit risk equalisation reserves. Some insurance company members of the Group seated outside the Republic of Slovenia also form security reserves.

Own shares

If the Company or another member of the Group acquires the Company's shares, the consideration is deducted from the total shareholder's equity as own shares. If some of the Company's shares are held by the Group, the Group is obliged to form reserves for own shares in accordance with the Companies Act (ZGD-1).

Legal and statutory reserves

Legal and statutory reserves in consolidated financial statements represent only those of the parent company.

Legal reserves are formed and used in line with the Companies Act. Together with capital reserves they have to amount to at least 10% of share capital and represent the amount which is designed to protect the interests of creditors.

Within legal reserves the Group also shows statutory reserves which may be formed up to 20% of share capital. For this purpose the Management Board transfers 5% of the net profit to statutory reserves each year. Statutory reserves may be used to cover current or previous years' losses, transferred to the reserves for own shares, to increase share capital or to regulate the Group's dividend policy.

Credit risk equalisation and catastrophe reserves

Credit risk equalisation reserves in Slovenia are formed and calculated in line with the Insurance Act. These reserves are also formed in line with local legal requirements in the following members of the Group:

- Triglav Pojišt'ovna d.s. (catastrophe reserves),
- Lovćen Osiguranje a.d. (credit risk equalisation reserve).

As the mentioned reserves do not meet the definition of insurance contract liability in accordance with IFRS they are recognised as reserves from profit.

Security reserves

Security reserves are formed in line with the local legislation in Bosnia and Herzegovina, Macedonia and Croatia. These reserves are formed in the amount of one third of the current year net profit. These reserves are used for covering potential future losses.

Reserves for own shares

Reserves for own shares are established if the company acquires own shares or if a subsidiary acquires shares in the controlling company. They are formed from net profits, profits brought forward or other reserves. In the event of the disposal of own shares, reserves for own shares are cancelled. Own shares are disclosed under equity as a deductible item.

2.17 INSURANCE CONTRACT LIABILITIES

Unearned premium reserve

Unearned premium reserves are formed for that part of gross written premium attributable to the following financial year or to subsequent financial years, computed separately for each insurance contract using the pro rata temporis method.

The unearned premium reserve is calculated for both, life and non-life insurance.

Claims reserves

Claims reserves are formed for claims incurred but not settled until the reporting date. Claims reserves are formed for reported claims as well as for unreported and insufficiently reported claims.

Reserves for incurred but not reported claims (IBNR) are calculated using the triangle method and are based on historical experience (Chain-Ladder and Bornhuetter-Ferguson methods). The basis for calculation is a sample of past loss experience. For this purpose the Group applies several-year-long time series of loss liquidation.

With the exception of annuities, the Group does not discount its provisions for outstanding claims. The methods used and estimates made are reviewed on an annual basis.

Mathematical provisions

Mathematical provisions for traditional, annuity, pension and unit-linked lines of business are calculated separately for each individual policy. Generally, we use a modified net premium prospective method taking into account acquisition costs. For pension and unit-linked business where the nature of products makes the aforementioned method inappropriate, we use a retrospective net premium method. All calculations allow for prudent actuarial assumption bases, legislation in force and all liabilities to policyholders arising from contracts and respective terms and conditions.

The portion of fair value reserve of investments available for sale, which is going to be distributed among policyholders after maturity, is also disclosed among mathematical provisions. The principle of shadow accounting is applied. All effects from fair value measurement of investments available for sale are recorded in equity (fair value reserve). The sums are then transferred to mathematical provisions on the balance sheet date, as follows:

- the entire fair value reserve from investments available for sale (disclosed as investment in the fund covering the Supplementary voluntary pension insurance fund (SVPI)) is transferred from equity to mathematical provisions.
- an 80% portion of the entire fair value reserve from investments available for sale (disclosed as investment in the fund covering life insurance) is transferred from equity to mathematical provisions.

The assumption bases and other parameters used are presented in greater detail in Chapter 3.1.

Other insurance contract liabilities

Provisions for bonuses are established for partial premium reimbursements to those beneficiaries who meet the “good” beneficiary criteria. An annual analysis and preset criteria are used to calculate the amount of premium which insurance company will reimburse to “better” beneficiaries.

Provisions for cancellations represent that part of unearned premium which is expected to be reimbursed in the event of early cancellation and for which acquisition costs have been accrued.

Provisions for unexpired risk are formed for policies where it is assumed that the amount of unearned premium will not suffice for covering all future losses based on experience from previous periods.

2.18 OTHER RESERVES

Employee benefits

Reserves for jubilee and retirement benefits are disclosed as employee benefits. The calculation of these reserves is performed using the actuarial valuation method, i.e. the method of the estimated relevance of units or the method including profit proportionally to the work carried out. Calculations are based on the following actuarial assumptions:

- demographic variables (employee mortality and fluctuation),
- financial variables, such as:
 - discount rate by reference to state securities yields or yields published by the European Central Bank at the balance sheet date and
 - estimates of future salary increases taking into account the inflation rate, seniority, promotions and other relevant factors.

Other reserves

Other reserves are formed for present obligations arising from past events and will be settled in a period that has not been specifically determined and whose extent cannot be reliably measured. The formation of reserves does not depend on future business operations.

2.19 FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value and subsequently valued at their amortised cost. The amortised cost of a financial liability is the amount at which the financial liability was measured upon initial recognition decreased by principal repayments and increased or decreased by the cumulative depreciation of any difference between that initial amount and the maturity amount.

Subordinated liabilities are financial liabilities, for which it has been contracted that in the case of liquidation, bankruptcy, forced settlement or other settlement, will be settled only after claims of other creditors have been discharged. Subordinated liabilities are initially recognised at fair value, net of transaction costs incurred, and subsequently carried at amortised cost.

2.20 INSURANCE PAYABLES

Insurance payables are recognised in the balance sheet when the Group has a contractual obligation to deliver cash or another financial asset. Insurance payables are measured at amortised cost which will normally equal their nominal or repayment value.

2.21 INSURANCE PREMIUM INCOME

Net insurance premium income is calculated on the basis of gross written premiums, reduced by the reinsurer's share and adjusted depending on the change in gross provisions for unearned premiums, taking into account the reinsurer's share of unearned premiums. The invoiced premiums serve as the basis for recognising gross written premiums.

2.22 INSURANCE CLAIMS EXPENSES

Net claims represent gross claims (claims incurred and claims handling costs), reduced by the reinsurer's share and subrogation receivables, and adjusted depending on the change in gross claims reserves taking into account the reinsurer's share in these reserves. Claims handling costs consist of external and internal costs of assessing the eligibility and amount of damage claims which include court fees and charges, expert fees and subrogation recovery.

Gross claims are recognised in the income statement when approved for settlement.

2.23 INCOME AND EXPENSE FROM FINANCIAL ASSETS

Investment income comprises interest income, dividends, foreign exchange differences and other investment income. Finance expense comprises impairment losses, foreign exchange differences and interest expense. Interest income and expense is recognised using the effective

interest method. Dividend income is recognised when declared and approved by the shareholder's meeting of the respective company.

Net fair value gain or losses are recognised as a result of subsequent measurement of financial assets measured at fair value through profit or loss.

Net realised gains or losses on financial assets are recognised as a result of derecognition of financial assets with the exception of financial assets measured at fair value through profit or loss. Gain or loss is recognised as the difference between the carrying amount and sales value of financial asset.

2.24 INVESTMENT PROPERTY INCOME AND EXPENSE

Investment property income and expense represent gains and losses on the sale of investment property, rental income and other income and expenses related to investment property.

Rental income is disclosed in income statement evenly throughout the term of the rent or lease.

2.25 ACQUISITION COSTS AND OTHER OPERATING EXPENSES

Gross operating expenses in insurance companies are recognised as original expenses costs by their nature. Costs are classified by function in the income statement. Claim handling costs are part of claims incurred and acquisition costs and other operating expenses are disclosed separately in the income statement. Disclosures include total operating expenses by nature and function.

2.26 OTHER INCOME AND EXPENSES

Other income from insurance operations comprises: income from the sales of green cards, income from accommodation loss adjustment and other business insurance income. Other income from insurance operations is disclosed in income statement when an invoice is issued.

Other expenses for insurance operations include: fire-protection fees, supervisory authority fees, contributions to indemnification for unknown and uninsured aircraft and watercraft, expenses of preventive activity, subscriptions, redemption and management commissions, expenses for the impairment of receivables, receivables write-off and other insurance business expenses. Other expenses for insurance operations are disclosed in income statement when a service is provided.

Other income includes: income related to intangible assets and property, plant and equipment, other operating income that is not directly related to the insurance business and income from the operations of non-insurance companies. Other income is disclosed in income statement when an invoice is issued.

Other expenses include: other operating expenses that are not directly related to the insurance business and expenses from non-insurance company operations. Other expenses are disclosed in income statement when a service is provided.

2.27 ADOPTION OF NEW AND REVISED IFRS

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

- IFRS 2 (Amendment) - 'Share-based payment' (effective from 1 January, 2009). The amendments to the Standard clarify the definition of vesting conditions and introduce the concept of non-vesting conditions. Non-vesting conditions are to be reflected in grant-date fair value and a failure to meet non-vesting conditions will generally result in treatment as a cancellation. The amendments to IFRS 2 are not relevant to the operations of Zavarovalnica Triglav as it does not have any share-based compensation plans.
- IFRS 3 (Revised) - 'Business combinations' (effective as of 1 July, 2009). The scope of the revised Standard has been amended and the definition of a business has been expanded. The revised Standard also includes a number of other potentially significant changes including:
 - All items of consideration transferred by the acquirer are recognised and measured at fair value as of the acquisition date, including contingent consideration.
 - Subsequent changes in contingent consideration will be recognized in profit or loss.
 - Transaction costs, other than share and debt issuance costs, will be expensed as incurred.
 - The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill), or at its proportionate interest in the fair value of the identifiable assets and liabilities of the acquirer, on a transaction-by-transaction basis.

The group has not yet concluded the analysis of the impact of these changes.

- IFRS 8 - 'Operating segments'. The Standard introduces the "management approach" to segment reporting and requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the Company's Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance. Zavarovalnica Triglav presents segment information in respect of its business and geographic segments currently.

- IAS 1 (Revised) - 'Presentation of financial statements' (effective from 1 January, 2009). The revised Standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. Items of income and expense and components of other comprehensive income may be presented either in a single statement of comprehensive income (effectively combining the income statement and all non-owner changes in equity in a single statement), or in two separate statements (a separate income statement followed by a statement of comprehensive income).

The Group will apply IAS 1 (Revised) from 1 January, 2009. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.

- IAS 23 (Revised) - 'Borrowing costs' (effective from 1 January, 2009). The revised Standard removes the option to expense borrowing costs and requires the capitalization of borrowing costs that relate to qualifying assets. The group has not yet concluded the analysis of the impact of these changes.
- IAS 27 (Amendment) - 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 January, 2009). The amendments remove the definition of "cost method" currently set out in IAS 27, and instead require all dividends from a subsidiary, jointly controlled entity or associate to be recognised as income in the separate financial statements of the investor when the right to receive the dividend is established. The amendment will have no impact on the consolidated financial statements.
- IAS 27 (Revised) - 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 July, 2009). In the revised Standard, the term minority interest has been replaced by non-controlling interest, and is defined as "the equity in a subsidiary not attributable, directly or indirectly, to a parent". The revised Standard also amends the accounting for non-controlling interest, the loss of control of a subsidiary, and the allocation of profit or loss and other comprehensive income between the controlling and non-controlling interest. The group has not yet concluded the analysis of the impact of this amendment.
- IAS 32 (Amendment) - 'Financial instruments: Presentation', and IAS 1 (Amendment) - 'Presentation of financial statements' (effective for annual periods beginning on or after 1 January, 2009). The amendments introduce an exemption to the principle otherwise applied in IAS 32 for the classification of instruments as equity; the amendments allow certain puttable instruments issued by an entity that would normally be classified as liabilities to be classified as equity if, and only if, they meet certain conditions. The group has not yet concluded the analysis of the impact of this amendment.

- IAS 39 (amendment) - 'Financial instruments: Recognition and measurement' (effective for annual periods beginning on or after 1 July, 2009). The amended Standard clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. In designating a hedging relationship the risks or portions must be separately identifiable and reliably measurable; however inflation cannot be designated, except in limited circumstances. The group has not yet concluded the analysis of the impact of this amendment.
- IFRIC 13 Customer Loyalty Programmes refers to accounting practices in companies that offer or participate in any way in customer loyalty programmes. The principle applies to those customer loyalty programmes whereby customers gain a right to an award, such as goods or services free of charge or at a discounted price. In the consolidated financial statements this disclosure will have no impact.
- IFRIC 16 - 'Hedges of a net investment in a foreign operation' (effective for annual periods beginning on or after 1 October, 2008). The Interpretation explains the type of exposure that may be hedged, where in the Group the hedged item may be held, whether the method of consolidation affects hedge effectiveness, the form the hedged instrument may take and which amounts are reclassified from equity to profit or loss on disposal of the foreign operation. Zavarovalnica Triglav has not yet completed its analysis of the impact of the new Interpretation.
- IFRIC 17 - 'Distributions of non-cash assets to owners' (effective prospectively for annual periods beginning on or after 15 July, 2009). The Interpretation applies to non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. In accordance with the Interpretation a liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity and shall be measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be remeasured at each reporting date, with any changes in the carrying amount recognised in equity as adjustments to the amount of the distribution. When the dividend payable is settled, the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss. As the Interpretation is applicable only from the date of application, it will not impact on the financial statements for periods prior to the date of adoption of the interpretation. Further, since it relates to future dividends that will be at the discretion of the shareholders it is not possible to determine the effects of application in advance.

3. MAIN ASSUMPTIONS

3.1 PARAMETERS AND ASSUMPTIONS IN CALCULATING LIFE-INSURANCE PROVISIONS

3.1.1 Insurance and financial agreements

All products of the Triglav Group are classified in the portfolio as insurance contracts since all of the products bear significant insurance risk.

3.1.2 Life and annuity insurance

For life and annuity insurance policies liability valuation the insurance company applies a modified prospective net premium method by taking into account the acquisition costs of all the contractual obligations and the already allocated surplus. The technical parameters used by the method are either the same as those used for calculating insurance premiums or tuned towards a more conservative calculation of mathematical provisions. The rule applies in particular to annuity insurance, where the insurance company applies a cautiously selected lower interest rate to most of the contracts and more conservative mortality tables than those used for calculating the premiums. The calculation takes into account the acquisition costs that do not exceed the restrictions imposed by law. The guaranteed interest rate used for the valuation ranges between 2.75% and 5%.

3.1.3 Voluntary pension insurance (VPI)

During the accumulation period, mathematical provisions are evaluated using the retrospective method. This method takes into account all the premiums received to the day of valuation, entrance charges, any sums paid out, guaranteed interest rate and additional allocated surplus to individual accounts arising from profit sharing. During the annuity payout period, provisions are calculated on the basis of the current value of the insurance company's expected future liabilities (prospective net premium method).

The technical parameters used by the method are either the same as those used when underwriting a policy or are adjusted to expected circumstances for the period of pension payments, if it is expected for those circumstances to be worse than those used for the calculation of premium. The guaranteed technical interest rate used for the valuation of liabilities during the premium payment period ranges between 2% and 4.5%. For the annuity pay-out period, the insurance company values its liabilities (in the case of policies with annuity factors guaranteed at the time of underwriting) using an interest rate ranging from 2.75% to 4.18%.

3.1.4 Supplementary voluntary pension insurance (SVPI)

During the accumulation period, mathematical provisions are evaluated using the retrospective method. The method takes into account all the premiums received to the day of valuation, entrance charges, any sums paid out, guaranteed interest rates and additional allocated surplus made to individual accounts arising from extra returns on funds. During the an-

nuity pay-out period, provisions are calculated on the basis of the current value of the insurance company's expected future liabilities (the prospective net method).

The technical parameters used by the method are either the same as those used when underwriting a policy or are adjusted for those later changed circumstances that increase liabilities, particularly in valuing the liabilities for the period of pension payments. During the accumulation period, the Company guarantees a minimum annual return on net premiums paid equal to 50% of the average annual interest rate on state securities with a maturity of over one year (figures published by the Ministry of Finance). For the annuity pay-out period, the insurance company applies an interest rate ranging from 3.25% to 4% to the valuation of liabilities.

3.1.5 Unit-linked insurance

The liabilities of the Company are evaluated for each insurance policy as the value of assets in the investment account decreased by capitalized insurance management charges (actuarial funding). The Company also forms additional provisions for basic and additional risks for policies.

3.2 LAT - LIABILITY ADEQUACY TEST FOR LIFE INSURANCE

The liability adequacy test for mathematical provisions is carried out at each balance sheet date for each Group member separately on the basis of common principles. The calculation is based on internal models for individual types of life insurance. The calculation takes into account the best estimates of contractual cash flows on the basis of parameters applied to future insurance premium, future expenses, mortality and morbidity rates, paid-up rates, persistency, return on assets and embedded guarantees and options.

Individual parameters are evaluated on the basis of historical data from the company's own portfolio of life insurance and publicly accessible information supplied by various public bodies (the European Central Bank, the World Health Organization, the domestic national banks and the domestic statistical offices). Some parameter margins have been added as a precautionary measure for unpredictable future fluctuations. Input data and assumptions are renewed accordingly every time the LAT is carried out. Principle Number 1 SAA is taken into account when preparing the adequacy test for mathematical reservations: Introduction of IFRS 4 in the company, as adopted by the Slovenian Association of Actuaries.

3.3 CLASSIFICATION OF PRODUCTS IN GROUPS FOR LIFE INSURANCE

The liability adequacy test is not carried out individually for each policy, but homogeneous groups of comparable policies are formed instead at the level of each Group member, although using common principles.

Initially, the contracts are divided into various types of insurance (classical, annuity, VPI, SVPI, unit-linked insurance) and subsequently on the basis of the profit participation rights. The result of such a division is the following homogeneous groups (some of them only appear in certain Group members):

1. Long-term business fund backing life, annuity and voluntary pension insurance:
 - traditional life insurance with profit participation;
 - traditional life insurance without profit participation;
 - annuity insurance;
 - voluntary pension insurance (VPI);
2. Long-term business fund backing supplementary pension insurance:
 - supplementary voluntary pension insurance (SVPI); and
3. Long-term business fund backing unit-linked insurance
 - unit-linked insurance.

The test is carried out separately for each group. If the test shows that the provisions are inadequate or that there is a deficit in an individual group, the lack of funds may be covered by using the surplus assets from other comparable groups in the same fund of the Group. If such coverage cannot be achieved, the deficit is recognized in the income statement of the subsidiary and of the entire Group as an increase in liabilities.

3.4 PARAMETERS AND ASSUMPTIONS APPLIED TO LIFE INSURANCE

Mortality and morbidity tables

Mortality tables are based on the data of the respective national statistical offices, comparable national WHO mortality data, and on the mortality analysis of our own portfolio of life insurance policies. Where the analysis of mortality experience was not carried out (due to lack of data credibility), the Slovene mortality experience served as a basis corrected with an appropriate margin, which was determined by comparing respective and Slovene mortality statistics from WHO sources.

For the purpose of LAT for annuity and pension insurance, we use cohort mortality tables based on the Lee-Carter model which take into account the improving trends of mortality on the basis of data on the mortality of the Slovene population between 1980 and 2002.

Morbidity tables for critical diseases are prepared in cooperation with Munich Re.

Persistency

The model also takes into account the lapse probability on the basis of an analysis of past experience. The insurance company continuously monitors the persistency of policies by duration and type of insurance, and adapts its assumptions accordingly.

Expenses

The model takes into account policy handling/maintenance expenses, claim handling expenses and asset management expenses, as defined on the basis of an analysis of the company's expenses in preceding years. Estimated future expenses are increased every year in line with the expected inflation rate.

Increasing insurance premiums

In the case of insurance policies, for which the monthly premium directly or indirectly follows the increase in salaries, the increase is calculated in line with the expected inflation rate.

Expected returns and discount interest rates

The calculation takes into account return rates based on a yield curve of selected AAA-rated government bonds announced by the European Central Bank for all insurance companies of the Group, with the exception of Triglav Kopaonik. The reference value for a period of 15 years amounted to 3.962% on 31 December, 2008 and 4.526% on 31 December, 2006. In the case of Triglav Kopaonik, the yield curve of Serbian government bonds is applied for discounting liabilities denominated in the local currency RSD (70% of mathematical provision of Triglav Kopaonik), whereas for liabilities denominated in euros we used the previously mentioned ECB curve.

For the purpose of continuity, for the Annual Report 2007 the reference yield curve from the same source used was additionally corrected with a parallel shift of -25 bps due to volatility and assets-liabilities mismatching reasons. For the 2008 annual report, this parallel shift was not applied, due to its non-adherence to IAA guidance on measuring insurance liabilities methodology (IAA guidance: Measurement of liabilities for insurance contracts, 24 March, 2008). If in the Liability Adequacy Test for 2007 the above mentioned negative yield curve would have been used without additional shift, this would not have had an impact on the test results for 2007.

Profit participation

The profit participation rate in an individual company's profits for with-profit policies is a discretionary right of each Group member, although the participation method used is the same in all Group members (the surplus is used for buying additional insurance). The estimated future allocation of surpluses are taken into account for each Group member in line with the expected operating results, the previous profit allocation rates and the policyholders' reasonable expectations. In the model, profit is allocated in excess of the technical interests for with-profit policies. The allocation is determined on the basis of the mathematical provisions accumulated at the end of the financial year.

Annuity factor guarantee

The liability adequacy test allows for the possibility of a change of annuity factors in the case of insurance policies, for which the mortality forecasts indicate that life expectancy is likely to increase to such an extent that the contract conditions justify such a change. The calculation also takes into account the probability that 80% of the policyholders will choose to receive a pension annuity, while the others will opt for a lump-sum pay-out.

3.5 RESULTS OF THE LIABILITY ADEQUACY TEST

Liability adequacy tests show that formed provisions at Group level as well as for each individual Group member are adequate on the basis of the above-mentioned parameters and assumptions.

3.6 SENSITIVITY ANALYSIS

The valuation of liabilities mostly depends on technical parameters such as mortality, lapse rate, operating costs and the estimated percentage of policyholders deciding to opt for a pension annuity. The parameter sensitivity test is used to assess the impact of changes to such variables on future liabilities, the amount of statutory reserves and the current income statement. The changes represent reasonable and possible variations in the parameters which could have a significant influence on the performance of the insurance company. Changes in the value of assets backing such liabilities are not taken into consideration.

Individual sensitivity analyses always take into account the change of a selected parameter with all the remaining variables unchanged, while also taking into account the reasonable effect of future surpluses being allocated to policyholders' accounts. Parameters are always changed in a direction that is increasing the liabilities of the insurance company. In the case of mortality, the test is based on a 10% decrease in mortality during the annuity pay-out period and a 10% increase in mortality during the accumulation period. There is a 10% increase in withdrawal rates, operating expenses and the probability of choosing to receive pension annuity.

Test results have proven mathematical provisions to be adequate for all Group members in all these key technical parameter change scenarios.

3.7 PARAMETERS AND ASSUMPTIONS APPLIED TO NON- LIFE INSURANCE

The unearned premium for most insurance policies is calculated pro-rata temporis, assuming a uniform distribution of loss during the entire validity of insurance contracts. Insurance policies with variable insurance cover are the only exception to this rule. These policies include credit insurance since the insurance cover in such cases is gradually decreasing, as is construction and erection insurance where the insurance cover is rising instead. The calculation of unearned premium is based for each type of insurance on the assumption of a constant frequency of loss throughout the duration

of the insurance contract and a variable insurance cover. In general, the claims provisions are calculated in the Group as the sum of all the claims incurred, as well as those incurred but not reported (IBNR). The larger portion of provisions for incurred but not reported claims is calculated using the triangle method.

3.8 LIABILITY ADEQUACY TEST FOR NON-LIFE INSURANCE

Triglav Group companies form reserves for unexpired risks for those lines of business where loss ratio exceeds 100%. Additional reserves for unexpired risks are calculated as a product of unearned premium and the difference between the estimated loss ratio and 100%.

To check the adequacy of the unearned premium and unexpired risks reserve, additional tests are performed. The company considers the amounts of future gross claims and gross claims handling costs reduced for deferred acquisition costs in tests.

The results of tests show that unearned premium reserves together with unexpired risks reserves are at a sufficient level to cover all future claims together with costs.

4. RISK EXPOSURE AND MANAGEMENT

4.1 FINANCIAL RISKS

All financial instruments are exposed to market risks, i.e. risks that the change in market conditions would affect the value of financial instruments, as well as to credit risk, i.e. the risk of an obligor defaulting. Members of the Triglav Group formally manage financial risks through a scheme of exposure limits in line with local regulations in the countries in which the Group operates. The limits include counterparty exposure limits, limits on individual types of risk and their sector or geographic concentration. Within its risk management framework the Group has formed investment guidelines based on the nature and characteristics of each individual insurance company's liabilities in order to achieve an optimum diversification of assets and thus an optimum rate of return.

4.1.1 Interest-rate risk

Interest-rate risk is the risk of changes in the market interest rates affecting the value of interest-sensitive assets, as well as the risk that interest-sensitive assets and interest-sensitive liabilities reach their maturity at different times at different values. In the case of coupon-bearing interest-sensitive assets, the Group is also exposed to re-investment risk, which depends on the payoff structure of the individual instrument. Asset-liability management is performed in the context of each individual insurance company's sensitivity to changes in market interest rates. The main tool for matching the sensitivity of assets and liabilities is the selection of investments with high ratings with a maturity matching the maturity of the liabilities. Individual insurance companies in the Group deliberately keep a certain limited level of mismatch between the maturity of assets and liabilities in order to generate returns.

An overview of financial assets and liabilities by maturity is shown below:

FINANCIAL ASSETS AND LIABILITIES BY MATURITY AT 31 DECEMBER, 2008

						IN EUR
	UNDEFINED	UNDER 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	TOTAL
ASSETS						
Financial assets	605,724,731	215,415,185	446,427,658	512,303,147	282,778,242	2,062,648,963
Assets from reinsurance contracts	-	42,960,186	-	-	-	42,960,186
Insurance receivables	-	224,453,636	834,402	-	-	225,288,038
Cash	-	32,517,218	-	-	-	32,517,218
TOTAL	605,724,731	515,346,225	447,262,060	512,303,147	282,778,242	2,363,414,405
LIABILITIES						
Insurance contracts liabilities	342,892,832	620,204,450	244,647,007	199,646,190	497,181,505	1,904,571,984
Financial liabilities	-	66,299,364	35,677,270	4,364,755	-	106,341,389
TOTAL	342,892,832	686,503,814	280,324,277	204,010,945	497,181,505	2,010,913,373

FINANCIAL ASSETS AND LIABILITIES BY MATURITY AT 31 DECEMBER, 2007

						IN EUR
	UNDEFINED	UNDER 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	TOTAL
ASSETS						
Financial assets	730,091,004	206,004,344	460,580,169	581,559,542	182,016,191	2,160,251,250
Assets from reinsurance contracts	-	27,202,664	-	-	-	27,202,664
Insurance receivables	-	186,120,755	1,320,958	-	-	187,441,713
Cash	-	25,320,567	-	-	-	25,320,567
TOTAL	730,091,004	444,648,330	461,901,127	581,559,542	182,016,191	2,400,216,194
LIABILITIES						
Insurance contracts liabilities	379,795,456	519,582,959	205,869,357	211,454,068	497,991,625	1,814,693,465
Financial liabilities	-	28,757,901	2,301,450	30,000,000	-	61,059,351
TOTAL	379,795,456	548,340,860	208,170,807	241,454,068	497,991,625	1,875,752,816

The interest-rate sensitivity of financial assets and liabilities on the two reporting dates are shown in the tables below.

BREAKDOWN OF FINANCIAL ASSETS PER MATURITY AT 31 DECEMBER 2008

						IN EUR
TYPE OF FINANCIAL ASSET	UNDEFINED	UNDER 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	TOTAL
Government debt	-	6,939,784	222,894,333	254,333,129	155,190,631	639,357,878
Financial institution debt	-	22,992,773	116,372,400	112,453,899	69,964,959	321,784,031
Corporate debt	-	8,152,863	71,671,694	26,652,976	4,363,332	110,840,866
Structured debt	-	2,352,800	10,698,355	113,207,635	37,511,144	163,769,934
Other	2,335,959	174,976,964	24,790,875	5,655,508	15,748,177	223,507,482
Assets without maturity	603,388,772	-	-	-	-	603,388,772
TOTAL	605,724,731	215,415,185	446,427,658	512,303,147	282,778,242	2,062,648,963

BREAKDOWN OF FINANCIAL ASSETS PER MATURITY AT 31 DECEMBER 2007

						IN EUR
TYPE OF FINANCIAL ASSET	UNDEFINED	UNDER 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 TO 10 YEARS	OVER 10 YEARS	TOTAL
Government debt	-	86,475,694	219,232,576	271,327,264	56,370,209	633,405,743
Financial institution debt	-	16,487,415	67,678,020	43,467,976	53,032,176	180,665,587
Corporate debt	-	10,262,821	112,263,153	122,937,039	24,062,248	269,525,262
Structured debt	-	-	9,985,445	142,286,925	41,158,293	193,430,663
Other	-	92,778,411	51,420,975	1,540,338	7,393,265	153,132,989
Assets without maturity	730,091,004	-	-	-	-	730,091,004
TOTAL	730,091,004	206,004,341	460,580,169	581,559,542	182,016,191	2,160,251,248

4.1.2 Equity risk

Equity risk is the risk of a fluctuation in share prices which affects the fair value of securities within the Group's portfolio that are sensitive to such fluctuations. Individual members of the Triglav Group manage these risks through investment limits as well as through sector diversification.

Assets and liabilities of each Group member are - for the most part - matched according to their geographic exposure. Most Group members are not allowed by local legislation to invest their assets outside of their country, although to an extent this is also due to the nature of their domestic capital markets. Group members that operate in the EU invest most of their assets within the European Union and only spread the investments to other geographic areas in order to hedge risks and the profitability of their equity portfolios.

The composition of the equity portfolio per type of exposure is shown in the table below.

GEOGRAPHICAL COMPOSITION OF THE EQUITY PORTFOLIO

	IN EUR	
	31 DECEMBER, 2008	31 DECEMBER, 2007
Shares in the EU	441,120,498	540,281,847
Emerging market shares	129,629,621	153,631,373
Global equity*	31,358,707	33,944,760
Asian equity**	1,279,947	1,868,320
TOTAL	603,388,772	729,726,300

* Globally diversified equity investments.

** Equity investments in developed Asian economies (Japan, Hong Kong).

COMPOSITION OF THE EQUITY PORTFOLIO BY INDUSTRY SECTOR

	31 DECEMBER, 2008	31 DECEMBER, 2007
Financial industry	50.21%	35.73%
Funds	22.90%	35.13%
Non-cyclical industries	17.63%	8.43%
Manufacturing	5.02%	8.04%
Cyclical industries	2.60%	2.95%
Energy	1.25%	2.31%
Other	0.40%	7.41%
TOTAL	100.00%	100.00%

Due to the established long-term decrease in the fair value of equity securities in 2008, individual members of the Triglav Group impaired certain equity securities in 2008, in accordance with International Financial Reporting Standards. For detailed impairment impacts see Chapter 6.30.

4.1.3 Foreign-exchange risk

The Triglav Group is exposed to foreign-exchange risk by operating in the region of South-East Europe as well as holding investments in various global currencies. Most of the assets and liabilities are denominated in euros. Insurance contract liabilities that are not denominated in euros, amount to 8.2 per cent of the total portfolio of the Group, financial assets (excluding receivables, and cash) to 5.1 percent of the portfolio.

CURRENCY COMPOSITION OF FINANCIAL ASSETS, TECHNICAL RESERVES AND CAPITAL

31 DECEMBER, 2008		CURRENCY				
ITEM	EUR	MKD	HRK	RSD	OTHER	TOTAL
Financial assets	1,956,931,656	13,201,477	35,888,895	9,693,341	46,933,593	2,062,648,963
Insurance contract liabilities	1,748,445,854	26,094,239	73,223,583	16,807,095	40,001,214	1,904,571,984
Equity	508,825,497	5,005,480	1,048,711	473,262	11,607,407	526,960,357

CURRENCY COMPOSITION OF FINANCIAL ASSETS, TECHNICAL RESERVES AND CAPITAL

31 DECEMBER, 2007		CURRENCY				
ITEM	EUR	MKD	HRK	RSD	OTHER	TOTAL
Financial assets	1,985,240,478	44,997,725	41,332,597	37,301,802	51,378,648	2,160,251,250
Insurance contract liabilities	1,699,337,167	26,848,763	46,756,287	12,663,841	29,087,408	1,814,693,465
Equity	608,482,326	4,835,869	859,069	314,452	10,379,706	624,871,422

The Group reduces the sensitivity of its assets to exchange-rate differences by asset diversification among foreign currencies outside the eurozone since the foreign currencies in which the Group invests its assets are not perfectly correlated. Changes in exchange rates therefore do not considerably affect the Group's balance sheet since most of the assets and liabilities are matched with respect to the foreign currency exposure.

4.1.4 Credit risk

Credit risk is the risk of loss due to counterparty default. The Group is exposed to credit risk mostly by investing assets of liability funds into debt instruments. Credit risk exposure is managed in each Group member through a scheme of investment limits and by monitoring the credit quality of portfolios.

The Group's financial assets that may be exposed to credit risk (i.e. financial investments, assets from reinsurance contracts, receivables from operations and cash or cash equivalents) as at 31 December, 2008 totalled EUR 2,363,414,405 (vs. EUR 2,400,216,194 as at 31 December, 2007).

COMPOSITION OF DEBT INSTRUMENTS PER CREDIT RATING

CREDIT RATING	IN EUR	
	BOOK VALUE AS AT 31 DECEMBER, 2008	BOOK VALUE AS AT 31 DECEMBER, 2007
AAA	84,475,518	48,201,882
AA	643,423,659	705,448,848
A	243,393,470	239,247,089
BBB	76,885,262	60,884,320
BB	10,420,117	11,777,050
NR	398,086,828	363,828,023
TOTAL BOOK VALUE	1,456,684,854	1,429,387,212
TOTAL FAIR VALUE	1,449,949,420	1,422,710,275

The single largest counterparty exposure of the Triglav Group in 2008 is to Abanka Vipava d.d., amounting to EUR 159,249,691.

Due to developments in world capital markets and an overall increase in credit risk in 2008 the Group members impaired values of certain debt instruments. Details on impairments are disclosed in Chapter 6.30.

The Group is continuously monitoring its exposure to credit risk arising from insurance operations by analysing the maturity structure of receivables from insurance operations (as shown in Chapter 6.7) and based on reinsurer's credit ratings. The Group is monitoring the financial standing of reinsurers and, as a rule, enters into retrocession contracts on liability insurance only with A- rated reinsurers and on all other insurance classes only with BBB+ rated reinsurers.

The largest risk exposures of the Group arise from the following reinsurers, listed together with respective credit ratings:

REINSURER	REINSURER'S CREDIT RATING (S&P'S)
General Cologne	AAA
CERES Lloyd's	A+
Gothaer Re	A-
Munich Re	AA-
Transatlantic Re	AA-
Croatia Lloyd	NR
Korean Re	A-
Axa Re	A-
Odyssey Re	A-
Mapfre Re	AA
Swiss Re	A+

4.1.5 Liquidity risk

Liquidity risk is the risk or threat of mismatch between matured assets and liabilities leading to liquidity problems, that is temporary shortage in liquidity needed to settle due liabilities. Members of the Triglav Group manage their liquidity through cash-flow planning. On an operative level, liquidity is managed through investing assets in instruments maturing at appropriate dates as well as in highly liquid financial instruments. Liquidity is also managed, when required, through a network of credit lines opened with domestic and foreign banks.

As a result of an increased number of insurance claims on account of 2008 summer storms in the Republic of Slovenia as well as adverse market developments in the second half of 2008, Zavarovalnica Triglav d.d. raised a loan in the amount of EUR 62.5 million. As at 31 December, 2008 the liability from loans due amounts to EUR 58 million. Further explanations are provided in section 6.15.

4.2 SENSITIVITY ANALYSIS

Among all risks, the balance sheet of the Triglav Group is most exposed to interest-rate risk of assets and equity risk. In the context of asset-liability management insurance-technical liabilities the Group are measured in line with local regulations in the countries where the Group operates, and are formed with a method that does not include sensitivity to market parameters. Therefore the main risk exposures of the Group appear in management of assets of liability funds and own funds. The following sections show the results of the sensitivity analysis for both major risks and their effect on the balance sheet and profit and loss of the Group.

4.2.1 Asset interest-rate risk

TRIGLAV GROUP FINANCIAL ASSET SENSITIVITY TO INTEREST-RATE RISK

TYPE OF SECURITY	IN EUR			
	31 DECEMBER, 2008		31 DECEMBER, 2007	
	+100BP	-100BP	+100BP	-100BP
Government debt	-21,766,397	21,766,397	-26,233,386	26,233,386
Financial institution debt	-5,226,738	5,226,738	-6,478,830	6,478,830
Corporate debt	-3,528,698	3,528,698	-12,507,202	12,507,202
Structured debt	-14,927,312	14,927,312	-15,515,539	15,515,539
TOTAL	-45,449,146	45,449,146	-60,734,956	60,734,956
Impact on balance sheet	-36,252,621	36,252,621	-48,238,246	48,238,246
Impact on income statement	-9,196,525	9,196,525	-12,496,710	12,496,710

4.2.2 Equity risk

TRIGLAV GROUP FINANCIAL ASSET SENSITIVITY TO EQUITY RISK

	IN EUR			
	31 DECEMBER, 2008		31 DECEMBER, 2007	
	10%	-10%	10%	-10%
Shares in the EU	44,112,050	-44,112,050	54,028,185	-54,028,185
Emerging market shares	12,962,962	-12,962,962	15,363,137	-15,363,137
Global equity*	3,135,871	-3,135,871	3,394,476	-3,394,476
Asian equity**	127,995	-127,995	186,832	-186,832
TOTAL	60,338,877	-60,338,877	72,972,630	-72,972,630
Impact on balance sheet	43,044,355	-43,044,355	48,831,213	-48,831,213
Impact on income statement	17,294,522	-17,294,522	24,141,417	-24,141,417

* Global equity investments.

** Equity investments in developed Asian countries (Japan, Hong Kong).

4.3 UNDERWRITING RISK

Insurance companies of the Triglav Group are exposed to actuarial and other underwriting risks through the whole range of life and non-life insurance products they offer in the market: classical life-insurance products, unit-linked products, pension products and products of all types of non-life insurance. Underwriting risk stems from the uncertainty of the insurance business.

The most significant underwriting risks relate to the calculation of premiums (premium risk) and the forming of insurance contract reserves (reserve risk). Reserve risk is important from the point of view of meeting obligations undertaken in insurance contracts. Several elements need to be taken into account when evaluating reserve risks: the insurance company's available equity elements, the characteristics of its liability fund, of the risks insured, as well as other technical factors that have been taken into consideration for calculating the insurance contract reserves. The insurance contract reserves are formed in a way to take into account all the relevant factors thus ensuring that the liabilities stemming from insurance contracts can be regularly met.

Triglav Group insurance companies manage their underwriting risks in several ways. Risk concentration is managed through adequate reinsurance schemes. The main guideline for signing any reinsurance contract is the maximum retention table of Zavarovalnica Triglav d.d., the largest member of the Triglav Group. In addition to reinsurance contracts and facultative contracts covering larger risks, Group members also stipulate retention clauses. A major factor in the choice of appropriate reinsurers is their credit rating.

4.3.1 Underwriting risk concentration

The threat of underwriting risk concentration stems from the consequences of a single or several events that could have a significant impact on the Group members' ability to meet their obligations. Such a concentration may be caused by one or more insurance contracts that can cause a considerable increase in liabilities. An increase in liabilities may also be caused by a single event having an impact on several insurance lines of business when there exists a mutual correlation between them. The Triglav Group is well aware of the danger and regularly revises its maximum retention tables in order to avert exceeding risk concentrations.

Particular attention is paid to low frequency - high severity events, for example natural disasters. In the last two years the Group experienced four natural events of catastrophic proportions, three of which occurred in 2008. The reinsurance programme proved to be adequate and enabled the Group to carry out its obligations from insurance contracts. Based on the experience of the past couple of years the Group expects an increase in the frequency of events with high impact and manages its reinsurance programme accordingly.

In terms of claims development the year 2008 was extremely unfavourable for Triglav Group. In the course of one month in the summer of 2008 there were three consecutive natural events with catastrophic extent. Gross claims from these events amounted to 79 million, 41 million thereof represented reinsured claims. The Group managed to fulfil all of its obligations stemming out of the insurance contracts timely and in full despite liquidity pressures and adverse economic developments on world capital markets. At the same time the reinsurance protection of the Group proved to be adequate.

In 2007, Triglav Group experienced one natural event of catastrophic proportions that activated the reinsurance cat cover. Gross claims from catastrophic events in 2007 amounted to 22.4 million, 9.9 million thereof represented reinsured claims.

In line with the risk management framework, Group members reinsure risks from life-insurance contracts with the obligatory surplus reinsurance treaty and, as necessary, by entering into facultative surplus reinsurance treaties. In line with the existing reinsurance agreement the actual amount of retention is significantly lower than the retention level prescribed by maximum retention tables.

Concentration of life underwriting risk is low, as the risk sum assured is lower than EUR 35,000 in 99.6% of the life, rent and unit-linked portfolio. For additional insurance of accidental death the risk sum assured is lower than EUR 50,000 in 99.3% of the portfolio. Both sums assured represent the stipulated retention in line with the reinsurance agreement for most of the insurance policies.

4.3.2 Geographic and sector concentration

The Group operates mostly on the territory of the Republic of Slovenia, Central and South-East Europe, with a minor amount of business in the neighbouring EU countries. The portfolio of the parent company, which operates in Slovenia, represents 82 percent of the total portfolio of the Group. The table below summarizes the gross written premium by country of operations.

COUNTRY	GROSS WRITTEN PREMIUM IN EUR	SHARE IN %
Slovenia	841,686,266	82.17
Czech Republic	28,440,832	2.78
Croatia	52,306,960	5.11
Bosnia and Herzegovina	21,570,311	2.11
Serbia	21,002,848	2.05
Montenegro	37,108,586	3.62
Macedonia	22,176,391	2.17
TOTAL	1,024,292,194	100,00

Geographic risk concentrations are managed by means of capital, mass of premium and adequate reinsurance schemes.

Individual insurance companies of the Group are involved in fronting arrangements, whereby they cede most of the risk to a foreign insurer.

From a sector point of view, the predominant share in the business of Group members is represented by car insurance as disclosed in chapter 6.18. The Group has further underwriting concentrations in the business of supplementary health insurance in the Republic of Slovenia and in reinsurance of non-life products. The largest business segment is motor vehicle third party liability insurance where there is no concentration of underwriting risks, the same as in supplementary health insurance. Potential risk of sector concentration exists in comprehensive motor vehicle insurance which is included in the catastrophe reinsurance programme. The latter proved adequate during a series of natural events in 2008. The concentration of reinsurance business is managed by adequate retrocession as well as with geographic diversification of underwritten risks.

4.3.3 Low-frequency high-severity risks

The threat of earthquakes in the region where the Triglav Group operates represents the biggest potential risk to its operations. Reinsurance protection against earthquakes and other natural disasters is managed accordingly. So far, the Group has not recorded an earthquake of catastrophic extent. The earthquake models used by the Group show that earthquakes with a return period of 1,000 years and an implied 20% safety loading in estimating the amount of potential claims do not represent any larger threat than other natural perils the insurance company faces in almost every year.

A potentially catastrophic loss occurrence could be caused by nuclear threat, which the Company is taking over from the Slovenian Nuclear Pool. Such a loss occurrence would be characterised by an extremely low frequency since there has been no major damage caused in the last 25 years, and a low or non-existent correlation with other potential liabilities stemming from the same event.

4.4 RISKS RELATED TO CAPITAL AND CAPITAL ADEQUACY AND THE MANAGEMENT THEREOF

Zavarovalnica Triglav d.d. and Triglav Group members operating in the insurance sector calculate their capital requirement in line with the local primary and secondary legislation. The amount of required and available capital to insurance companies is affected by various factors, mostly by the structure and nature of services, the amount of premiums written, assets and liabilities, as well as the fluctuation of market interest rates and asset valuation on capital markets. Group members regularly monitor their capital adequacy, whereby they are required to maintain a surplus of available capital over the capital requirement in order to ensure the coverage of potential losses or capital surplus even in the case of extremely negative deviations in an individual company's performance. Group members further closely follow their planned capital adequacy. Thus they are able to monitor expected and unexpected effects on the capital requirement. At Group level this system enables optimal capital allocation within the Group and at the individual company level.

As at 31 December, 2008 Zavarovalnica Triglav d.d. had a coverage ratio of available capital to minimum required capital of 163% for non-life insurance (200% as at 31 December, 2007) and 168% for life insurance (166% as at 31 December, 2007). A high target level of capital adequacy of Zavarovalnica Triglav d.d. has been further confirmed by obtaining rating grades "A" "stable" (FSR, ICR) from Standard & Poor's. In addition to the controlling company, in 2008 also Pozavarovalnica Triglav RE obtained a rating: "A" also with "stable" medium-term outlook (FSR, ICR).

A further element in the management of available capital for Zavarovalnica Triglav d.d. is the possibility of capital increase through authorised capital up to 15% of nominal capital.

Zavarovalnica Triglav is also required to follow and report on capital adequacy and planned capital adequacy of the Triglav Group financial conglomerate. The purpose of capital adequacy of the financial conglomerate among other things is to eliminate double usage of capital across the Group and to incorporate both unsupervised and supervised entities from the banking and capital markets sections into the monitoring of capital adequacy. In accordance with the Rules for the Calculation of Supplementary Capital Adequacy Requirements of the Regulated Entities and for the Calculation of Notional Solvency Requirements of the Eon-Regulated Entities in a Financial Conglomerate (Official Gazette of the RS, no. 8/2007) requirements are calculated with the following combination of methods: deduction and aggregation method (for the subsidiaries of Zavarovalnica Triglav) and accounting consolidation method (Abanka Group). Risk-adjusted capital requirement calculation is used for non-controlled entities in the financial sector. In the Triglav Group financial conglomerate as at 31 December, 2008 available capital surplus was 30.24% above the minimum capital requirement.

5. SEGMENT REPORTING

5.1 BUSINESS SEGMENTS

The main areas of operation of the Triglav Group are divided into the following activities:

- non-life insurance,
- life insurance,
- health insurance and
- other activities (non-insurance).

Additional disclosures

Depreciation and amortisation costs by business segment are disclosed in Chapter 6.29.

Financial expenses include impairment losses from financial assets. See below for more detail:

FINANCIAL EXPENSES BY BUSINESS SEGMENT

					IN EUR
	NON- LIFE INSURANCE	LIFE INSURANCE	HEALTH INSURANCE	OTHER	TOTAL
Impairment losses from investments	20,786,815	10,489,482	-	4,386,198	35,662,495

FINANCIAL EXPENSES BY GEOGRAPHICAL SEGMENT

			IN EUR
	SLOVENIA	OTHER COUNTRIES	TOTAL
Impairment losses from investments	35,578,699	83,796	35,662,495

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2008

							IN EUR
	NON-LIFE INSURANCE	LIFE INSURANCE	HEALTH INSURANCE	OTHER	TOTAL	CONSOL. ADJUSTMENT	TOTAL
ASSETS							
1. Property, plant and equipment	96,667,483	14,534,129	2,973,351	18,409,604	132,584,566	-	132,584,565
2. Intangible assets	45,001,110	2,002,687	753,206	665,049	48,422,052	36,033,447	84,455,499
3. Non-current assets held for sale	413,379	-	-	1,195,846	1,609,225	-	1,609,225
4. Investment property	29,056,280	2,060,041	-	40,761,965	71,878,286	8,191,659	80,069,945
5. Investments in associates	267,046,957	34,179,930	80,641	50,364,665	351,672,193	-252,341,332	99,330,861
6. Financial assets	869,286,704	1,023,425,000	10,594,172	50,606,753	1,953,912,629	9,405,473	1,963,318,102
7. Insurance receivables	263,759,262	3,905,411	2,840,557	9,074,011	279,579,241	-54,291,203	225,288,038
8. Assets from reinsurance contracts	106,757,258	47,351	-	-	106,804,609	-63,844,423	42,960,186
9. Deferred tax assets	13,080,529	3,046,887	202,621	2,993,938	19,323,975	-	19,323,975
10. Receivables from corporate profit tax	1,053,577	-	-	988,036	2,041,613	-	2,041,613
11. Cash and cash equivalents	20,852,532	1,073,507	41,225	10,549,953	32,517,218	-	32,517,218
12. Other assets	6,116,304	217,979	152,464	6,614,620	13,101,367	-99,451	13,001,916
TOTAL ASSETS	1,719,091,376	1,084,492,923	17,638,236	192,224,440	3,013,446,975	-316,945,831	2,696,501,143
EQUITY AND LIABILITIES							
1. Share capital	73,365,041	14,340,071	25,822,144	71,044,463	184,571,719	-160,870,328	23,701,391
2. Capital reserves	43,581,019	13,067,907	-	10,266,216	66,915,142	-13,502,257	53,412,885
3. Other reserves	53,094,434	2,403,818	-	2,536,280	58,034,532	-6,484,921	51,549,611
4. Fair value reserve	85,424,623	31,268,605	-30,298	38,910,154	155,573,083	-85,562,277	70,010,806
5. Retained earnings	230,423,491	38,220,518	-19,625,321	-3,914,867	245,103,821	39,222,931	284,326,752
- net profit from previous years	221,203,069	37,703,268	-19,895,979	9,987,393	248,997,752	35,705,256	284,703,008
- net profit for the year	9,220,422	517,250	270,658	-13,902,260	-3,893,930	3,517,674	-376,256
6. Consolidation equity adjustment	-766,237	-265,840	-	-163,643	-1,195,720	622	-1,195,098
Equity attributable to equity holders of parent total	485,122,371	99,035,079	6,166,524	118,678,603	709,002,578	-227,196,231	481,806,347
7. Minority interest	-	-	-	147,206	147,206	45,006,804	45,154,010
TOTAL EQUITY	485,122,371	99,035,079	6,166,524	118,825,809	709,149,784	-182,189,427	526,960,357

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2008

	IN EUR						
	NON-LIFE INSURANCE	LIFE INSURANCE	HEALTH INSURANCE	OTHER	TOTAL	CONSOL. ADJUSTMENT	TOTAL
1. Insurance contract liabilities	1,018,394,714	935,361,007	7,176,273	-	1,960,931,994	-56,360,010	1,904,571,984
2. Other provisions	10,224,776	1,131,947	150,386	10,058,069	21,565,178	-	21,565,178
- employee benefits	5,504,907	1,048,055	123,386	595,634	7,271,982	-	7,271,982
- other provisions	4,719,869	83,892	27,000	9,462,434	14,293,196	-	14,293,196
3. Financial liabilities	66,008,609	9,948,564	1,352,936	44,248,344	121,558,452	-15,217,063	106,341,389
4. Liabilities from insurance operations	78,050,061	4,167,257	543,162	1,596	82,762,076	-47,961,863	34,800,213
5. Deferred tax liabilities	21,373,298	8,085,104	-	4,924,325	34,382,728	-19,085,159	15,297,569
6. Current tax liabilities	8,335,499	-	-	28,027	8,363,526	-	8,363,526
7. Other liabilities	31,582,046	26,763,965	2,248,955	14,138,271	74,733,237	3,867,690	78,600,927
TOTAL EQUITY AND LIABILITIES	1,719,091,375	1,084,492,923	17,638,236	192,224,440	3,013,446,974	-316,945,831	2,696,501,143

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2007

	IN EUR						
	NON-LIFE INSURANCE	LIFE INSURANCE	HEALTH INSURANCE	OTHER	TOTAL	CONSOL. ADJUSTMENT	TOTAL
ASSETS							
1. Property, plant and equipment	93,494,217	14,695,376	2,960,498	23,813,505	134,963,596	-	134,963,596
2. Intangible assets	34,250,938	2,560,772	420,217	704,352	37,936,279	38,024,667	75,960,946
3. Non-current assets held for sale	-	-	-	6,631,816	6,631,816	9,271,767	15,903,583
4. Investment property	26,861,614	2,290,852	-	30,618,028	59,770,494	-	59,770,494
5. Investments in associates	225,655,461	43,913,269	-	3,006,164	272,574,894	-224,712,391	47,862,503
6. Financial assets	1,001,797,186	1,021,313,220	9,566,106	94,875,893	2,127,552,405	-15,163,658	2,112,388,747
7. Insurance receivables	198,394,240	3,135,532	2,702,226	10,804,290	215,036,288	-27,594,575	187,441,713
8. Assets from reinsurance contracts	74,004,106	74,252	-	-	74,078,358	-46,875,694	27,202,664
9. Deferred tax assets	6,775,409	411,587	132,503	1,832,387	9,151,886	121,518	9,273,404
10. Receivables from corporate profit tax	26,725	7,012	-	1,310,699	1,344,436	-	1,344,436
11. Cash and cash equivalents	22,280,000	413,457	97,674	2,529,436	25,320,567	-	25,320,567
12. Other assets	6,091,944	226,429	129,504	6,425,095	12,872,972	-2,158	12,870,814
TOTAL ASSETS	1,689,631,840	1,089,041,758	16,008,728	182,551,665	2,977,233,991	-266,930,524	2,710,303,467
EQUITY AND LIABILITIES							
1. Share capital	57,537,690	15,373,648	25,822,144	68,947,457	167,680,939	-143,979,547	23,701,392
2. Capital reserves	43,965,202	13,259,947	-	9,677,419	66,902,568	-13,489,683	53,412,885
3. Other reserves	47,114,585	2,143,891	-	2,895,695	52,154,171	-6,706,114	45,448,057
4. Fair value reserve	190,513,176	51,387,224	-57,787	21,874,882	263,717,495	-100,930,707	162,786,788
5. Retained earnings	227,458,196	39,183,041	-19,895,981	15,329,174	262,074,430	31,734,637	293,809,067
- net profit from previous years	188,845,569	32,045,212	-20,691,431	7,574,664	207,774,014	35,239,988	243,014,002
- net profit for the year	38,612,627	7,137,829	795,450	7,754,510	54,300,416	-3,505,351	50,795,065
6. Consolidation equity adjustment	88,972	-110,378	-	-	-21,406	-25,713	-47,119
Equity attributable to equity holders of parent total	566,677,821	121,237,373	5,868,376	118,724,627	812,508,197	-233,397,127	579,111,070
7. Minority interest	-	-	-	195,933	195,933	45,564,419	45,760,352
TOTAL EQUITY	566,677,821	121,237,373	5,868,376	118,920,560	812,704,130	-187,832,708	624,871,422
1. Insurance contract liabilities	917,860,709	930,424,319	5,799,720	-	1,854,084,748	-39,391,283	1,814,693,465
2. Other provisions	8,524,683	984,406	80,102	8,900,470	18,489,661	-	18,489,661
- employee benefits	5,322,921	728,118	80,102	518,263	6,649,404	-	6,649,404
- other provisions	3,201,762	256,288	-	8,382,207	11,840,257	-	11,840,257
3. Financial liabilities	36,431,840	5,254,312	1,741,790	33,116,096	76,544,038	-15,484,686	61,059,352
4. Liabilities from insurance operations	59,100,215	1,781,657	164,264	1,761	61,047,897	-32,792,191	28,255,706
5. Deferred tax liabilities	55,212,010	17,104,321	-	9,320,300	81,636,631	-	81,636,628
6. Current tax liabilities	8,776,195	42,812	-	603,744	9,422,751	-	9,422,751
7. Other liabilities	37,048,369	12,212,558	2,354,476	11,688,734	63,304,137	8,570,345	71,874,482
TOTAL EQUITY AND LIABILITIES	1,689,631,842	1,089,041,758	16,008,728	182,551,665	2,977,233,993	-266,930,523	2,710,303,467

CONSOLIDATED INCOME STATEMENT FOR 2008

	IN EUR				
	NON- LIFE INSURANCE	LIFE INSURANCE	HEALTH INSURANCE	OTHER	TOTAL
NET PREMIUM EARNED	635,097,966	246,825,602	59,109,001	-	941,032,569
1. Gross written premium	718,448,809	246,715,647	59,287,154	-	1,024,451,610
2. Re/co- insurer's share in gross written premium	-64,502,999	-12,172	-	-	-64,515,171
3. Change in provision for unearned premium	-19,795,618	122,203	-178,153	-	-19,851,568
4. Change in re/co- insurer's share of provision for unearned premium	947,774	-76	-	-	947,698
OTHER NET INCOME	62,188,592	-66,326,214	560,777	51,540,892	47,964,047
1. Investment income	53,119,666	36,469,710	496,447	1,279,521	91,365,343
2. Investment property income	1,973,119	83,218	-	3,747,024	5,803,361
3. Fees and commission income	6,152,012	20,995,953	-	9,448,062	36,596,027
4. Net fair value gains / (losses)	-2,033,472	-125,939,181	-	-9,792,310	-137,764,962
5. Net realised gains / (losses) on financial assets	-8,850,089	-920,085	82	-104,860	-9,874,952
6. Other insurance income	6,061,807	1,232,673	6,936	-	7,301,417
7. Other income	5,765,548	1,751,498	57,312	46,963,455	54,537,813
NET CLAIMS INCURRED	454,078,115	81,030,677	48,614,315	-	583,723,107
1. Gross claims settled	493,860,639	79,937,181	44,166,696	-	617,964,516
2. Recourse income	-21,432,131	-	-124	-	-21,432,255
3. Re/co- insurer's share in gross claims settled	-55,658,365	-	-	-	-55,658,365
4. Change in gross claim provision	51,674,152	1,093,496	1,161,975	-	53,929,623
5. Change in re/co- insurer's share in gross claim provision	-14,366,180	-	-	-	-14,366,180
6. Expenses from equalisation scheme for health insurance	-	-	3,285,768	-	3,285,768
OTHER EXPENSES	233,601,935	99,312,126	9,020,275	69,309,638	411,243,975
1. Bonuses and discounts	12,388,561	-	-	-	12,388,561
2. Change in other net insurance contract liabilities	4,006,525	20,333,660	36,352	-	24,376,537
3. Acquisition costs	106,801,257	27,435,892	716,448	-	134,953,597
4. Other operating costs	50,806,890	14,708,634	7,934,801	-	73,450,325
5. Finance costs	27,096,240	12,363,458	16,676	6,243,122	45,719,495
6. Investment property expense	1,054,822	106,541	-	2,455,271	3,616,634
7. Other expenses from insurance operations	29,984,729	22,691,542	276,769	-	52,953,040
8. Other expenses	1,462,912	1,672,400	39,229	60,611,245	63,785,786
SHARE OF PROFIT / (LOSS) OF ASSOCIATES (+/-)	5,244,635	1,419,315	-7,359	1,659,903	8,316,494
PROFIT BEFORE TAX	14,851,143	1,575,900	2,027,829	-16,108,843	2,346,028
Income tax expense	1,807,374	-565,821	-70,118	-385,017	786,418
PROFIT FOR THE YEAR	13,043,769	2,141,720	2,097,947	-15,723,826	1,559,610

CONSOLIDATED INCOME STATEMENT FOR 2007

	IN EUR				
	NON- LIFE INSURANCE	LIFE INSURANCE	HEALTH INSURANCE	OTHER	TOTAL
NET PREMIUM EARNED	556,673,941	239,146,533	51,410,162	-	847,230,636
1. Gross written premium	624,278,411	239,495,287	51,651,187	-	915,424,885
2. Re/co- insurer's share in gross written premium	-50,998,043	-7,804	-	-	-51,005,847
3. Change in provision for unearned premium	-17,940,852	-338,904	-241,025	-	-18,520,781
4. Change in re/co- insurer's share of provision for unearned premium	1,334,425	-2,046	-	-	1,332,379
OTHER NET INCOME	98,460,238	108,399,305	465,514	71,877,099	279,202,156
1. Investment income	42,588,011	42,097,462	302,285	4,870,200	89,857,958
2. Investment property income	1,919,525	-	-	4,649,404	6,568,929
3. Fees and commission income	10,613,389	19,261,922	142	8,534,065	38,409,518
4. Net fair value gains / (losses)	1,779,406	42,484,053	-	3,220,594	47,484,053
5. Net realised gains / (losses) on financial assets	24,737,049	2,647,377	67	262,951	27,647,444
6. Other insurance income	4,850,040	318,448	-	-	5,168,488
7. Other income	11,972,818	1,590,043	163,020	50,339,885	64,065,766

CONSOLIDATED INCOME STATEMENT FOR 2007

	IN EUR				
	NON- LIFE INSURANCE	LIFE INSURANCE	HEALTH INSURANCE	OTHER	TOTAL
NET CLAIMS INCURRED	416,142,031	74,827,894	40,599,557	-	531,569,482
1. Gross claims settled	386,876,124	74,432,498	37,651,461	-	498,960,083
2. Recourse income	-19,022,234	-	-129	-	-19,022,363
3. Re/co- insurer's share in gross claims settled	-21,618,532	-	-	-	-21,618,532
4. Change in gross claim provision	76,062,577	395,396	1,600,853	-	78,058,826
5. Change in re/co- insurer's share in gross claim provision	-6,155,904	-	-	-	-6,155,904
6. Expenses from equalisation scheme for health insurance	-	-	1,347,372	-	1,347,372
OTHER EXPENSES	193,759,136	262,214,290	8,260,457	66,070,495	530,304,378
1. Bonuses and discounts	11,160,425	-	-	-	11,160,425
2. Change in other net insurance contract liabilities	3,256,414	189,716,978	-490,740	-	192,482,652
3. Acquisition costs	92,754,653	27,860,685	2,118,124	-	122,733,462
4. Other operating costs	40,395,205	13,260,446	6,220,568	-	59,876,219
5. Finance costs	4,250,969	2,583,727	15,708	1,606,865	8,457,269
6. Investment property expense	932,930	231,450	-	2,014,867	3,179,247
7. Other expenses from insurance operations	25,786,967	19,220,000	379,990	-	45,386,957
8. Other expenses	15,221,573	9,341,004	16,807	62,448,763	87,028,147
SHARE OF PROFIT / (LOSS) OF ASSOCIATES (+/-)	3,845,993	614,873	-	-	4,460,866
PROFIT BEFORE TAX	49,079,005	11,118,527	3,015,662	5,806,604	69,019,798
Income tax expense	11,068,994	1,384,146	-40,088	2,148,400	14,561,452
PROFIT FOR THE YEAR	38,010,011	9,734,381	3,055,750	3,658,204	54,458,346

5.2 GEOGRAPHICAL SEGMENTS

The operations of the Triglav Group by geographical area are divided into business in the Republic of Slovenia and business outside the Republic of Slovenia.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2008

	IN EUR				
	COMPANIES IN THE RS	COMPANIES OUTSIDE THE RS	NON-CONSOLIDATED TOTAL	CONSOLIDATION ADJUSTMENTS	TOTAL
ASSETS					
1. Property, plant and equipment	94,282,438	38,302,127	132,584,566	-	132,584,565
2. Intangible assets	41,424,155	6,997,897	48,422,052	36,033,447	84,455,499
3. Non-current assets held for sale	1,195,846	413,379	1,609,225	-	1,609,225
4. Investment property	59,062,157	12,816,130	71,878,286	8,191,659	80,069,945
5. Investments in associates	347,959,069	3,713,124	351,672,193	-252,341,332	99,330,861
6. Financial assets	1,804,384,272	149,528,357	1,953,912,629	9,405,473	1,963,318,102
7. Insurance receivables	230,350,421	49,228,820	279,579,241	-54,291,203	225,288,038
8. Assets from reinsurance contracts	92,581,682	14,222,926	106,804,609	-63,844,423	42,960,186
9. Deferred tax assets	17,973,997	1,349,978	19,323,975	-	19,323,975
10. Receivables from corporate profit tax	1,070,540	971,073	2,041,613	-	2,041,613
11. Cash and cash equivalents	11,454,241	21,062,977	32,517,218	-	32,517,218
12. Other assets	8,554,530	4,546,837	13,101,367	-99,451	13,001,916
TOTAL ASSETS	2,710,293,348	303,153,627	3,013,446,975	-316,945,832	2,696,501,143
EQUITY AND LIABILITIES					
1. Share capital	121,475,687	63,096,032	184,571,719	-160,870,328	23,701,391
2. Capital reserves	60,583,668	6,331,474	66,915,142	-13,502,257	53,412,885
3. Other reserves	39,350,021	18,684,511	58,034,532	-6,484,921	51,549,611
4. Fair value reserve	152,293,178	3,279,905	155,573,083	-85,562,277	70,010,806
5. Retained earnings	256,849,304	-11,745,483	245,103,821	39,222,931	284,326,752
- net profit from previous years	253,075,997	-4,078,246	248,997,752	35,705,256	284,703,008
- net profit for the year	3,773,307	-7,667,237	-3,893,930	3,517,674	-376,256
6. Consolidation equity adjustment	-	-1,195,720	-1,195,720	622	-1,195,098
Equity attributable to equity holders of parent total	630,551,858	78,450,719	709,002,578	-227,196,231	481,806,347
7. Minority interest	147,206	-	147,206	45,006,804	45,154,010

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2008

					IN EUR
	COMPANIES IN THE RS	COMPANIES OUTSIDE THE RS	NON-CONSOLIDATED TOTAL	CONSOLIDATION ADJUSTMENTS	TOTAL
TOTAL EQUITY	630,699,064	78,450,719	709,149,784	-182,189,427	526,960,357
1. Insurance contract liabilities	1,772,487,482	188,444,512	1,960,931,994	-56,360,010	1,904,571,984
2. Other provisions	14,952,583	6,612,595	21,565,178	-	21,565,178
- employee benefits	4,960,643	2,311,339	7,271,982	-	7,271,982
- other provisions	9,991,940	4,301,256	14,293,196	-	14,293,196
3. Financial liabilities	112,475,443	9,083,008	121,558,452	-15,217,063	106,341,389
4. Liabilities from insurance operations	70,685,527	12,076,549	82,762,076	-47,961,863	34,800,213
5. Deferred tax liabilities	33,824,639	558,089	34,382,728	-19,085,159	15,297,569
6. Current tax liabilities	8,119,964	243,562	8,363,526	-	8,363,526
7. Other liabilities	67,048,644	7,684,593	74,733,237	3,867,690	78,600,927
TOTAL EQUITY AND LIABILITIES	2,710,293,347	303,153,627	3,013,446,974	-316,945,831	2,696,501,143

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2007

					IN EUR
	COMPANIES IN THE RS	COMPANIES OUTSIDE THE RS	NON-CONSOLIDATED TOTAL	CONSOLIDATION ADJUSTMENTS	TOTAL
ASSETS					
1. Property, plant and equipment	99,076,229	35,887,370	134,963,599	-	134,963,596
2. Intangible assets	36,571,691	1,364,590	37,936,281	38,024,665	75,960,946
3. Non-current assets held for sale	6,631,816	-	6,631,816	9,271,767	15,903,583
4. Investment property	48,640,525	11,129,969	59,770,494	-	59,770,494
5. Investments in associates	271,764,703	810,191	272,574,894	-224,712,391	47,862,503
6. Financial assets	1,987,472,797	140,079,607	2,127,552,404	-15,163,657	2,112,388,747
7. Insurance receivables	167,290,274	47,746,016	215,036,290	-27,594,577	187,441,713
8. Assets from reinsurance contracts	64,490,642	9,587,716	74,078,358	-46,875,694	27,202,664
9. Deferred tax assets	8,662,145	489,740	9,151,885	121,519	9,273,404
10. Receivables from corporate profit tax	1,311,372	33,064	1,344,436	-	1,344,436
11. Cash and cash equivalents	3,674,727	21,645,840	25,320,567	-	25,320,567
12. Other assets	8,053,496	4,819,475	12,872,971	-2,157	12,870,814
TOTAL ASSETS	2,703,640,417	273,593,578	2,977,233,995	-266,930,525	2,710,303,467
EQUITY AND LIABILITIES					
1. Share capital	121,475,688	46,205,251	167,680,939	-143,979,547	23,701,392
2. Capital reserves	60,583,668	6,318,900	66,902,568	-13,489,683	53,412,885
3. Other reserves	37,156,301	14,997,870	52,154,171	-6,706,114	45,448,057
4. Fair value reserve	255,682,052	8,035,443	263,717,495	-100,930,707	162,786,788
5. Retained earnings	265,184,864	-3,110,434	262,074,430	31,734,637	293,809,067
- net profit from previous years	212,755,438	-4,981,424	207,774,014	35,239,988	243,014,002
- net profit for the year	52,429,426	1,870,990	54,300,416	-3,505,351	50,795,065
6. Consolidation equity adjustment	-	-21,406	-21,406	-25,713	-47,119
Equity attributable to equity holders of parent total	740,082,573	72,425,624	812,508,197	-233,397,127	579,111,070
7. Minority interest	195,933	-	195,933	45,564,419	45,760,352
TOTAL EQUITY	740,278,506	72,425,624	812,704,130	-187,832,708	624,871,422
1. Insurance contract liabilities	1,693,896,212	160,188,538	1,854,084,750	-39,391,285	1,814,693,465
2. Other provisions	13,259,161	5,230,500	18,489,661	-	18,489,661
- employee benefits	4,504,533	2,144,871	6,649,404	-	6,649,404
- other provisions	8,754,628	3,085,629	11,840,257	-	11,840,257
3. Financial liabilities	65,213,730	11,330,308	76,544,038	-15,484,686	61,059,352
4. Liabilities from insurance operations	46,791,445	14,256,453	61,047,898	-32,792,192	28,255,706
5. Deferred tax liabilities	81,026,166	610,465	81,636,631	-3	81,636,628
6. Current tax liabilities	8,457,364	965,387	9,422,751	-	9,422,751
7. Other liabilities	54,717,835	8,586,303	63,304,138	8,570,344	71,874,482
TOTAL EQUITY AND LIABILITIES	2,703,640,419	273,593,578	2,977,233,997	-266,930,530	2,710,303,467

CONSOLIDATED INCOME STATEMENT FOR 2008

			IN EUR
	COMPANIES IN THE RS	COMPANIES OUTSIDE THE RS	TOTAL
NET PREMIUM INCOME	790,744,753	150,287,817	941,032,570
1. Gross written premium	841,835,300	182,616,310	1,024,451,610
2. Re/co- insurer's share in gross written premium	-36,519,629	-27,995,542	-64,515,171
3. Change in provision for unearned premium	-14,943,571	-4,907,996	-19,851,567
4. Change in re/co- insurer's share of provision for unearned premium	372,653	575,045	947,698
OTHER NET INCOME	36,088,882	11,875,165	47,964,047
1. Investment income	80,395,284	10,970,059	91,365,343
2. Investment property income	5,446,457	356,904	5,803,361
3. Fees and commission income	31,920,895	4,675,132	36,596,027
4. Net fair value gains / (losses)	-129,076,906	-8,688,056	-137,764,962
5. Net realised gains / (losses) on financial assets	-9,088,063	-786,890	-9,874,953
6. Other insurance income	4,489,156	2,812,261	7,301,417
7. Other income	52,002,059	2,535,755	54,537,814
NET CLAIMS INCURRED	495,376,521	88,346,585	583,723,106
1. Gross claims settled	526,431,086	91,533,430	617,964,516
2. Recourse income	-17,681,987	-3,750,269	-21,432,256
3. Re/co- insurer's share in gross claims settled	-45,430,765	-10,227,600	-55,658,365
4. Change in gross claim provision	39,522,077	14,407,546	53,929,623
5. Change in re/co- insurer's share in gross claim provision	-10,749,658	-3,616,522	-14,366,180
6. Expenses from equalisation scheme for health insurance	3,285,768	-	3,285,768
OTHER EXPENSES	330,876,835	80,367,140	411,243,975
1. Bonuses and discounts	12,083,018	305,542	12,388,560
2. Change in other net insurance contract liabilities	19,781,041	4,595,498	24,376,539
3. Acquisition costs	101,784,434	33,169,163	134,953,597
4. Other operating costs	50,756,081	22,694,244	73,450,325
5. Finance costs	44,969,659	749,836	45,719,495
6. Investment property expense	3,457,783	158,851	3,616,634
7. Other expenses from insurance operations	39,082,631	13,870,408	52,953,039
8. Other expenses	58,962,188	4,823,598	63,785,786
SHARE OF PROFIT / (LOSS) OF ASSOCIATES (+/-)	7,750,076	566,418	8,316,494
PROFIT BEFORE TAX	8,330,355	-5,984,325	2,346,030
Income tax expense	602,169	184,249	786,418
PROFIT FOR THE YEAR	7,728,186	-6,168,574	1,559,612

CONSOLIDATED INCOME STATEMENT FOR 2007

			IN EUR
	COMPANIES IN THE RS	COMPANIES OUTSIDE THE RS	TOTAL
NET PREMIUM INCOME	742,804,750	104,425,886	847,230,636
1. Gross written premium	780,704,289	134,720,596	915,424,885
2. Re/co- insurer's share in gross written premium	-28,108,147	-22,897,700	-51,005,847
3. Change in provision for unearned premium	-9,836,616	-8,684,165	-18,520,781
4. Change in re/co- insurer's share of provision for unearned premium	45,224	1,287,155	1,332,379
OTHER NET INCOME	251,991,783	27,210,373	279,202,156
1. Investment income	81,100,617	8,757,341	89,857,958
2. Investment property income	5,928,737	640,192	6,568,929
3. Fees and commission income	34,666,218	3,743,300	38,409,518
4. Net fair value gains / (losses)	42,856,371	4,627,682	47,484,053
5. Net realised gains / (losses) on financial assets	24,952,990	2,694,454	27,647,444
6. Other insurance income	4,664,780	503,708	5,168,488
7. Other income	57,822,070	6,243,696	64,065,766

CONSOLIDATED INCOME STATEMENT FOR 2007

	IN EUR		
	COMPANIES IN THE RS	COMPANIES OUTSIDE THE RS	TOTAL
NET CLAIMS INCURRED	469,726,500	61,842,982	531,569,482
1. Gross claims settled	438,453,422	60,506,661	498,960,083
2. Recourse income	-16,855,005	-2,167,358	-19,022,363
3. Re/co- insurer's share in gross claims settled	-13,533,601	-8,084,931	-21,618,532
4. Change in gross claim provision	64,552,940	13,505,886	78,058,826
5. Change in re/co- insurer's share in gross claim provision	-4,238,628	-1,917,276	-6,155,904
6. Expenses from equalisation scheme for health insurance	1,347,372	-	1,347,372
OTHER EXPENSES	462,840,415	67,463,963	530,304,378
1. Bonuses and discounts	10,922,158	238,267	11,160,425
2. Change in other net insurance contract liabilities	185,173,472	7,309,180	192,482,652
3. Acquisition costs	95,476,865	27,256,597	122,733,462
4. Other operating costs	44,790,276	15,085,943	59,876,219
5. Finance costs	7,388,384	1,068,885	8,457,269
6. Investment property expense	2,646,562	532,685	3,179,247
7. Other expenses from insurance operations	36,187,897	9,199,060	45,386,957
8. Other expenses	80,254,801	6,773,346	87,028,147
SHARE OF PROFIT / (LOSS) OF ASSOCIATES (+/-)	4,460,866	-	4,460,866
PROFIT BEFORE TAX	66,690,485	2,329,313	69,019,798
Income tax expense	14,093,201	468,251	14,561,452
PROFIT FOR THE YEAR	52,597,284	1,861,062	54,458,346

6. NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

6.1 PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT

	IN EUR			
	LAND	BUILDINGS	EQUIPMENT	TOTAL
COST				
As at 1 January, 2007	16,354,892	98,814,060	56,624,677	171,793,629
- acquisition	2,221,986	13,696,247	10,677,065	26,595,298
- disposal	-	-202,972	-3,648,434	-3,851,406
- other	663,111	524,073	-226,593	960,591
- changes due to the incorporation of a subsidiary	67,505	3,565,842	629,832	4,263,179
As at 31 December, 2007	19,307,494	116,397,250	64,056,547	199,761,291
- acquisition	3,672,687	1,968,682	10,997,276	16,638,645
- disposal	-3,440,930	-2,466,502	-5,547,483	-11,454,915
As at 31 December, 2008	19,539,251	115,899,430	69,506,340	204,945,021
ACCUMULATED DEPRECIATION				
As at 1 January, 2007	-	-17,059,921	-41,781,630	-58,841,551
- acquisition	-	-1,777,168	-6,395,424	-8,172,592
- disposal	-	117,769	2,851,992	2,969,761
- other	-	-180,163	-573,151	-753,314
As at 31 December, 2007	-	-18,899,483	-45,898,213	-64,797,696
- acquisition	-	-1,982,200	-8,300,970	-10,283,170
- disposal	-	101,407	2,447,950	2,549,357
- other	-	171,052	-	171,052
As at 31 December, 2008	-	-20,609,224	-51,751,233	-72,360,457
CARRYING AMOUNT				
As at 1 January, 2007	16,354,892	81,754,139	14,843,047	112,952,078
As at 31 December, 2007	19,307,494	97,497,767	18,158,334	134,963,595
As at 31 December, 2008	19,539,251	95,290,206	17,755,107	132,584,564

Property, plant and equipment pledged as collateral by the Group as at 31 December, 2008 totalled EUR 7,894,140 (vs. EUR 1,103,003 as at 31 December, 2007). The statutory limitation on the Group's property, plant and equipment as at 31 December, 2008 was EUR 4,028,068 (in 2007 there were no statutory limitations on the Group's property, plant and equipment).

As at 31 December, 2008 trade payables for property, plant and equipment amounted to EUR 1,470,775 (vs. EUR 3,683,821 as at 31 December, 2007).

The depreciation charge for the current year is disclosed in several income statement items, as income statement expenses are recorded by functional group as described in Chapter 2.25. For details, see expenses by nature and function in Chapter 6.28.

As at 31 December, 2008 property, plant and equipment under financial lease totalled EUR 12,245,759.

6.2 INTANGIBLE ASSETS

INTANGIBLE ASSETS

	IN EUR				
	GOODWILL	CONTRACTUAL RIGHTS AND VALUE OF ACQUIRED OPERATIONS	OTHER INTANGIBLE ASSETS	DEFERRED ACQUISITION COSTS	TOTAL
COST					
As at 1 January, 2007	11,196,863	-	17,648,041	19,384,288	48,229,192
- acquisition	-	-	4,312,077	6,413,959	10,726,036
- disposal	-	-	-113,176	-	-113,176
- other	-	-	-100,485	-	-100,485
- changes due to the incorporation of a subsidiary	1,773,772	25,054,033	151,114	-	26,978,919
As at 31 December, 2007	12,970,635	25,054,033	21,897,571	25,798,247	85,720,486
- acquisition	-	-	5,578,816	8,766,632	14,345,448
- disposal	-	-	-969,370	-	-969,370
- other	-	-	-	-16,138	-16,138
As at 31 December, 2008	12,970,635	25,054,033	26,507,017	34,548,741	99,080,426
ACCUMULATED DEPRECIATION					
As at 1 January, 2007	-	-	-7,458,706	-	-7,458,706
- acquisition	-	-	-2,410,740	-	-2,410,740
- disposal	-	-	109,907	-	109,907
As at 31 December, 2007	-	-	-9,759,539	-	-9,759,539
- acquisition	-	-	-2,999,845	-	-2,999,845
- disposal	-	-	125,683	-	125,683
- other	-	-1,991,225	-	-	-1,991,225
As at 31 December, 2008	-	-1,991,225	-12,633,701	-	-14,624,926
CARRYING AMOUNT					
As at 1 January, 2007	11,196,863	-	10,189,335	19,384,288	40,770,486
As at 31 December, 2007	12,970,635	25,054,033	12,138,032	25,798,247	75,960,947
As at 31 December, 2008	12,970,635	23,062,808	13,873,316	34,548,741	84,455,499

Other intangible assets are computer software and other licences.

GOODWILL

	IN EUR
GOODWILL DUE TO	
- Takeover of Krajina Kopaonik a.d. in 2007:	1,773,772
- Takeover of Triglav Kopaonik Osiguranje in 2006:	10,937,681
- Additional acquisition of equity shares - Tri-Pro d.o.o.	112,759
- Additional acquisition of equity shares - Golf Arboretum d.o.o.	146,422
TOTAL GOODWILL AS AT 31 DECEMBER, 2008	12,970,634

The annual impairment test of goodwill was made at 31 December, 2008 for each of the previous mentioned items. The results of the test show that there is no need for impairment. In the test for the values of Krajina Kopaonik and Triglav Kopaonik osiguranje, a 20 year projection was applied. The growth rate of the economic environment in which the insurers operate was taken into account. For this purpose it was assumed that the average credit default swap on debt of the country in which the insurance company operates changes in accordance with the credit rating of the country. For the calculation of cash flow the following discount factors were applied:

- Triglav Kopaonik: basic discount factor 17%, after three years 16%, after ten years 15%
- Triglav Krajina Kopaonik: basic discount factor 19%, after three years 18%, after five years 17%, after six years 16% and after ten years 13%

Acquisition of the insurance company Vardar Osiguruvanje a.d. in 2007

Zavarovalnica Triglav d.d. acquired a majority stake and management share in the insurance company Vardar Osiguruvanje a.d., Skopje. The value of the acquisition was accounted for using the purchase method. The value of the acquisition was determined by recognizing identifiable fair values of assets and liabilities. Contingent liabilities were not identified. The difference between the acquisition value and the share in net value of identifiable assets and liabilities was temporarily accounted for as goodwill. Insurance contract liabilities were accounted for in accordance with the accounting policies of the company and not by fair value, as permitted by IFRS 4.

In 2008, the temporarily identified values of assets and liabilities acquired in business combinations were adjusted so that the difference between purchase value and the share in net value was recognised as:

- rights from insurance contracts (list of policyholders);
- value arising from insurance contracts as a difference between fair value and the actual carrying value in accordance with accounting principles (value of the acquired business). The depreciation period for this value is 5 years.

The total difference is recognised as an intangible asset.

Allocation of the difference between purchase value and the net asset value after initial reporting:

	INTANGIBLE ASSETS	
	2008	IN EUR 2007
1. Initial allocation (in 2007)		
- goodwill		25,054,033
2. Final allocation (in 2008)		
- rights from insurance contracts (list of insureds)	22,052,472	24,043,692
- value of the acquired business arising from insurance contracts	1,010,341	1,010,341
TOTAL	23,062,813	25,054,033

Rights from insurance contracts (list of insureds) on 31 December, 2008 fell to EUR 1,991,220. This decrease was identified due to a change in situation in the insurance market of the Former Yugoslav Republic of Macedonia, taking into account lower rates of motor liability insurance due to a governmental decree. The lower value of rights from insurance contracts is recognised in the income statement as a finance cost.

The adjustment made after completing the initial accounting for the acquiree Vardar Osiguruvanje a.d. is recognised as a correction of a prior period error in accordance with IAS 8. This adjustment was not reflected in the financial statements, but it did change comparable information for the prior period regarding intangible assets as shown in the table above.

The Group did not pledge any intangible assets as collateral. As at 31 December, 2008 trade payables for intangible assets amounted to EUR 51,219 (vs. EUR 893,448 as at 31 December, 2007).

The value of rights from insurance contracts obtained through the acquisition of the insurance company Vardar Osiguruvanje a.d. was impaired in 2008. Details are given below.

The depreciation charge for the current year is disclosed in several items of the income statement, as income statement expenses are recorded by functional group as described in Chapter 2.25. For details see expenses by nature and function in Chapter 6.28.

As at 31 December, 2008 intangible assets with an indefinite useful life amounted to EUR 56,339 representing licences issued for indefinite periods.

The Group has no individual intangible assets of material value to the financial statements.

6.3 NON-CURRENT ASSETS HELD FOR SALE

NON-CURRENT ASSETS HELD FOR SALE

	IN EUR	
	2008	2007
Non-current assets held for sale	1,609,225	15,903,583

In 2008 the amount of non-current assets held for sale arise from the following companies:

- Slovenijales d.d.: EUR 1,195,846 (real property);
- Triglav BH Osiguranje a.d.: EUR 413,379.

In 2007 the amount of non-current assets held for sale arise from the following companies:

- Slovenijales d.d.: EUR 990,255;
- Gradis IPGI d.d.: EUR 14,913,328.

The company recognised these assets as investment property (land) in 2008, since the contract with Vegrad, made in 2007, was declared invalid.

6.4 INVESTMENT PROPERTY

INVESTMENT PROPERTY

	IN EUR		
	LAND	BUILDINGS	TOTAL
COST			
As at 1 January, 2007	15,799,537	53,494,032	69,293,569
- acquisition	719,456	747,933	1,467,389
- disposal	-1,309,720	-2,610,231	-3,919,951
- other	-763,340	-1,823,148	-2,586,488
- changes due to the incorporation of a subsidiary	24,747	1,176,857	1,201,604
As at 31 December, 2007	14,470,680	50,985,443	65,456,123
- acquisition	11,601,754	2,310,974	13,912,728
- disposal	-320,913	-317,036	-637,949
- consolidation adjustments	8,191,661	-	8,191,661
As at 31 December, 2008	33,943,182	52,979,381	86,922,563
ACCUMULATED DEPRECIATION			
As at 1 January, 2007	-	-6,609,831	-6,609,831
- acquisition	-	-1,222,275	-1,222,275
- disposal	-	2,065,448	2,065,448
- other	-	81,029	81,029
As at 31 December, 2007	-	-5,685,629	-5,685,629
- acquisition	-	-1,257,856	-1,257,856
- disposal	-	93,369	93,369
- other	-	-2,502	-2,502
As at 31 December, 2008	-	-6,852,618	-6,852,618
CARRYING AMOUNT			
As at 1 January, 2007	15,799,537	46,884,201	62,683,738
As at 31 December, 2007	14,470,680	45,299,814	59,770,494
As at 31 December, 2008	33,943,182	46,126,763	80,069,945

The Company leases its investment properties, i.e. individual business premises. All leasing agreements, stipulated for an initial period from one to ten years, may be rescinded at any moment. Rents do not include conditional rents.

All investment property income and expenses are described in Chapters 6.20 and 6.31, and all profit and loss from the sale of investment property in Chapter 6.23.

Investment property was not impaired in 2008. Fair value is disclosed below:

	IN EUR	
	31 DECEMBER, 2008	31 DECEMBER, 2007
Book value	80,069,945	59,770,494
Estimated fair value	149,807,399	69,909,593

6.5 INVESTMENTS IN ASSOCIATES

INVESTMENTS IN ASSOCIATES

NAME	ADDRESS	TAX RATE (%)	ACTIVITY	SHARE IN CAPITAL (%)		VOTING RIGHTS (%)		EQUITY AS AT 31 DECEMBER	
				2008	2007	2008	2007	2008	2007
1 Abanka Vipava d.d.	Slovenska cesta 58, 1000 Ljubljana, Slovenia	22	Bank	25.69	25.72	25.69	25.72	339,458,000	353,232,959
2 AVRIGO družba za avtobusni promet in turizem d.d. Nova Gorica	Kidričeva ulica 20, 5000 Nova Gorica, Slovenia	22	Transport	46.51	46.51	46.51	46.51	8,965,840	8,494,115
3 NAMA trgovsko podjetje d.d. Ljubljana	Tomšičeva ulica 1, 1000 Ljubljana, Slovenia	22	Trading	38.87	38.80	38.87	38.80	9,443,909	14,606,209
4 SKUPNA pokojninska družba d.d.	Trg Republike 3, 1000 Ljubljana, Slovenia	22	Pension funds	30.14	30.14	30.14	30.14	11,173,458	11,586,908
5 Tehnološki center varne vožnje Vransko	Vransko 66A, 3305 Vransko, Slovenia	22	Research and development	25.01	25.01	25.01	25.01	7,201	7,500
6 Triglavko d.o.o.	Ulica XXX. divizije 23, 5000 Nova Gorica, Slovenia	22	Insurance agents	38.47	38.47	38.47	38.47	178,546	193,100
7 Goriške opekarne Renče-Bilje	Merljaki 7, 5292 Renče, Slovenia	22	Manufacturing	46.13	43.91	46.13	43.91	7,952,914	8,021,128
8 Intercement d.o.o.	Dunajska cesta 63, 1000 Ljubljana, Slovenia	22	Holding and advisory	23.13	22.57	23.13	22.57	99,303,630	96,936,503
9 Siteep Tegrad&Pap d.d.	Pivovarniška ulica 6, 1000 Ljubljana, Slovenia	22	Project management and advisory	36.46	37.22	36.46	37.22	Data not available	-6,362,641
10 Skimar d.o.o. Begunje	Begunje na Gorenjskem 1, 4275 Begunje na Gorenjskem, Slovenia	22	Holding	22.42	21.66	22.42	21.66	Data not available	38,518,629
11 Stilles d.d.	Savska cesta 13, 8290 Sevnica, Slovenia	22	Manufacturing	35.16	47.66	35.16	47.66	3,198,421	3,110,640

INVESTMENTS IN ASSOCIATES

	IN EUR									
	ASSETS		LIABILITIES		EQUITY		REVENUES		PROFIT/LOSS	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
1 Abanka Vipava d.d.	3,823,336,000	3,439,007,000	3,483,878,000	3,085,774,041	339,458,000	353,232,959	247,341,000	197,085,000	22,233,000	36,563,494
2 AVRIGO družba za avtobusni promet in turizem d.d. Nova Gorica	13,642,735	13,623,714	4,676,895	5,129,599	8,965,840	8,494,115	15,179,920	13,856,260	556,760	523,951
3 NAMA trgovsko podjetje d.d. Ljubljana	17,042,486	17,876,006	7,598,577	3,269,797	9,443,909	14,606,209	18,600,783	20,223,618	476,871	2,338,044
4 SKUPNA pokojninska družba d.d.	238,812,883	215,704,178	227,639,425	204,117,270	11,173,458	11,586,908	12,882,423	22,685,192	1,723,400	1,229,769
5 Tehnološki center varne vožnje Vransko	7,201	7,508	-	8	7,201	7,500	15	8	-299	-
6 Triglavko d.o.o.	300,447	274,502	121,901	81,402	178,546	193,100	1,044,609	1,055,049	9,627	21,300
7 Goriške opekarne Renče-Bilje	17,735,721	17,587,846	9,782,807	9,566,718	7,952,914	8,021,128	10,106,173	9,977,767	10,332	152,588
8 Intercement d.o.o.	116,746,299	117,202,950	17,442,669	20,266,447	99,303,630	96,936,503	5,328,101	647,827	4,325,591	-191,340
9 Siteep Tegrad&Pap d.d.	Data not available	8,598,177	Data not available	14,960,818	Data not available	-6,362,641	Data not available	4,307,827	Data not available	-854,344
10 Skimar d.o.o. Begunje	Data not available	49,592,058	Data not available	11,073,429	Data not available	38,518,629	Data not available	1,246,466	Data not available	1,932
11 Stilles d.d.	6,564,883	6,668,164	3,366,462	3,557,524	3,198,421	3,110,640	9,167,111	7,670,748	93,464	181,840

* Companies stated from 7 to 11 are not accounted for using the equity method, since the Group does not have prevailing influence (The Group cannot influence the operations of these companies through the Management or Supervisory boards).

The effect of valuation of investments using the equity method are disclosed as a separate item in the financial statements. The fair value of the investments in associates listed on the stock exchange is stated below:

NAME	IN EUR	
	FAIR VALUE	
	2008	2007
1 Abanka Vipa d.d.	97,975,488	Data not available
3 NAMA trgovsko podjetje d.d. Ljubljana	9,382,361	5,770,969
7 Goriške opekarne Renče-Bilje	627,944	627,944

6.6 FINANCIAL ASSETS

FINANCIAL ASSETS

	IN EUR	
	2008	2007
Held to maturity	243,444,567	81,452,256
At fair value through profit and loss:		
- distributed after acquisition	290,667,485	386,042,466
- held for trading	15,205,351	18,150,931
Available for sale	1,079,274,971	1,461,430,494
Loans and receivables	334,725,727	165,312,600
TOTAL	1,963,318,102	2,112,388,747

The table above shows the book value of financial assets without receivables from operations and cash or cash equivalents.

OVERVIEW OF FINANCIAL ASSETS BY TYPE

2008						IN EUR
	HELD TO MATURITY	FVTPL- FOR TRADE	FVTPL- CLASSIFIED INTO THIS GROUP	AVAILABLE FOR SALE	LOANS AND RECEIVABLES	TOTAL
Debt and other fixed-return securities	243,444,567	3,658,072	128,800,908	747,281,850	111,508,571	1,234,693,968
Investments in shares, other floating-rate securities and fund coupons	-	10,198,214	161,866,577	331,993,121	-	504,057,912
Financial derivatives	-	1,349,064	-	-	-	1,349,064
Loans and receivables	-	-	-	-	218,657,159	218,657,159
- Deposits with banks	-	-	-	-	190,719,617	190,719,617
- Loans given	-	-	-	-	27,937,542	27,937,542
Other financial investments	-	-	-	-	2,335,959	2,335,959
Financial investments of reinsurance companies in reinsurance contracts	-	-	-	-	2,224,038	2,224,038
TOTAL	243,444,567	15,205,351	290,667,485	1,079,274,971	334,725,727	1,963,318,102

OVERVIEW OF FINANCIAL ASSETS BY TYPE

2007						IN EUR
	HELD TO MATURITY	FVTPL- FOR TRADE	FVTPL- CLASSIFIED INTO THIS GROUP	AVAILABLE FOR SALE	LOANS AND RECEIVABLES	TOTAL
Debt and other fixed-return securities	81,452,256	-	162,006,200	1,020,616,161	-	1,264,074,617
Investments in shares, other floating-rate securities and fund coupons	-	17,377,902	224,036,266	440,814,333	-	682,228,501
Financial derivatives	-	773,029	-	-	-	773,029
Loans and receivables	-	-	-	-	165,312,597	165,312,597
- Deposits with banks	-	-	-	-	135,033,534	135,033,534
- Loans given	-	-	-	-	25,431,447	25,431,447
Other financial investments	-	-	-	-	4,847,616	4,847,616
TOTAL	81,452,256	18,150,931	386,042,466	1,461,430,494	165,312,597	2,112,388,744

OVERVIEW OF FINANCIAL ASSETS HELD TO MATURITY AT FAIR VALUE

2008	FAIR VALUE	IN EUR
		BOOK VALUE
Debt securities	236,694,941	243,444,567
TOTAL	236,694,941	243,444,567

OVERVIEW OF FINANCIAL ASSETS HELD TO MATURITY AT FAIR VALUE

2007	FAIR VALUE	IN EUR
		BOOK VALUE
Debt securities	74,775,319	81,452,256
TOTAL	74,775,319	81,452,256

Reclassification of financial assets

In accordance with amendments to IFRS (IAS 39.50) and IAS 39.54, individual members of the Group opted for reclassification of financial assets. The following reclassifications were made:

- from the financial assets in the “fair value through profit or loss” (FVTPL) category to the financial assets “available for sale” (AFS) category,
- from the financial assets “available for sale” (AFS) category to the “loans and receivables” (L&R) category and
- from the financial assets “available for sale” (AFS) category to the “held to maturity” (HTM) category.

The reclassifications into the “loans and receivables” (L&R) category concern assets whose market price no longer reflect fair value due to illiquidity and forced transactions. All reclassifications were made as at 1 July, 2008, with the exception of Triglav Kopaonik Osiguranje, Belgrade which reclassified its financial assets as at 1 October, 2008. The effects of the reclassifications at Group level are disclosed below.

	IN EUR			
	31 DECEMBER, 2008			
	AMOUNT ON RECLASSIFICATION DATE	EIR AS AT THE DATE OF RECLASSIFICATION	CARRYING AMOUNT	FAIR VALUE
Reclassified out of FVTPL into AFS	6,028,224	-	3,981,468	3,981,468
Reclassified out of AFS into L&R	100,342,646	5.1692	98,033,746	-
Reclassified out of AFS into HTM	92,594,911	4.6186	92,712,095	91,150,563

Values if reclassification would not have been made:

	IN EUR	
	31 DECEMBER, 2008	
	CARRYING AMOUNT	FAIR VALUE
Reclassified out of FVTPL into AFS	3,981,468	3,981,468
Reclassified out of AFS into L&R	98,033,188	-
Reclassified out of AFS into HTM	91,150,563	91,150,563

6.7 INSURANCE RECEIVABLES

RECEIVABLES BY MATURITY

2008	RECEIVABLES BY MATURITY			IN EUR
	NOT DUE	DUE UP TO 180 DAYS	DUE OVER 180 DAYS	TOTAL
Receivables from direct insurance operations				
Receivables from insurers	86,374,361	23,064,892	10,812,896	120,252,149
Receivables from insurance brokers	1,108,915	234,923	407,779	1,751,617
Other receivables from direct insurance operations	7,300,130	302,276	165,581	7,767,987
Receivables from co-insurance and reinsurance operations				
Premium receivable from co-insurance	577,126	-	-	577,126
Premium receivable from reinsurance	2,973,226	2,205,708	505,275	5,684,209
Receivables from co-insurers' shares in claims	73,802	-	-	73,802
Receivables from reinsurers' shares in claims	22,674,226	2,295,930	679,907	25,650,063
Other receivables from co-insurance and reinsurance operations	2,793,336	486,612	6,648	3,286,596
Other receivables				
Other short-term receivables from insurance operations	29,915,755	7,356,584	2,237,434	39,509,773
Short-term receivables from financing	2,167,946	345,059	271,012	2,784,017
Other short-term receivables	11,222,226	5,211,447	682,625	17,116,298
Long-term receivables	834,402	-	-	834,402
TOTAL	168,015,451	41,503,431	15,769,157	225,288,039
Insured receivables as at 31 December, 2008				11,634,509
Uninsured receivables as at 31 December, 2008				213,653,531

RECEIVABLES BY MATURITY

2007	RECEIVABLES BY MATURITY			IN EUR
	NOT DUE	DUE UP TO 180 DAYS	DUE OVER 180 DAYS	TOTAL
Receivables from direct insurance operations				
Receivables from insurers	75,399,008	17,978,879	9,217,168	102,595,055
Receivables from insurance brokers	355,737	311,151	501,731	1,168,619
Other receivables from direct insurance operations	13,302,488	239,276	2,089,315	15,631,079
Receivables from co-insurance and reinsurance operations				
Premium receivable from co-insurance	359,563	-	-	359,563
Premium receivable from reinsurance	3,130,574	3,828,267	545,469	7,504,310
Receivables from co-insurers' shares in claims	3,381	-	-	3,381
Receivables from reinsurers' shares in claims	8,720,899	779,293	343,658	9,843,850
Other receivables from co-insurance and reinsurance operations	2,167,442	191,867	24,874	2,384,184
Other receivables				
Other short-term receivables from insurance operations	9,195,445	8,015,890	2,062,865	19,274,200
Short-term receivables from financing	6,514,638	66,148	646,813	7,227,599
Other short-term receivables	14,932,347	4,154,497	1,042,073	20,128,917
Long-term receivables	1,195,775	-	125,183	1,320,958
TOTAL	135,277,297	35,565,268	16,599,149	187,441,715
Insured receivables as at 31 December, 2007				21,350,452
Uninsured receivables as at 31 December, 2007				166,091,263

The gross and net amounts of each group of receivables in disclosed below:

2008	IN EUR		
	GROSS VALUE	IMPAIRMENT	NET VALUE
Receivables from direct insurance operations	170,754,118	-40,982,365	129,771,753
Receivables from co-insurance and reinsurance operations	35,271,796	-	35,271,796
Other receivables	135,702,796	-75,458,306	60,244,490
TOTAL	341,728,710	-116,440,671	225,288,039

2007	IN EUR		
	GROSS VALUE	IMPAIRMENT	NET VALUE
Receivables from direct insurance operations	158,997,700	-39,602,948	119,394,752
Receivables from co-insurance and reinsurance operations	20,118,261	-22,973	20,095,288
Other receivables	124,566,744	-76,615,070	47,951,674
TOTAL	303,682,705	-116,240,991	187,441,714

6.8 ASSETS FROM REINSURANCE CONTRACTS

ASSETS FROM REINSURANCE CONTRACTS

	IN EUR	
	2008	2007
NON-LIFE INSURANCE		
Reinsurance portion of unearned premiums	9,005,988	7,482,624
Reinsurance portion of claims provisions	33,953,610	19,719,376
TOTAL	42,959,598	27,202,000
LIFE INSURANCE		
Reinsurance portion of unearned premiums	588	664
TOTAL	588	664
ASSETS FROM REINSURANCE CONTRACTS TOTAL	42,960,186	27,202,664

Risks related to reinsurance contracts are described in Chapter 4.1.4 and the reinsurance result in Chapter 6.26.

6.9 DEFERRED TAX ASSETS AND LIABILITIES

DEFERRED TAX ASSETS AND LIABILITIES

	IN EUR	
	2008	2007
DEFERRED TAX ASSETS		
As at 1 January	9,273,403	13,121,866
Changes	10,050,572	-3,848,463
As at 31 December	19,323,975	9,273,403
DEFERRED TAX LIABILITIES		
As at 1 January	74,456,371	57,586,982
Adjustment due to changes in accounting policies	7,180,257	7,059,920
As at 1 January	81,636,628	64,646,902
Changes	-66,339,059	16,989,726
As at 31 December	15,297,569	81,636,628

Deferred tax assets are recognised for temporary differences due to the impairment of receivables, financial assets and investment property, due to employee benefits and due to differences between tax and book value on intangible assets. Deferred tax assets arising from tax losses were not recognised. As at 31 December, 2008 they amounted to EUR 36,048,369 and were represented by the tax loss of Triglav Zdravstvena Zavarovalnica d.d. Triglav Naložbe d.d. and Gradis IPGI d.d.

Deferred tax liabilities are recognised due to the valuation of available-for-sale financial assets. The change of deferred tax assets is recognised in the income statement, increasing and/or decreasing income tax expense, whilst the change of deferred tax liabilities is recognised in equity.

6.10 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS

	IN EUR	
	2008	2007
Cash in bank accounts in EUR	14,851,370	8,294,858
Cash in bank accounts in other currencies	11,914,244	14,097,037
Cash on hand and cheques in EUR	55,793	67,285
Cash on hand and cheques in other currencies	545,214	684,568
Other	5,150,597	2,176,817
TOTAL	32,517,218	25,320,567

Among the Cash in bank accounts in euros, the Group holds EUR 10 million from Slovenijales, which were frozen in 2008 due to a legal dispute with Jugobanka, see Chapter 6.39.2 for more detail.

6.11 OTHER ASSETS

OTHER ASSETS

	IN EUR	
	2008	2007
Inventories	5,738,446	5,786,196
Other assets	12,649	173,449
Deferred costs	7,250,821	6,911,169
TOTAL	13,001,916	12,870,814

6.12 EQUITY

SHAREHOLDER	PERCENTAGE OF OWNERSHIP (IN%)	NUMBER OF SHARES
Zavod za pokojninsko in invalidsko zavarovanje, Slovenije	34.47	7,836,628
Slovenska odškodninska družba d.d., Ljubljana	28.14	6,397,640
Nova ljubljanska banka d.d., Ljubljana	3.06	696,213
Hypo Alpe-Adria-Bank AG, Klagenfurt	1.82	413,016
Radenska d.d., Radenci	1.61	366,944
HIT d.d., Nova Gorica	1.12	255,408
NFD 1 delniški investicijski sklad d.d., Ljubljana	1.05	238,998
Other shareholders (each holds less than 1%)	28.73	6,530,301
TOTAL	100.00	22,735,148

The ownership structure of the Company changed in 2008. As at 30 June, 2008, in accordance with the Law on Ownership Transformation of Insurance Companies' Shareholding, to which natural persons are entitled, 34.74% voting rights previously held by Kapitalska družba have been transferred to Zavod za pokojninsko in invalidsko zavarovanje Slovenije.

As at 31 December, 2008 the share capital amounts to EUR 23,701,392 and has not changed compared to the previous year. At the end of the previous year the share capital was divided into 5,683,787 no-par-value shares. The Company divided each no-par-value share into 4 shares in 2008. For this purpose the Company issued new shares. After the split the share capital is divided into 22,735,148 shares. The owners of the new shares are those who were registered shareholders at the Central Register of Securities as at 6 June, 2008.

Each share represents the same stake and corresponding amount in the share capital. The portion of each no-par-value share in the share capital is determined on the basis of the number of no-par-value shares issued. All shares have been paid up in full.

The quoted price of the Company's share on Ljubljana Stock Exchange as at 31 December, 2008 is EUR 15.00.

	2008	2007
Dividends to be distributed to shareholders	Not yet decided	5,683,787
Dividends per share*		0.25

* For comparability of the data, the 2007 dividends per share have been reduced by a factor of four to compensate for the share split during 2008.

Authorised capital

In accordance with the Company's statute the Management Board is authorised to increase the share capital by up to 15% of the share capital which amounts to EUR 3,555,209. The authorisation is valid until 25 April, 2013. Share capital can be increased by issuing new shares with the consent of the Supervisory Board.

On 12 June, 2008, based on the authorisation, the Management Board decided to increase the share capital by 15% of share capital or 3,555,209 EUR by issuing new shares. The Supervisory Board gave consent to this decision. On 23 June, 2008, also with the consent of the Supervisory Board, the Management Board decided to temporarily postpone the issue of new shares.

By the end of 2008 the Management Board had not exercised the right to increase the capital, but has a chance to do so until 25 April 2013.

Reserves from profit

In addition to legal and statutory reserves, reserves from profit also represent the credit risk equalisation reserve and catastrophe reserves.

Credit risk equalisation reserves in Slovenia are formed and calculated in line with the Insurance Act. Calculation of these reserves is also stipulated by local legislation in Montenegro. The local regulator in the Czech Republic also stipulates the formation of catastrophe reserves. The above mentioned legal requirements treat these reserves as liabilities from insurance contracts. Any change in these reserves should be recognised in the income statement. However, the above mentioned reserves do not meet the definition of insurance contract liability in accordance with IFRS and are therefore recognised as reserves from profit. Any changes in these reserves are also recognised as an increase or decrease of the result for the current year in the statement of changes in equity (and not in the income statement). The same applies to catastrophe risk reserves.

Should the financial statements be prepared in line with the Insurance Act and local legislation, the current year profit would be EUR 4,193,813 (in 2007: EUR 1,670,169) lower. The current year profit would amount to EUR 2,634,203 (in 2007: EUR 52,788,177).

Reserves for own shares and own shares (as a deductible item)

The following members of the Group hold own shares:

- Triglav DZU d.o.o.: EUR 2,661,477 (25% of equity) - the same as in 2007;
- Triglav Osiguranje d.d.: EUR 62,089 (74 shares) - the same as in 2007.

Both companies have allocated reserves for own shares in the same amounts.

Slovenijales d.d. acquired 24,312 shares of Zavarovalnica Triglav d.d. in 2008 worth EUR 364,680. In the balance sheet of the Group they are disclosed as a deductible equity item of the same amount. Equivalent reserves for own shares are set aside for these shares in the Group balance sheet (from profit from previous years).

Shares of Zavarovalnica Triglav d.d. were also held in 2007 by Slovenijales trgovina d.o.o, a subsidiary of Slovenijales d.d. (449 shares equalling EUR 149,560). These shares were disposed of in 2008.

Revaluation surplus (fair value change reserves)

Revaluation surplus includes the surplus arising from the fair value revaluation of available-for-sale financial assets.

Consolidation equity adjustment

The consolidation equity adjustment, i.e. translation adjustment, arises from foreign exchange differentials in the consolidation of subsidiaries' financial statements. Translation adjustments amounted to EUR 1,195,098 in 2008 (vs. EUR 47,119 in 2007). The major part of this adjustment arises from the fall of the Serbian dinar (RSD).

Notes to the Statement of Changes in Equity

- The changes in equity occurring in 2008 include an equity decrease of EUR 1,245,025, of which EUR 1,147,979 is accounted for by consolidation equity adjustment as other increases/decreases in capital items. The reasons for the decrease are explained in the notes referring to this equity item.
- The changes in equity occurring in 2008 include other payments of EUR 273,183 represented by bonuses to the Supervisory Board of Zavarovalnica Triglav d.d. of EUR 14,000, bonuses to the Management Boards of Lovćen Osiguranje a.d. and Vardar Osiguruvanje a.d. totalling EUR 183,603, and EUR 75,580, respectively, and profit participation rights paid to Lovćen Osiguranje a.d. life insurance policy holders. Insurance companies in the Republic of Slovenia disclose the profit participation rights of life insurance policy holders in the income statement as mathematical provision changes.
- Minority interest in the statement of changes in equity in 2008 discloses an increase in change in fair value of available for sale of EUR 4,220,397. This increase was due to a higher value of available-for-sale financial assets held by Triglav Naložbe d.d. The disclosed equity decrease due to disposal of shares valued at EUR 2,964,470 arises from the sale of shares to the controlling company. Dividends paid of EUR 383,945 arise from dividends received from Pozavarovalnica Triglav Re d.d. and Triglav DZU d.o.o.
- The statement of changes in equity in 2007 discloses a decrease of EUR 26,622,903 at Group level as other increases/decreases in capital items. This decrease arises principally from a substantially lower increase in investments in associates accounted for using the equity method. Profits accruing from associates decreased considerably in 2007 since profits were re-allocated to the reserves of associated companies. These profits decreased further, as in 2006, since they were used in part for profit participation rights of life insurance policy holders and transferred from equity to mathematical provisions.

6.13 INSURANCE CONTRACT LIABILITIES

INSURANCE CONTRACT LIABILITIES

	IN EUR	
	2008	2007
NON-LIFE INSURANCE		
Gross provision for unearned premium	289,578,737	262,207,044
Gross provision for unearned premium from co-insurance	102,807	71,714
GROSS UNEARNED PREMIUM PROVISION	289,681,544	262,278,758
Gross provision for incurred and reported claims	245,259,601	196,967,471
Gross claim provision for co-insurance	1,250,160	1,028,667
IBNER	375,233,564	371,098,269
Expected subrogation	-13,015,227	-11,243,067
Provision for claims handling costs	33,150,209	31,855,200
GROSS CLAIMS PROVISION	641,878,307	589,706,540
GROSS PROVISION FOR BONUSES AND DISCOUNTS	18,240,094	17,597,554
TOTAL OTHER INSURANCE CONTRACT LIABILITIES	19,411,032	14,686,293
NON-LIFE INSURANCE CONTRACT LIABILITIES	969,210,977	884,269,145
LIFE INSURANCE		
Gross unearned premium provision	1,086,247	1,208,478
Gross mathematical provision covering life insurance	570,514,065	545,511,149
Gross mathematical provision covering SVPI	123,225,952	95,188,300
Gross mathematical provision covering ULI	219,666,880	268,736,408
Gross claims provision	20,867,863	19,779,984
LIFE INSURANCE CONTRACT LIABILITIES	935,361,007	930,424,319
TOTAL INSURANCE CONTRACT LIABILITIES	1,904,571,984	1,814,693,464

ANALYSIS OF CHANGES IN INSURANCE CONTRACT LIABILITIES

	IN EUR		
	GROSS VALUE	REINSURANCE PORTION	NET VALUE
NON-LIFE INSURANCE			
As at 1 January, 2007	770,097,000	-58,218,468	711,878,532
Changes in 2007	153,491,715	-15,785,638	137,706,077
As at 31 December, 2007	923,588,715	-74,004,106	849,584,609
Changes in 2008	45,622,262	-32,753,152	12,869,110
As at 31 December, 2008	969,210,977	-106,757,258	862,453,719
LIFE INSURANCE			
As at 1 January, 2007	740,688,237	-2,709	740,685,528
Changes in 2007	189,736,082	2,045	189,738,127
As at 31 December, 2007	930,424,319	-664	930,423,655
Changes in 2008	4,936,688	76	4,936,764
As at 31 December, 2008	935,361,007	-588	935,360,419
TOTAL INSURANCE CONTRACT LIABILITIES	1,904,571,984	-106,757,846	1,797,814,138

ANALYSIS OF CHANGES IN LOSS EVENTS FOR NON-LIFE INSURANCE

	IN EUR						
YEAR OF OCCURRENCE							
(CUMULATIVE)	BEFORE 2004	2004	2005	2006	2007	2008	TOTAL
2004		344,450,512					
2005		362,487,248	368,066,407				
2006		369,207,230	399,212,496	491,315,763			
2007		361,711,086	403,079,316	529,498,645	585,345,174		
2008		342,901,611	339,281,961	406,545,400	486,645,878	625,630,053	
Claims settled in 2008		313,749,404	297,944,297	340,988,268	377,815,303	348,304,853	
Claims provisions balance as at 31 December, 2008	98,290,387	29,152,207	41,337,663	65,557,132	108,830,576	277,325,200	620,493,165

* The triangle includes gross provisions for incurred and reported claims and gross provision for incurred but not enough reported claims (IBNER).

6.14 OTHER PROVISIONS

OTHER PROVISIONS

	IN EUR		
	EMPLOYEE BENEFITS	OTHER PROVISIONS	TOTAL
As at 1 January, 2007	4,773,541	12,430,812	17,204,353
Changes in 2007	1,875,863	-590,555	1,285,308
As at 31 December, 2007	6,649,404	11,840,257	18,489,661
Changes in 2008	622,578	2,452,939	3,075,517
As at 31 December, 2008	7,271,982	14,293,196	21,565,178

Provisions for retirement and other employee benefits increased in 2008 by EUR 622,578. The amount was accounted for as other operating expense.

Other provisions increased in 2008 by EUR 2.5 million. The amount was accounted for as other expenses. This item comprises provisions for court litigation, including the provision for Slovenijales d.d. of EUR 9.2 million for the litigation regarding the repayment of receivables of the bankrupted Jugobanka AD. See details in Chapter 6.39.2.

More than 90% of other provisions have a maturity longer than 12 months.

6.15 FINANCIAL LIABILITIES

FINANCIAL LIABILITIES

	IN EUR	
	2008	2007
1. Bonds issued	30,000,000	30,000,000
2. Loans secured by securities	13,413,190	6,726,688
3. Amounts owed to credit institutions	44,650,642	14,161,035
4. Long-term liabilities for financial lease	7,882,101	8,414,928
5. Other liabilities	10,395,456	1,756,701
TOTAL	106,341,389	61,059,352

Issued bonds are disclosed at amortised cost. As at 31 December, 2008 they were worth EUR 32,610,000. This calculation is based on the last known price on the Ljubljana Stock Exchange of 108.7%.

The bonds were issued in 2003 as subordinated registered bonds denominated in EUR and in a dematerialised form and all were sold. The nominal value of this bond is EUR 1,000 per bond with a fixed interest rate of 5.125% p.a. The last coupon and the principal will fall due on 20 October, 2013.

In the event of winding-up or liquidation, liabilities arising from the abovementioned bond issue are subordinated to net debt instruments and payable only after satisfaction of all non-subordinated liabilities to ordinary creditors. These bonds may not be cashed before the maturity set by the amortisation schedule and likewise, Zavarovalnica Triglav has no right to redeem them before maturity. The bonds are not convertible into capital or any other form of debt. These bonds were listed on the OTC market of the Ljubljana Stock Exchange in 2004.

As at 31 December, 2008 the Group's outstanding liabilities from bank loans stood at EUR 58,063,832, the majority of which (EUR 30 million) arises from short-term bank loans taken by the parent company. Loans were raised owing to an extraordinary rise in claims incurred due by Zavarovalnica Triglav as a result of summer storms. A smaller part of liabilities from bank loans arises from bank borrowings by Group members ((Triglav Naložbe, Slovenijales and Triglav DZU). The interest rates on all loans raised by the Group are three- or six-month EURIBOR plus a margin ranging between 1.1% and 1.9%.

Triglav Osiguranje d.d., Zagreb has long-term liabilities for financial leases. The funds raised are earmarked for the completion of business premises in Zagreb.

6.16 LIABILITIES FROM INSURANCE OPERATIONS

LIABILITIES FROM INSURANCE OPERATIONS

	IN EUR	
	2008	2007
I. DIRECT INSURANCE LIABILITIES		
1. Liabilities to policyholders	9,801,596	9,704,605
2. Liabilities to insurance brokers	2,707,286	2,067,855
3. Other liabilities from direct insurance operations	2,350,862	991,861
4. Liabilities from direct insurance operations towards Group companies	2,144,725	31,849
TOTAL LIABILITIES FROM DIRECT INSURANCE OPERATIONS	17,004,469	12,796,170
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS		
1. Liabilities from re/co- insurance premiums	12,529,162	10,858,046
2. Liabilities from the share of claims from re/co- insurance	3,929,476	2,641,853
3. Other re/co- insurance liabilities	1,348,803	1,640,305
4. Other re/co- insurance liabilities to Group companies	-11,697	-319,332
TOTAL LIABILITIES FROM CO-INSURANCE AND REINSURANCE	17,795,744	15,459,536
TOTAL LIABILITIES FROM INSURANCE OPERATIONS	34,800,213	28,255,706

All liabilities are short-term and are due to be settled within the next 12 months.

6.17 OTHER LIABILITIES

OTHER LIABILITIES

	IN EUR	
	2008	2007
1. Short-term liabilities to employees	9,300,900	12,996,625
2. Other short-term liabilities from insurance operations	37,060,433	23,306,213
3. Other short-term liabilities	24,609,384	31,184,745
4. Accrued costs and expenses	2,716,661	2,143,725
5. Other accruals	4,913,549	2,243,174
TOTAL OTHER LIABILITIES	78,600,927	71,874,482

Other short-term liabilities from insurance operations include payments to the Claim fund, liabilities from insurance contract tax, fire tax and other similar items.

Other short-term liabilities include accounts payable and all the liabilities from non-insurance companies.

All liabilities are short-term and are due to be paid off in within the next 12 months.

6.18 PREMIUM INCOME

PREMIUM INCOME

	IN EUR	
	2008	2007
NON-LIFE INSURANCE		
Gross written premium	717,247,742	623,644,464
Assumed co-insurance written premium	1,201,067	633,947
Ceded co-insurance written premium	-144,972	14,502
Reinsurance written premium	-64,358,027	-51,012,545
Changes of gross provision for unearned premium	-19,795,618	-17,940,852
Changes in reinsurance portion of UPR	947,774	1,334,425
NET PREMIUM INCOME ON NON-LIFE INSURANCE	635,097,966	556,673,941
LIFE INSURANCE		
Gross written premium	246,715,647	239,495,287
Reinsurance written premium	-12,172	-7,804
Changes of gross provision for unearned premium	122,203	-338,904
Changes in reinsurance portion of UPR	-76	-2,046
NET PREMIUM INCOME ON LIFE INSURANCE	246,825,602	239,146,533
HEALTH INSURANCE		
Gross written premium	59,287,154	51,651,187
Changes of gross provision for unearned premium	-178,153	-241,025
NET PREMIUM INCOME ON HEALTH INSURANCE	59,109,001	51,410,162
TOTAL	941,032,569	847,230,636

OVERVIEW OF PREMIUM INCOME BY INSURANCE CLASS

	IN EUR		
2008	GROSS WRITTEN PREMIUM	RE/CO-INSURER'S SHARE IN GWP	NET WRITTEN PREMIUM
Accident insurance	66,296,367	1,884,375	64,411,992
Health insurance	60,786,518	48,460	60,738,058
Land motor vehicle insurance	155,289,692	20,058,864	135,230,828
Railway insurance	2,782,170	1,232,771	1,549,399
Aircraft insurance	3,170,484	2,418,116	752,368
Marine Insurance	2,364,564	499,213	1,865,351
Cargo insurance	8,317,062	2,083,738	6,233,324
Fire and natural forces insurance	96,384,263	45,619,146	50,765,117
Other damage to property insurance	102,418,691	30,490,317	71,928,374
Motor TPL insurance	279,126,657	23,230,454	255,896,204
Aircraft liability insurance	2,263,978	1,952,655	311,323
Marine liability insurance	865,352	263,169	602,183
General liability insurance	38,260,278	6,219,790	32,040,488
Credit insurance	24,253,103	2,297,739	21,955,364
Suretyship insurance	1,482,779	852,592	630,187
Miscellaneous financial loss insurance	6,332,286	3,437,313	2,894,973
Legal expenses insurance	1,274,430	56,420	1,218,010
Travel assistance insurance	4,296,591	422,452	3,874,139
TOTAL NON-LIFE INSURANCE	855,965,266	143,067,583	712,897,683
Life insurance	111,310,280	305,083	111,005,197
Unit-linked life insurance	107,827,987	-	107,827,987
Capital redemption insurance	27,685,630	-	27,685,630
Loss of income due	45,987	-	45,987
TOTAL LIFE INSURANCE	246,869,883	305,083	246,564,801
TOTAL	1,102,835,149	143,372,666	959,462,483
Consolidation adjustments	-78,383,541	-78,857,495	473,954
TOTAL	1,024,451,608	64,515,171	959,936,437

OVERVIEW OF PREMIUM INCOME BY INSURANCE CLASS

2007	IN EUR		
	GROSS WRITTEN PREMIUM	RE/CO-INSURER'S SHARE IN GWP	NET WRITTEN PREMIUM
Accident insurance	61,632,019	1,730,547	59,901,472
Health insurance	52,578,045	93,613	52,484,432
Land motor vehicle insurance	129,367,906	16,295,605	113,072,301
Railway insurance	2,673,835	1,298,160	1,375,675
Aircraft insurance	2,697,957	2,221,276	476,681
Marine Insurance	1,836,785	455,118	1,381,667
Cargo insurance	7,443,582	1,867,883	5,575,699
Fire and natural forces insurance	87,060,820	40,419,689	46,641,131
Other damage to property insurance	82,171,026	19,947,436	62,223,590
Motor TPL insurance	244,283,532	19,432,568	224,850,964
Aircraft liability insurance	2,613,218	2,319,164	294,054
Marine liability insurance	662,826	166,256	496,570
General liability insurance	34,166,234	4,840,205	29,326,029
Credit insurance	22,874,859	2,098,654	20,776,205
Suretyship insurance	1,243,668	608,466	635,202
Miscellaneous financial loss insurance	5,636,382	2,984,639	2,651,743
Legal expenses insurance	1,096,922	47,839	1,049,083
Travel assistance insurance	2,378,903	241,506	2,137,397
TOTAL NON-LIFE INSURANCE	742,418,519	117,068,624	625,349,895
Life insurance	116,410,588	356,810	116,053,778
Marriage assurance or birth assurance	1,861	-	1,861
Unit-linked life insurance	106,792,820	-	106,792,820
Capital redemption insurance	16,469,490	-	16,469,490
TOTAL LIFE INSURANCE	239,674,759	356,810	239,317,949
TOTAL	982,093,278	117,425,434	864,667,844
Consolidation adjustments	-66,668,393	-66,419,587	248,806
TOTAL	915,424,885	51,005,847	864,419,038

6.19 INVESTMENT INCOME

INVESTMENT INCOME

	IN EUR	
	2008	2007
Financial assets at fair value through P&L (held for trading purposes)	121,208	48,520
Dividend income	121,208	48,520
Derivative financial instruments held for trading	452,041	353,097
Interest income	452,041	353,097
Financial assets at fair value through P&L (designated upon initial recognition)	1,207,306	649,985
Interest income	1,207,306	637,742
Dividend income	-	12,243
HTM financial assets net interest income	6,616,532	6,453,968
AFS financial assets	62,016,547	53,288,110
Interest income	49,612,466	47,317,490
Dividend income	12,404,081	5,970,620
Loans and receivables	8,849,616	8,659,340
Interest income	8,849,616	8,659,340
Accrued interest income on impaired assets	-	10,777
Cash and cash equivalents interest income	1,538,944	1,130,707
Income from reversal of impairment	2,596,833	1,186,881
Other investment income	7,966,316	18,076,573
TOTAL INVESTMENT INCOME	91,365,343	89,857,958

6.20 INVESTMENT PROPERTY INCOME

INVESTMENT PROPERTY INCOME

	IN EUR	
	2008	2007
Rental income	5,803,361	6,568,929

6.21 FEES AND COMMISSION INCOME

FEES AND COMMISSION INCOME

	IN EUR	
	2008	2007
Policyholder administration	790,256	1,475,707
Investment management services	29,614,035	23,660,243
Surrender charges and other contract fees	16,165	12,571
Reinsurance commission income	5,861,579	3,545,651
Other commission on investment	313,992	9,715,346
TOTAL FEES AND COMMISSION INCOME	36,596,027	38,409,518

6.22 FAIR VALUE GAINS AND LOSSES

FAIR VALUE GAINS AND LOSSES

	IN EUR	
	2008	2007
Financial assets at fair value through P&L (held for trading purposes)	-7,869,497	3,336,575
Fair value gains	938,510	4,673,197
Fair value losses	-8,808,007	-1,336,622
Derivative financial instruments held for trading	-4,732,021	1,332,621
Fair value gains	3,099,371	4,602,281
Fair value losses	-7,831,392	-3,269,660
Financial assets at fair value through P&L (designated upon initial recognition)	-125,163,445	42,814,859
Fair value gains	35,997,164	50,763,466
Fair value losses	-161,160,609	-7,948,607
TOTAL FAIR VALUE GAINS AND LOSSES IN INCOME STATEMENT	-137,764,963	47,484,055

6.23 REALISED GAINS AND LOSSES

REALISED GAINS AND LOSSES

	IN EUR	
	2008	2007
Financial assets at fair value through P&L (held for trading purposes)	-666,224	471,929
Realised gains on disposals	25,744	474,040
Realised loss on disposals	-691,968	-2,111
Financial assets at fair value through P&L (designated upon initial recognition)	-11,567,266	1,264,560
Realised gains on disposals	321,699	1,729,215
Realised loss on disposals	-11,888,965	-464,655
Financial assets available for sale	2,174,177	25,763,615
Realised gains on disposals	5,381,994	26,445,364
Realised loss on disposals	-3,207,817	-681,749
Investment property	184,361	147,341
Realised gains on disposals	214,515	150,177
Realised loss on disposals	-30,154	-2,836
TOTAL FAIR VALUE GAINS AND LOSSES IN INCOME STATEMENT	-9,874,952	27,647,445

6.24 OTHER INCOME FROM INSURANCE OPERATIONS

OTHER INCOME FROM INSURANCE OPERATIONS

	IN EUR	
	2008	2007
Income from the sale of green certificates	2,474,035	2,238,388
Income from claims settled for other insurance companies	1,033,640	882,650
Income from assistance services	413,419	545,292
Other income from insurance operations	3,380,323	1,502,158
TOTAL	7,301,417	5,168,488

6.25 OTHER INCOME

OTHER INCOME

	IN EUR	
	2008	2007
Rental income	128,999	162,905
Income from other services	5,889,400	8,519,112
Claims refund	33,268	53,671
Fair value gains	115,998	254,892
Income from non-insurance companies in the Group	48,370,108	55,075,186
TOTAL	54,537,813	64,065,766

The majority of income from non-insurance operations comes from Slovenijales d.d., in the amount EUR 46 million.

6.26 CLAIMS

CLAIMS

	IN EUR	
	2008	2007
NON-LIFE INSURANCE		
Gross claims settled	493,860,639	386,876,124
Claims handling costs	-21,432,131	-19,022,234
Recourse income	-56,076,721	-21,655,040
Co-insurer's share in gross claims settled	418,356	36,508
Reinsurer's share in gross claims settled	51,674,152	76,062,577
Change in gross claim provision	-14,366,180	-6,155,904
CHANGE IN RE/CO-INSURER'S SHARE IN GROSS CLAIM PROVISION	454,078,115	416,142,031
LIFE INSURANCE		
Gross claims settled	79,937,181	74,432,498
Change in gross claim provision	1,093,496	395,396
NET CLAIMS INCURRED ON LIFE INSURANCE	81,030,677	74,827,894
HEALTH INSURANCE		
Gross claims settled	44,166,696	37,651,461
Income from claimed gross subrogated receivables	-124	-129
Change in gross claims provisions	1,161,975	1,600,853
Equalisation scheme expenses	3,285,768	1,347,372
NET CLAIMS INCURRED ON HEALTH INSURANCE	48,614,315	40,599,557
NET CLAIMS INCURRED TOTAL	583,723,107	531,569,482

OVERVIEW OF NET CLAIMS INCURRED BY INSURANCE CLASS IN 2008

2008	IN EUR		
INSURANCE CLASS	GROSS CLAIMS	OUTWARD REINSURANCE PREMIUM	NET CLAIMS INCURRED
Accident insurance	32,826,355	735,417	32,090,938
Health insurance	44,468,873	23,978	44,444,895
Land motor vehicle insurance	136,957,808	23,017,261	113,940,547
Railway insurance	1,153,607	-	1,153,607
Aircraft insurance	842,205	646,039	196,166
Marine Insurance	1,511,586	17,151	1,494,435
Cargo insurance	1,488,897	-10,236	1,499,133
Fire and natural forces insurance	98,074,640	59,086,589	38,988,051
Other damage to property insurance	91,348,780	26,416,565	64,932,215
Motor TPL insurance	147,947,808	8,721,782	139,226,027
Aircraft liability insurance	1,025,574	1,011,687	13,887
Marine liability insurance	85,539	1,368	84,171
General liability insurance	28,204,886	2,510,431	25,694,455
Credit insurance	14,971,617	1,263,741	13,707,876
Suretyship insurance	380,988	5,680	375,308
Miscellaneous financial loss insurance	2,497,973	402,467	2,095,506
Legal expenses insurance	11,487	336	11,151
Travel assistance insurance	2,446,005	183,149	2,262,856
TOTAL NON-LIFE INSURANCE	606,244,632	124,033,406	482,211,226
Life insurance	68,222,086	136,235	68,085,851
Unit-linked life insurance	9,787,937	-	9,787,937
Capital redemption insurance	1,995,283	-	1,995,283
TOTAL LIFE INSURANCE	80,005,306	136,235	79,869,070
TOTAL	686,249,937	124,169,641	562,080,296
Consolidation adjustments	-68,285,421	-68,511,276	225,855
TOTAL	617,964,516	55,658,365	562,306,151

OVERVIEW OF NET CLAIMS INCURRED BY INSURANCE CLASS IN 2007

INSURANCE CLASS	GROSS CLAIMS	OUTWARD REINSURANCE PREMIUM	IN EUR
			NET CLAIMS INCURRED
Accident insurance	30,165,601	692,107	29,473,494
Health insurance	38,541,317	47,085	38,494,232
Land motor vehicle insurance	96,014,249	8,267,748	87,746,501
Railway insurance	1,714,293	-	1,714,293
Aircraft insurance	435,943	154,373	281,570
Marine Insurance	613,688	12,570	601,118
Cargo insurance	2,460,218	616,573	1,843,645
Fire and natural forces insurance	41,628,433	15,746,762	25,881,670
Other damage to property insurance	66,576,921	16,217,160	50,359,762
Motor TPL insurance	132,348,614	8,066,666	124,281,948
Aircraft liability insurance	103,497	30,037	73,460
Marine liability insurance	105,706	2,298	103,408
General liability insurance	26,053,622	1,239,294	24,814,328
Credit insurance	13,938,033	616,045	13,321,988
Suretyship insurance	621,128	35,270	585,858
Miscellaneous financial loss insurance	3,507,785	1,632,673	1,875,112
Legal expenses insurance	30,214	1,274	28,940
Travel assistance insurance	1,821,837	99,928	1,721,908
TOTAL NON-LIFE INSURANCE	456,681,100	53,477,863	403,203,236
Life insurance	66,669,148	247,486	66,421,662
Unit-linked life insurance	6,326,876	-	6,326,876
Capital redemption insurance	1,561,289	-	1,561,289
TOTAL LIFE INSURANCE	74,557,313	247,486	74,309,827
TOTAL	531,238,412	53,725,349	477,513,063
Consolidation adjustments	-32,278,329	-32,106,817	-171,512
TOTAL	498,960,083	21,618,532	477,341,551

REINSURANCE RESULT

	IN EUR	
	2008	2007
Reinsurance premiums	-64,515,720	-51,005,847
Changes of provisions for the unearned premium-reinsurance portion	947,698	1,332,379
Reinsurers' share in claims	55,658,365	21,618,532
Changes of claims provisions for reinsurers' shares	14,366,180	6,155,904
Net result from reinsurance operations	6,456,523	-21,899,032
Reinsurance commission	5,861,579	3,545,651
Gross reinsurance result	12,318,102	-18,353,381

6.27 EXPENSES FOR BONUSES AND CHARGES

EXPENSES FOR BONUSES AND CHARGES

	IN EUR	
	2008	2007
Settled bonuses and discounts	11,746,021	9,968,133
Changes in gross provision for bonuses and discounts	642,540	1,192,292
TOTAL EXPENSES FOR BONUSES AND REBATES	12,388,561	11,160,425

6.28 CHANGES IN INSURANCE CONTRACT LIABILITIES

CHANGES IN INSURANCE CONTRACT LIABILITIES

	IN EUR	
	2008	2007
Changes in insurance contracts provisions	24,376,537	192,482,652
TOTAL	24,376,537	192,482,652

This amount is related to changes of mathematical provisions and provisions for cancellation and unexpired risk provisions.

6.29 ACQUISITION COSTS AND OTHER OPERATING EXPENSES

GROSS OPERATING EXPENSES BY FUNCTION

	IN EUR	
	2008	2007
Acquisition costs	134,953,597	122,733,462
Other operating expenses	73,450,324	59,876,219
Claim handling costs*	25,694,990	21,478,866
Costs of asset management **	3,451,218	3,517,788
Operating expenses from non-insurance companies***	61,204,103	62,014,881
TOTAL	298,754,232	269,621,216

* Claim handling costs are disclosed as a part of Gross claims incurred.

** Costs of asset management are disclosed as financial expenses.

*** Operating expenses from non-insurance companies are disclosed as other expenses.

OPERATING EXPENSES BY NATURE AND BUSINESS SEGMENT IN 2008

	IN EUR					
	NON-LIFE INSURANCE	LIFE INSURANCE	HEALTH INSURANCE	TOTAL COSTS OF INSURANCE OPERATIONS	COSTS OF NON-INSURANCE ACTIVITIES	TOTAL
1. Acquisition costs (fees and charges)	20,774,016	12,670,803	1,022,225	34,467,044	-	34,437,044
2. Cost of goods sold	-	-	-	-	33,727,155	33,727,155
3. Depreciation of operating assets	7,409,469	2,884,851	482,955	10,777,275	2,548,158	13,325,433
4. Labour costs	102,576,546	19,362,146	3,603,948	125,542,640	12,944,780	138,487,420
- wages and salaries	71,950,984	13,725,476	2,345,405	88,021,865	9,409,615	97,431,480
- social security and pension insurance costs	18,502,410	3,078,073	522,086	22,102,569	1,486,878	23,589,447
- other labour costs	12,123,152	2,558,597	736,456	15,418,205	2,048,287	17,466,492
5. Costs of services provided by natural persons other than SPs including related taxes	2,891,071	501,698	255,040	3,647,809	-	3,647,809
6. Other operating costs	50,864,557	12,836,446	5,030,031	68,731,034	11,984,010	80,715,044
- costs of entertainment, advertising, trade shows	11,217,549	3,695,668	495,417	15,408,634	-	15,408,634
- costs of material and energy	6,247,137	1,179,946	234,446	7,661,529	2,191,552	9,853,081
- maintenance costs	3,695,340	1,737,554	1,477,958	6,910,852	-	6,910,852
- reimbursement of labour-related costs	4,505,060	724,017	119,991	5,349,068	-	5,349,068
- costs of intellectual and personal services	2,367,886	751,375	649,219	3,768,480	-	3,768,480
- membership fees and charges	2,668,689	630,658	89,346	3,388,693	-	3,388,693
- costs of services - transport and communications	3,439,254	1,136,060	326,779	4,902,093	-	4,902,093
- costs for insurance premiums	1,372,865	207,016	1,424	1,581,305	-	1,581,305
- payment transaction costs and banking services	2,362,866	1,249,255	238,211	3,850,332	-	3,850,332
- rents	4,614,040	959,080	882,510	6,455,630	-	6,455,630
- costs of professional training services	733,680	169,901	34,651	938,232	-	938,232
- other costs of services	7,640,191	395,915	480,080	8,516,186	9,792,458	18,308,644
TOTAL OPERATING COSTS	184,515,659	48,255,944	10,394,199	243,165,802	61,204,103	304,369,905
Consolidation adjustments	-1,076,295	-2,894,704	-1,644,673	-5,615,672	-	-5,615,672
TOTAL OPERATING COSTS	183,439,364	45,361,240	8,749,526	237,550,130	61,204,103	298,754,233

OPERATING EXPENSES BY NATURE AND FUNCTION IN 2008

	IN EUR					
	TOTAL	ACQUISITION COSTS	CLAIM HANDLING COSTS	COSTS OF ASSET MANAGEMENT	OTHER OPERATING COSTS	OPER. EXP. FROM NON-INSURANCE COMPANIES
1. Acquisition costs (fees and charges)	34,467,044	34,411,548	13,214	17	42,265	-
2. Changes in accrued Acquisition costs	33,727,155	-	-	-	-	33,727,155
3. Depreciation of operating assets	13,325,432	3,187,702	1,663,857	288,337	5,637,378	2,548,158
4. Labour costs	138,487,422	66,716,159	18,415,265	2,326,199	38,085,019	12,944,780
- wages and salaries	97,431,479	47,139,213	12,896,294	1,701,007	26,285,350	9,409,615
- social security and pension insurance costs	23,589,448	11,583,786	3,079,263	345,854	7,093,667	1,486,878
- other labour costs	17,466,492	7,993,158	2,439,707	279,337	4,706,003	2,048,287
5. Costs of services provided by natural persons other than SPs including related taxes	3,647,808	1,405,123	959,376	22,261	1,261,048	-
6. Other operating costs	80,715,043	33,080,374	4,643,278	814,404	30,192,977	11,984,010
- costs of entertainment, advertising, trade shows	15,408,634	12,238,531	395,043	27,650	2,747,410	-
- costs of material and energy	9,853,081	3,472,804	1,093,858	65,135	3,029,732	2,191,552
- maintenance costs	6,910,851	1,352,031	591,804	119,226	4,847,790	-
- reimbursement of labour-related costs	5,349,069	3,870,681	249,266	103,836	1,125,286	-
- costs of intellectual and personal services	3,768,481	665,822	427,638	241,013	2,434,008	-
- membership fees and charges	3,388,693	1,359,204	204,434	51,080	1,773,975	-
- costs of services - transport and communications	4,902,092	2,333,976	582,636	77,035	1,908,445	-
- costs of insurance premiums	1,581,305	650,787	277,175	43,694	609,650	-
- payment transaction costs and banking services	3,850,333	667,885	88,357	24,253	3,069,838	-
- rents	6,455,628	3,095,303	317,607	14,621	3,028,097	-
- costs of professional training services	938,232	221,372	35,686	3,320	677,854	-
- other costs of services	18,308,644	3,151,977	379,775	43,541	4,940,893	9,792,458
TOTAL OPERATING COSTS	304,369,904	138,800,906	25,694,990	3,451,218	75,218,687	61,204,103
Consolidation adjustments	-5,615,672	-3,847,309	-	-	-1,768,363	-
TOTAL OPERATING COSTS	298,754,232	134,953,597	25,694,990	3,451,218	73,450,324	61,204,103

OPERATING EXPENSES BY NATURE AND BUSINESS SEGMENT IN 2007

	IN EUR					
	NON-LIFE INSURANCE	LIFE INSURANCE	HEALTH INSURANCE	TOTAL COSTS OF INSURANCE OPERATIONS	COSTS OF NON-INSURANCE ACTIVITIES	TOTAL
1. Acquisition costs (fees and charges)	16,742,901	13,993,919	1,241,906	31,978,726	-	31,978,726
2. Changes in accrued Acquisition costs	-652,521	-	-	-652,521	-	-652,521
3. Cost of goods sold	-	-	-	-	35,386,631	35,386,631
4. Depreciation of operating assets	6,826,992	2,288,832	223,937	9,339,761	1,591,032	10,930,793
5. Labour costs	91,235,423	18,900,309	2,879,226	113,014,958	12,887,134	125,902,092
- wages and salaries	61,897,438	13,153,142	1,953,338	77,003,918	9,306,772	86,310,690
- social security and pension insurance costs	18,052,314	3,329,975	480,929	21,863,218	1,516,944	23,380,162
- other labour costs	11,285,671	2,417,192	444,959	14,147,822	2,063,418	16,211,240
6. Costs of services provided by natural persons other than SPs including related taxes	1,884,227	556,434	1,105,171	3,545,832	-	3,545,832
7. Other operating costs	40,123,875	11,494,985	5,038,981	56,657,841	12,150,084	68,807,925
- costs of entertainment, advertising, trade shows	9,611,865	2,979,084	961,983	13,552,932	-	13,552,932
- costs of material and energy	5,376,712	1,137,632	178,012	6,692,356	2,180,094	8,872,450
- maintenance costs	2,993,950	1,440,450	1,130,152	5,564,552	-	5,564,552
- reimbursement of labour-related costs	4,337,273	815,828	94,532	5,247,633	-	5,247,633
- costs of intellectual and personal services	1,776,132	545,816	609,089	2,931,037	-	2,931,037
- membership fees and charges	2,177,732	512,768	59,088	2,749,588	-	2,749,588
- costs of services - transport and communications	2,688,586	1,100,754	369,292	4,158,632	-	4,158,632
- costs for insurance premiums	1,069,477	216,839	1,991	1,288,307	-	1,288,307
- payment transaction costs and banking services	2,181,387	1,110,657	212,094	3,504,138	-	3,504,138
- rents	3,640,114	811,620	930,166	5,381,900	-	5,381,900
- costs of professional training services	333,688	84,426	29,325	447,439	-	447,439
- other costs of services	3,936,959	739,111	463,257	5,139,327	9,969,990	15,109,317
TOTAL OPERATING COSTS	156,160,897	47,234,479	10,489,221	213,884,597	62,014,881	275,899,478
Consolidation adjustments	-1,028,845	-3,153,495	-2,095,920	-6,278,260	-	-6,278,260
TOTAL OPERATING COSTS	155,132,052	44,080,984	8,393,301	207,606,337	62,014,881	269,621,218

OPERATING EXPENSES BY NATURE AND FUNCTION IN 2007

	IN EUR					
	TOTAL	ACQUISITION COSTS	CLAIM HANDLING COSTS	COSTS OF ASSET MANAGEMENT	OTHER OPERATING COSTS	OPER.EXP. FROM NON-INSURANCE COMPANIES
1. Acquisition costs (fees and charges)	31,978,726	31,978,726	-	-	-	-
2. Changes in accrued Acquisition costs	34,734,110	-652,521	-	-	-	35,386,631
3. Depreciation of operating assets	10,930,793	3,018,697	1,553,150	276,619	4,491,295	1,591,032
4. Labour costs	125,902,092	62,355,943	15,761,428	2,075,653	32,821,934	12,887,134
- wages and salaries	86,310,690	42,928,843	10,882,629	1,521,674	21,670,772	9,306,772
- social security and pension insurance costs	23,380,162	12,078,398	2,681,946	337,237	6,765,637	1,516,944
- other labour costs	16,211,240	7,348,702	2,196,853	216,742	4,385,525	2,063,418
5. Costs of services provided by natural persons other than SPs including related taxes	3,545,832	1,475,499	799,362	23,297	1,247,674	-
6. Other operating costs	68,807,925	28,953,710	3,364,926	1,142,219	23,196,986	12,150,084
- costs of entertainment, advertising, trade shows	13,552,932	11,462,349	245,058	19,825	1,825,700	-
- costs of material and energy	8,872,450	3,271,844	842,029	57,386	2,521,097	2,180,094
- maintenance costs	5,564,552	1,166,769	511,402	116,301	3,770,080	-
- reimbursement of labour-related costs	5,247,633	4,190,815	177,914	69,077	809,827	-
- costs of intellectual and personal services	2,931,037	514,568	59,288	676,966	1,680,215	-
- membership fees and charges	2,749,588	1,048,984	134,684	23,513	1,542,407	-
- costs of services - transport and communications	4,158,632	2,179,421	398,675	76,771	1,503,765	-
- costs of insurance premiums	1,288,307	502,550	192,260	26,521	566,976	-
- payment transaction costs and banking services	3,504,138	523,338	75,067	8,115	2,897,618	-
- rents	5,381,900	2,646,909	163,519	13,963	2,557,509	-
- costs of professional training services	447,439	121,143	26,948	5,473	293,875	-
- other costs of services	15,109,317	1,325,020	538,082	48,308	3,227,917	9,969,990
TOTAL OPERATING COSTS	275,899,478	127,130,054	21,478,866	3,517,788	61,757,889	62,014,881
Consolidation adjustments	-6,278,260	-4,396,590	-	-	-1,881,670	-
TOTAL OPERATING COSTS	269,621,218	122,733,464	21,478,866	3,517,788	59,876,219	62,014,881

6.30 FINANCE COSTS

FINANCE COSTS

	IN EUR	
	2008	2007
From current debt	2,584,169	534,433
Interest expense on bank overdraft	2,296	1,849
Interest expense on bank loans	2,234,192	368,881
Other interest expense	347,681	163,703
From non-current debt	206,262	256,849
Interest expense on bank overdraft	89,270	256,849
Interest expense on bank loans	68,422	-
Other interest expense	48,570	-
From financial assets	36,491,856	1,216,857
Interest expense from derivative financial instruments held for trading	673,509	629,046
Interest expense from other financial assets	155,852	247,551
Impairment loss from:	35,662,495	340,260
- AFS	35,578,699	340,260
- Loans and receivables	83,796	-
Interest on bonds issued	1,537,500	1,537,500
Other finance cost	4,899,709	4,911,630
TOTAL FINANCE COST	45,719,496	8,457,269

Permanent impairment losses arise from the impairment of the following securities:

- shares - EUR 18.4 million,
- bonds - EUR 7 million,
- indexed funds - EUR 6.1 million and
- mutual funds - EUR 4.2 million.

6.31 INVESTMENT PROPERTY EXPENSE

INVESTMENT PROPERTY EXPENSE

	IN EUR	
	2008	2007
Depreciation expenses	1,138,412	1,491,074
Other expenses	2,478,222	1,688,173
TOTAL INVESTMENT PROPERTY EXPENSE	3,616,634	3,179,247

6.32 OTHER EXPENSES FROM INSURANCE OPERATIONS

OTHER EXPENSES FROM INSURANCE OPERATIONS

	IN EUR	
	2008	2007
Expenses of preventive activity	7,257,832	6,366,598
Contributions for claims from uninsured or unidentified vehicles	3,449,408	3,842,807
Other net insurance expenses	42,245,800	35,177,552
TOTAL OTHER EXPENSES FROM INSURANCE OPERATIONS	52,953,040	45,386,957

6.33 OTHER EXPENSES

OTHER EXPENSES

	IN EUR	
	2008	2007
Other expenses	63,785,786	87,028,147
TOTAL OTHER EXPENSES	63,785,786	87,028,147

Other operating expenses include, among other items, all the operating expenses of the non-insurance companies. For details see Chapter 6.28.

6.34 INCOME TAX EXPENSE

INCOME TAX EXPENSE

	IN EUR	
	2008	2007
Tax expense in the income statement		
Current tax expense	-10,311,905	-11,715,235
Deferred tax expense/income	9,525,486	-2,846,217
TOTAL	-786,419	-14,561,452
Income tax expense in the equity		
Current tax expense	-7,180,258	-
Deferred tax expense/income	-21,315,809	-20,210,439
TOTAL	-28,496,067	-20,210,439

RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

	IN EUR	
	2008	2007
ACCOUNTING PROFIT	2,346,029	69,019,798
Income tax rate (average)	19.52%	23.26%
Accounting profit multiplied by tax rate	-457,945	-16,055,520
Tax effects	-328,474	1,494,068
Tax effect from deductible income	4,940,460	6,600,582
Tax effect from taxable expenses	-5,285,665	-4,939,958
Tax effect from increase of income	341,583	-961,875
Revenue or expenses concerning tax relief	-256,438	1,664,860
Changes in temporary differences	-68,414	-869,541
TOTAL TAX EXPENSES	-786,419	-14,561,452
EFFECTIVE TAX RATE	33.52	21.10

In accordance with Corporate Income Tax Act (hereinafter CITA-2) the Company has applied a 22% tax rate to its taxable profit for 2008. In line with CITA-2 a 23% tax rate has been applied for the previous year and a 21% tax rate will be applied to the taxable profit for 2009. For subsidiaries operating out of the Republic of Slovenia, the Group has applied the tax rate of the country of operation in accordance to their local law. See Chapter 1 for detail on tax rates by company.

6.35 RELATED PARTY TRANSACTIONS

6.35.1 Transactions with parent

The two main shareholders of Zavarovalnica Triglav d.d. and consequently of the Triglav Group are Zavod za pokojninsko in invalidsko zavarovanje Slovenije owning 34.47% of the shares (owned until 30 June, 2008 by Kapitalska družba d.d.) and Slovenska odškodninska družba owning 28.31% of the shares. Business transactions with the parent companies are limited to the insurance of the two companies assets. In 2008 Zavarovalnica Triglav booked EUR 40,992 in premium and EUR 4,507 in claims with these parties. All related party transactions have been carried out in market conditions.

6.35.2 Transactions with associates

OVERVIEW OF OPEN BALANCES AND TRANSACTIONS

	IN EUR	
	31 DECEMBER, 2008	31 DECEMBER, 2007
Gross written premium from insurance and co-insurance	4,100,301	4,200,389
Gross claims settled	-2,265,201	-503,834
Investment income	14,552,550	5,420,999

	IN EUR	
	2008	2007
Investments:	161,325,601	71,375,910
Financial assets	61,994,740	18,375,742
- debt securities	4,358,771	2,273,093
- loans and bank deposit given	57,635,969	16,102,649
Receivables:	1,193,150	487,750
Receivables from insurers	92,989	120,399
Other receivables from direct insurance operations	10	-
Other receivables from insurance operations	448	-
Short-term receivables from financing	996,802	-
Other short-term receivables	102,901	357,930

All transactions with associates are related to property insurance policies and other financial services. All related party transactions have been carried out in market conditions.

6.35.3 Key management

In 2008, members of the Management Board were paid the following amounts as compensation for their work at the Triglav Group:

- Management Board members: EUR 901,891, of which EUR 46,906 was a share of extended profit
- Supervisory Board members: EUR 120,008
- Employees, workers by individual contract: EUR 12,762,104

As at 31 December, 2008 the Group held no receivables from Management or Supervisory Board Members. Regarding loans given to employees under individual contracts as at 31 December, 2008 the open balances amounted to EUR 433,904. Repayments of these loans amounted to EUR 128,613 in 2008. The loans were granted on the following conditions:

- purpose: purchase of a house;
- maturity: up to 20 years;
- Interest rate: 5% - 6%;
- insurance: Loan security agreement

As at 31 December, 2008 the open balances of liabilities owed to members of the Management Board amounted to EUR 134,877 and, to members of the Supervisory Board, EUR 6,877.

6.35.4 Auditors

The Annual Reports for 2007 and 2008 were audited by KPMG Slovenija d.o.o. In 2008, the following amounts were spent on auditors' services:

- Auditing of the annual report and other auditing services: EUR 688,338,
- other non-auditing services: EUR 667,628,
- Tax advice: EUR 21,709.

6.36 SLOVAKIA BRANCH OFFICE

The financial statements of the Slovakia branch office are included in the financial statements of Zavarovalnice Triglav d.d. and therefore of the Triglav Group.

BALANCE SHEET

	IN EUR	
	31 DECEMBER, 2008	31 DECEMBER, 2007
ASSETS		
Intangible assets	16,125	23,354
Property, plant and equipment	97,390	119,682
Financial assets	-	290,709
- loans and receivables	-	290,709
Assets from reinsurance contracts	3,689,335	109,740
Insurance receivables	344,852	103,596
Income tax receivables	598	-
Other assets	21,199	19,257
Cash and cash equivalents	77,782	169,438
TOTAL ASSETS	4,247,280	835,776
EQUITY AND LIABILITIES		
Net loss for the year	-5,835,581	-827,452
Retained loss from previous years	-827,452	-
EQUITY	-6,663,033	-827,452
Insurance contract liabilities	8,288,443	342,542
Payables from insurance operations	239	-
Other liabilities	2,621,631	1,320,686
TOTAL EQUITY AND LIABILITIES	4,247,280	835,776

INCOME STATEMENT

	IN EUR	
	2008	2007
NET PREMIUM INCOME	303,013	53,883
Gross written premium	765,144	354,610
Re/co- insurer's share in gross written premium	-510,576	-151,350
Change in provision for unearned premium	12,914	-257,939
Change in re/co- insurer's share of provision for unearned premium	35,531	108,562
OTHER NET INCOME	44,078	18,576
Investment income	6,561	2,916
Fees and commission income	37,243	15,660
Other income	273	-
NET CLAIMS INCURRED	-5,370,797	-19,370
Gross claims settled	-1,755,970	-2,051
Re/co- insurer's share in gross claims settled	807,973	103
Change in gross claim provision	-7,966,863	-18,600
Change in re/co- insurer's share in gross claim provision	3,544,063	1,178
OTHER EXPENSES	-811,875	-880,540
Change in other net insurance contract liabilities	820	-42,649
Acquisition costs	-827,470	-834,750
Finance costs	-	-37
Other expenses from insurance operations	-43,928	-7,834
Other expenses	58,704	4,730
PROFIT BEFORE TAX	-5,835,581	-827,452
Income tax expense	-	-
PROFIT FOR THE YEAR	-5,835,581	-827,452

6.37 PROFIT PER SHARE

Net profit per share is calculated for the parent company and is disclosed in the stand-alone financial reports of Zavarovalnica Triglav d.d.

6.38 CASH FLOW STATEMENT

The consolidated cash flow is composed of the combined cash flows of all Triglav Group companies from which mutual cash flows have been eliminated.

Operating and investment cash flows were compiled on the basis of balance sheet data and adjusted to account for those items which do not involve cash flows (impairment and changes of provisions for outstanding claims and other provisions). Receipts/payments from intangible assets, from property, plant and equipment and from investment property were calculated on the basis of book value changes, adjusted by appreciation charges and increased or decreased by realised losses or gains on disposals. The figures in this statement therefore differ from the figures in the tables in Chapters 6.1, 6.2. and 6.4.

Financing cash flow is disclosed on the basis of realised payments. The amount of dividend payments in the cash flow statement differs from that disclosed in the statement of changes in equity by unpaid dividends.

6.39 CONTINGENT LIABILITIES

6.39.1 Tax matters

In 2008 some of the pending tax proceedings involving Zavarovalnica Triglav from previous years were partly closed. The current situation with these tax proceedings is the following:

- The tax procedure related to the inspection of levying tax and contributions for 2001 which was carried out in 2003 was brought to a close in 2008 (Decision No. 48000-33/2002-0294-45,60 of 17 November, 2003). This decision stipulates the payment of a tax debt of EUR 5,371,590.24. which was settled in full, together with default interest at a later date of EUR 1,723,948.84. On 14 January, 2009 the Company received from the Directorate for the System of Tax, Customs and Other Public Finance Revenues, the appellate instance of the Ministry of Finance, a decision No. DT 499-14-7/2004-8, rejecting Zavarovalnica Triglav's appeal against the first instance decision by the Special Tax Office as unsubstantiated. The Company did not initiate an administrative dispute against this decision, so the matter is closed.
- The tax procedure related to the inspection of regularity and lawfulness of levying taxes and contributions for 1995 and 1996 is still pending. In relation to the same tax procedure and based on decision No. 48200-1/200-0294-54, the Company filed an appeal on the grounds of misinterpretation of part of the Insurance Statistical Standard No. 5, which is contrary to the stipulations of the Insurance Undertakings Act. On 29 April, 2008 the Company received a decision from the Ministry of Finance rejecting the appeal of the Company as unsubstantiated. On 28 May, 2008 the Company started legal action before the Administrative Court of the Republic of Slovenia.
- The tax procedure, started on 16 November, 2005, by the Special Tax Office related to an inspection of the corporate income tax for the financial year 2004 is still pending. The Company appealed against the inspection findings contained in the minutes No. 462-02-10072/2005 0203 07 of 11 July, 2006. Based on this appeal the Special Tax Office expanded its inspection to the years 2002, 2003 and 2005. On 5 March, 2007 the Company received a decision according to which it owed EUR 537,027 in corporate income tax for the above stated years and EUR 43,126 in default interest. The Company settled the entire liability in 2007 and appealed against the tax decision on 4 April, 2007.

6.39.2 Legal disputes

- Zavarovalnica Triglav (plaintiff) versus Istrabenz holdinška družba d.d. (respondents)

On 28 December, 2007 the Company irrevocably and unconditionally accepted a binding offer made by Istrabenz holdinška družba d.d. to buy Petrol d.d. shares for a total price of EUR 19,950,000. Since Istrabenz did not meet its obligations arising from the above mentioned offer, Zavarovalnica Triglav sued Istrabenz and no hearing has been scheduled yet in this case. Istrabenz filed a counterclaim against Zavarovalnica Triglav which challenges the agreement on the sales of Petrol shares. Zavarovalnica Triglav responded to that by negating all the allegations of Istrabenz.
- Zavarovalnica Triglav (plaintiff) versus Milan Marolt and Nadežda Klemenčič (respondents)

The Company filed a suit against appeal against Milan Marolt and Nadežda Klemenčič on 12 August, 2004 on the grounds of the unlawful issuing of decisions and exceeding their powers. alleged an erroneous interpretation of the Companies Act and claimed there were no elements of tort as preconditions for liability for damages. The Court accepted their argument and on 8 November, 2006 rendered a decision rejecting the claim. On 29 December, 2006 the plaintiff appealed against the ruling of first instance and on 9 January, 2009 the Higher Court of Ljubljana ruled in favour of the appellant, reversed the decision and ordered retrial at the court of first instance.
- Non- litigious civil procedure - Vzajemna zdravstvena zavarovalnica d.v.z., (applicant) versus Zavarovalnica Triglav (opposing party)

On 4 August, 2006 Vzajemna zdravstvena zavarovalnica d.v.z. started a non-litigious civil procedure requiring judicial scrutiny of the exchange rate applied in the merger of Triglav finančna družba d.d. to Zavarovalnica Triglav d.d. The latter responded by denying all the allegations of the former and argued against starting the proposed procedure. The Court has appointed a conciliation committee which held the first hearing was hearing on 28 January, 2009. The Court has not yet decided the case.
- Vzajemna zdravstvena zavarovalnica d.v.z., (plaintiff) versus Triglav Zdravstvena zavarovalnica d.d. (respondent)

The suit was filed on the grounds of business conduct representing unfair competition and its prohibition. A first instance decision was made in favour of the Triglav Zdravstvena zavarovalnica d.d., but the decision was annulled following an appeal by the respondent. The District Court of Koper rejected the claim, but the Higher Court of Koper partly found for the plaintiff in its decision of 14 March, 2008. Triglav claimed judicial review of the final decision issued by the Higher Court of Koper by the Supreme Court of the Republic of Slovenia, but no decision had been received by 31 December, 2008. Since the suit does not involve a monetary claim, a decision by the Supreme Court will not have any direct negative financial effects on the Insurance Company.
- Vzajemna zdravstvena zavarovalnica d.v.z., (plaintiff) versus Triglav Zdravstvena zavarovalnica d.d. (respondent)

The legal action was taken to claim EUR 9,975,780 in damages. Should the court decide fully in favour of the plaintiff, which is believed unlikely, the Group's financial obligation would amount to EUR 9,975,780, excluding legally defined default interest and legal fees. During the proceedings Triglav answered the claim in which it fully negated the cause of action and the claimed amount. As of the date of issuing these consolidated financial statements, the first trial hearing had not yet been fixed. The matter is in mediation at the Slovenian Insurance Association. With due professional prudence it is estimated that the case is unlikely to have any negative impact.

- Jugobanka a.d., Belgrade, in bankruptcy proceedings, and new creditor Municipium's (plaintiff) versus Slovenijales d.d. as (respondent)
In 1990 the subsidiaries of Slovenijales used credit lines provided by Jugobanka New York Agency. Slovenijales backed a blank bill as collateral for these borrowings and submitted it to Jugobanka, Belgrade. Due to financial problems, the subsidiaries of Slovenijales defaulted on the said credit lines.
Jugobanka went bankrupt and its liabilities were acquired by Municipium's which started retrials in Belgrade. An action by Municipium's requiring the issuance of a draft bill is still underway in Slovenia. On that basis the Management Board of Slovenijales valued potential liabilities and formed additional provisions in 2008, which amounted to EUR 8,465,759 as at 31 December, 2008.
- Vegrad d.d. (plaintiff) versus Gradis IPGI d.d. (respondent)
On 6 November, 2007, Gradis IPGI d.d. and Vegrad d.d. signed a Service Agreement which involves over 25% of the total assets of Gradis IPGI d.d. As required by the Companies Act, such an agreement had to be made in the form of a notarial deed and approved by the General Meeting of Shareholders. On 4 February, 2008 the General Meeting of Shareholders withheld its approval and as a result the Service Agreement never took effect. Vegrad challenged it and brought a suit against Gradis IPGI, requiring EUR 15 million. As estimated by authorised lawyers the Plaintiff is unlikely to succeed and Gradis IPGI has, therefore, not established any provisions.
- Labour disputes
As at 31 December, 2008, there were 25 labour disputes involving employees or former employees as plaintiffs. Total claims as at the same date amounted to approximately EUR 1,100,700. In three labour suits completed before 31 December, 2008 in which final decisions were rendered, Zavarovalnica Triglav claimed judicial review. From these, it expects reimbursements of approximately EUR 167,222.
On 2 February, 2009 the Branch Office of Zavarovalnica Triglav in Slovakia was served a claim in which the dismissed branch director, Radovan Škultety, challenges the lawfulness of the extraordinary termination of his employment contract and claims reinstatement and damages. By the date of issuing these financial statements the proceedings had not been concluded. It is impossible to assess what amount Zavarovalnica Triglav would be required to pay if the plaintiff wins the case. This event may have an impact on the financial statements for 2009.

6.40 REVIEW BY THE INSURANCE SUPERVISION AGENCY (AZN)

From 1 July to 27 October, 2008 the Insurance Supervision Agency reviewed the operations of Zavarovalnica Triglav. The purpose of the review was to check how the insurance company complies with the risk management requirements and other provisions of the Insurance Act and secondary legislation adopted on its bases as well as other laws regulating the insurance industry, with special emphasis on investment-related insurance. The Agency produced a report on findings after the review which Zavarovalnica Triglav received on 19 December, 2008. Zavarovalnica Triglav sent its comments to the report on 9 January, 2008. The influence of this on the financial statements cannot be estimated reliably.

6.41 SUBSEQUENT EVENTS

No events occurring after the Balance Sheet Date were material to the financial statements of the Group prepared for 2008.

The following events occurred after the Balance Sheet Date which may have a material effect on the financial statements of the Group for 2008:

Further security price declines in 2009

Securities prices continued falling in the first quarter of 2009. In accordance with accounting principles on financial asset valuation, financial assets were additionally impaired in the first quarter by EUR 2.2 million.

Election of the new Supervisory Board of Zavarovalnica Triglav

The General Meeting of Shareholders, held on 6 April, 2009, elected the following Supervisory Board:

- Borut Jamnik,
- Mirko Miklavčič,
- Anton Ribnikar,
- Igor Mihajlovič,
- Aljoša Valentinčič,
- Uroš Slavinec.

The above stated members of the Supervisory Board were elected as shareholder representatives with a four-year term of office as of 7 April, 2009.

Merger of Triglav Nekretnine d.o.o. with Triglav Osiguranje d.d., Zagreb

Pursuant to the Merger Agreement of 26 November, 2007 and Annex 1 to the Merger Agreement of 19 May, 2008, the Commercial Court of Zagreb on 18 February, 2009 entered the merger of Triglav Nekretnine d.o.o., Zagreb with Triglav Osiguranje d.d., Zagreb. Triglav Nekretnine d.o.o. was a 100%-owned subsidiary of Triglav Osiguranje d.d. before the merger. By entering the merger in the Companies Register, Triglav Nekretnine d.o.o. was wound up and all its assets and liabilities were taken over by Triglav Osiguranje d.d., Zagreb.

Compliance of Vardar Osiguranje a.d. with the new Macedonian legislation

The insurance company Vardar Osiguranje a.d. should have aligned its operations with the amended Law on Insurance Supervision by 3 January, 2009 and accordingly raise share capital from EUR 752,300 to EUR 3,000,000. During the performance of activities for raising the share capital to an adequate level, Zavarovalnica Triglav and Vardar Osiguranje encountered numerous regulatory obstacles which prevented compliance by the date of issue of the consolidated financial statements. In spite of the fact that Vardar Osiguranje has enough own funds which will be used for recapitalisation, the Ministry of Finance of the Former Yugoslav Republic of Macedonia has defined a new deadline (9 June, 2009) by which Vardar Osiguranje has to comply with the amended law as stated above.

Slovenijales d.d. lease agreements

In February 2009 a lease agreement with a long-term business premises lessee in an office building was cancelled. This agreement contributed 20% to the total income of Slovenijales d.d. in 2008. The company is carrying out marketing and communications activities aimed at attracting new lessees. The office building is expected to be optimally occupied sometime in the course of 2009.

APPENDIX:

1. CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2008
2. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDING
31 DECEMBER, 2008
3. CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT
4. CONSOLIDATED INCOME STATEMENTS OF TECHNICAL ACCOUNT
5. INVESTMENT RETURN

1. CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2008

1.1 CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2008

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2008

		IN EUR		
		31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
ASSETS (from A. to G.)		2,696,501,143	2,710,303,467	99
A.	INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	84,455,499	75,960,946	111
1.	Intangible assets	36,918,316	37,161,613	99
2.	Goodwill	12,970,634	12,970,634	100
3.	Advance payments for intangible assets	0	12,500	
4.	Deferred acquisition costs	34,548,740	25,798,247	134
5.	Other long-term deferred items	17,809	17,952	99
B.	LAND, BUILDINGS AND FINANCIAL ASSETS	2,085,370,933	2,097,275,013	99
I.	LAND AND BUILDINGS	194,899,402	176,575,754	110
a.)	Directly used in insurance activities	114,829,457	116,805,260	98
1.	Land directly used in insurance activities	16,155,223	18,752,897	86
2.	Buildings directly used in insurance activities	95,314,400	97,497,767	98
3.	Other land and buildings directly used in insurance activities	3,359,834	554,596	606
b.)	Investment property	80,069,945	59,770,494	134
1.	Land	33,943,181	14,470,681	235
2.	Buildings	46,126,764	45,299,813	102
II.	FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	163,900,936	71,375,910	230
1.	Shares in subsidiaries	0	8,535,901	
2.	Debt securities and loans to subsidiaries	2,568,738	3,485,424	74
3.	Shares in associated companies	99,330,861	39,326,602	253
4.	Debt securities and loans to associated companies	4,358,771	2,931,572	149
5.	Other financial investments in subsidiaries and associates	57,642,566	17,096,411	337
III.	OTHER FINANCIAL INVESTMENTS	1,681,386,371	1,821,001,822	92
1.	Long-term financial investments	1,538,206,473	1,692,165,300	91
1.1	Shares and other floating rate securities and fund coupons	250,870,641	360,125,817	70
1.2	Debt and other fixed return securities	1,171,568,108	1,183,842,859	99
1.3	Investment fund shares	22,400,655	42,310,828	53
1.4	Mortgage loans	7,766,180	10,132,565	77
1.5	Other loans	6,976,371	4,331,360	161
1.6	Deposits with banks	32,010,011	39,985,090	80
1.7	Other financial investments	46,614,507	51,436,781	91
2.	Short-term financial investments	143,179,898	128,836,522	111
2.1	Shares available for sale	26,225,247	25,847,369	101
2.2	Securities available for sale and with maturity up to one year	1,877,537	7,672,131	24
2.3	Short-term loans	9,526,674	7,230,926	132
2.4	Short-term bank deposits	101,640,248	77,209,505	132
2.5	Other short-term financial investments	3,910,192	10,876,591	36
IV.	FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACT	2,224,038	1,118,863	199
V.	ASSETS FROM INVESTMENT CONTRACTS	0	0	
VI.	ASSETS FROM REINSURANCE CONTRACTS	42,960,186	27,202,664	158
1.	from unearned premium	9,006,576	7,483,288	120
2.	from mathematical provision	0	0	
3.	from outstanding claims	33,953,610	19,719,376	172
4.	from bonuses and discounts	0	0	
5.	from other technical provisions	0	0	
C.	UNIT-LINKED INSURANCE CONTRACT INVESTMENTS	215,137,618	266,754,655	81
D.	RECEIVABLES	246,653,626	198,059,553	125

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2008

	IN EUR		
	31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
I. RECEIVABLES FROM DIRECT INSURANCE	129,771,754	119,394,751	109
1. Receivables from insurers	120,157,901	102,517,740	117
2. Receivables from insurance brokers	1,751,617	1,168,619	150
3. Other receivables from direct insurance operations	7,754,318	15,631,079	50
4. Receivables from direct insurance operations -associates and subsidiaries	107,918	77,313	140
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	35,271,796	20,095,288	176
1. Premium receivable from co-insurance	577,110	359,563	161
2. Premium receivable from reinsurance	5,684,209	6,674,684	85
3. Receivables from co-insurers' share in claims	73,802	3,381	
4. Receivables from reinsurers' share in claims	25,650,064	10,171,242	252
5. Other receivables from co-insurance and reinsurance	3,297,665	1,894,131	174
6. Receivables from co-insurance and reinsurance- associates and subsidiaries	-11,054	992,287	
III. OTHER RECEIVABLES AND DEFERRED TAX RECEIVABLES	81,610,076	58,569,514	139
1. Other short-term receivables from insurance operations	37,571,728	19,083,200	197
2. Short term receivables from financing	1,288,312	6,859,059	19
3. Other short-term receivables	16,876,989	20,099,108	84
4. Long-term receivables	834,402	1,320,958	63
5. Current tax receivables	2,041,613	1,344,436	152
6. Deferred tax assets	19,323,975	9,273,404	208
7. Other short-term receivables - associates and subsidiaries	3,673,057	589,349	623
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	
E. OTHER ASSETS	56,023,421	49,438,548	113
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	17,755,108	18,158,336	98
1. Equipment and small tools	16,792,041	16,283,668	103
2. Other tangible fixed assets	963,067	1,874,668	51
II. CASH AT BANK AND IN HAND	32,517,218	25,320,567	128
III. INVENTORIES AND OTHER ASSETS	5,751,095	5,959,645	97
1. Inventories	5,738,446	5,786,196	99
2. Other assets	12,649	173,449	7
F. SHORT-TERM DEFERRED ASSETS	7,250,821	6,911,169	105
1. Accrued interest and rent	48,774	424,924	11
2. Deferred short-term expenses of insurance contract acquisition	3,539,512	2,745,273	129
3. Other short-term deferred items	3,662,535	3,740,972	98
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	1,609,225	15,903,583	10

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2008

	IN EUR		
	31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
EQUITY AND LIABILITIES (from A. to I.)	2,696,501,143	2,710,303,467	99
A. EQUITY	526,960,357	624,871,422	84
I. SUBSCRIBED (CALLED UP) CAPITAL	23,701,391	23,701,392	100
1. Share capital	23,701,391	23,701,392	100
2. Unsubscribed capital (as deduction)	0	0	
II. CAPITAL RESERVES	53,412,885	53,412,885	100
III. RESERVES FROM PROFIT	51,549,611	45,448,057	113
1. Security reserves	4,869,926	12,176,095	40
2. Legal and statutory reserves	13,897,917	4,662,642	298
3. Reserves for own shares	3,088,246	2,723,566	113
4. Own shares (as deduction)	-3,088,246	-2,723,566	113
5. Equalisation provision for credit insurance	32,652,054	28,458,240	115
6. Catastrophe reserves	129,714	151,080	86
7. Other reserves from profit	0	0	
IV. FAIR VALUE RESERVE	70,010,806	162,786,788	43

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER, 2008

	IN EUR		INDEX
	31 DECEMBER, 2008	31 DECEMBER, 2007	
1. Fair value reserve for tangible fixed assets	-93,976	1,476,719	
2. Fair value reserve for long-term investments	62,928,426	154,787,417	41
3. Fair value reserve for short-term investments	6,834,841	6,185,911	110
4. Other fair value reserve	341,515	336,741	101
V. NET PROFIT / LOSS CARRIED FORWARD	284,703,008	243,014,002	117
VI. NET PROFIT / LOSS FOR THE CURRENT YEAR	-376,256	50,795,065	
VII. MINORITY INTERESTS	45,154,010	45,760,352	99
VIII. CONSOLIDATION EQUITY ADJUSTMENT	-1,195,098	-47,119	
B. SUBORDINATED LIABILITIES	30,000,000	30,000,000	100
C. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	1,684,905,104	1,545,957,057	109
1. Gross provisions for unearned premiums	290,767,791	263,487,236	110
2. Gross mathematical provisions	693,740,017	640,699,449	108
3. Gross claim provisions	662,746,170	609,486,525	109
4. Gross provisions for bonuses and discounts	18,240,094	17,597,554	104
5. Other gross technical provisions	19,411,032	14,686,293	132
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	219,666,880	268,736,408	82
E. PROVISIONS FOR OTHER RISKS AND CHARGES	21,565,178	18,489,661	117
1. Provisions for pensions	7,271,982	6,649,404	109
2. Other provisions	14,293,196	11,840,257	121
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN REINSURANCE CONTRACTS	0	0	
G. OTHER LIABILITIES	205,773,414	217,862,020	94
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	17,004,469	12,796,170	133
1. Liabilities to policy holders	9,801,596	9,704,605	101
2. Liabilities to agents and brokers	2,707,286	2,067,855	131
3. Other liabilities from direct insurance operations	2,350,862	991,861	237
4. Liabilities from direct insurance operations- associates and subsidiaries	2,144,725	31,849	
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	17,795,744	15,459,536	115
1. Liabilities for co-insurance premiums	79,050	77,029	103
2. Liabilities for reinsurance premiums	12,450,112	10,781,017	115
3. Liabilities for co-insurers' share in claims	282,785	-44,801	
4. Liabilities for reinsurers' share in claims	3,646,691	2,686,654	136
5. Other liabilities from co-insurance and re-insurance	1,348,803	1,640,305	82
6. Liabilities from co-insurance and re-insurance-associates and subsidiaries	-11,697	319,332	
III. LOANS SECURED BY FIXED RATE SECURITIES	13,413,190	6,726,688	199
IV. LIABILITIES TO BANKS	14,717,899	14,161,035	104
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	
VI. OTHER LIABILITIES	142,842,112	168,718,591	85
a.) Other long term liabilities	23,215,032	90,346,606	26
1. Long term liabilities from finance leases	7,882,101	8,414,928	94
2. Other long term liabilities	35,362	295,050	12
3. Deferred tax liabilities	15,297,569	81,636,628	19
b.) Other short-term liabilities	119,627,080	78,371,985	153
1. Short-term liabilities to employees	9,300,900	12,996,625	72
2. Other short-term liabilities from insurance operations	37,060,433	23,306,213	159
3. Short-term liabilities from financing	40,292,837	1,461,651	
4. Current income tax liabilities	8,363,526	9,422,751	89
5. Other short-term liabilities	24,609,384	31,184,745	79
H. ACCRUED EXPENSES AND DEFERRED INCOME	7,630,210	4,386,899	174
1. Accrued expenses	2,716,661	2,143,725	127
2. Other accruals and deferred income	4,913,549	2,243,174	219
I. NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	

1.2 CONSOLIDATED BALANCE SHEET FOR NON-LIFE INSURANCE AS AT 31 DECEMBER, 2008

CONSOLIDATED BALANCE SHEET FOR NON-LIFE INSURANCE AS AT 31 DECEMBER, 2008

		IN EUR		
		31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
ASSETS (from A. to G.)		1,631,446,530	1,652,119,782	99
A.	INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	82,377,478	73,400,174	112
1.	Intangible assets	34,840,896	34,601,742	101
2.	Goodwill	12,970,634	12,970,634	100
3.	Advance payments for intangible assets	0	12,500	
4.	Deferred acquisition costs	34,548,740	25,798,247	134
5.	Other long-term deferred items	17,208	17,051	101
B.	LAND, BUILDINGS AND FINANCIAL ASSETS	1,250,520,069	1,323,205,838	95
I.	LAND AND BUILDINGS	180,963,126	162,070,174	112
a.)	Directly used in insurance activities	102,953,223	104,590,532	98
1.	Land directly used in insurance activities	15,555,932	18,153,606	86
2.	Buildings directly used in insurance activities	84,037,457	85,916,853	98
3.	Other land and buildings directly used in insurance activities	3,359,834	520,073	646
b.)	Investment property	78,009,903	57,479,642	136
1.	Land	33,615,112	14,185,756	237
2.	Buildings	44,394,791	43,293,886	103
II.	FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	112,019,124	58,582,079	191
1.	Shares in subsidiaries	0	8,517,340	
2.	Debt securities and loans to subsidiaries	2,548,386	3,406,438	75
3.	Shares in associated companies	86,570,932	32,592,718	266
4.	Debt securities and loans to associated companies	4,143,755	2,724,927	152
5.	Other financial investments in subsidiaries and associates	18,756,051	11,340,656	165
III.	OTHER FINANCIAL INVESTMENTS	912,354,183	1,074,232,722	85
1.	Long-term financial investments	797,349,024	973,529,731	82
1.1	Shares and other floating rate securities and fund coupons	176,192,419	247,701,646	71
1.2	Debt and other fixed return securities	519,657,156	591,675,946	88
1.3	Investment fund shares	22,400,655	42,310,828	53
1.4	Mortgage loans	7,766,180	10,132,565	77
1.5	Other loans	6,621,218	3,983,522	166
1.6	Deposits with banks	19,669,304	27,302,918	72
1.7	Other financial investments	45,042,092	50,422,306	89
2.	Short-term financial investments	115,005,159	100,702,991	114
2.1	Shares available for sale	22,508,743	18,999,260	118
2.2	Securities available for sale and with maturity up to one year	1,351,092	6,818,148	20
2.3	Short-term loans	8,392,995	6,208,093	135
2.4	Short-term bank deposits	79,715,513	57,800,899	138
2.5	Other short-term financial investments	3,036,816	10,876,591	28
IV.	FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	2,224,038	1,118,863	199
V.	ASSETS FROM INVESTMENT CONTRACTS	0	0	
VI.	ASSETS FROM REINSURANCE CONTRACTS	42,959,598	27,202,000	158
1.	from unearned premium	9,005,988	7,482,624	120
2.	from mathematical provision	0	0	
3.	from outstanding claims	33,953,610	19,719,376	172
4.	from bonuses and discounts	0	0	
5.	from other technical provisions	0	0	
C.	UNIT-LINKED INSURANCE CONTRACT INVESTMENTS	0	0	
D.	RECEIVABLES	237,721,047	186,381,004	128
I.	RECEIVABLES FROM DIRECT INSURANCE	126,660,974	110,469,292	115
1.	Receivables from insurers	119,641,870	102,102,114	117
2.	Receivables from insurance brokers	1,751,196	1,160,228	151
3.	Other receivables from direct insurance operations	5,159,990	7,129,637	72
4.	Receivables from direct insurance operations -associates and subsidiaries	107,918	77,313	140

CONSOLIDATED BALANCE SHEET FOR NON-LIFE INSURANCE AS AT 31 DECEMBER, 2008

	IN EUR		
	31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
II. RECEIVABLES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	35,269,602	20,093,366	176
1. Premium receivable from co-insurance	577,110	359,563	161
2. Premium receivable from reinsurance	5,684,209	6,674,684	85
3. Receivables from co-insurers' share in claims	73,802	3,381	
4. Receivables from reinsurers' share in claims	25,650,064	10,171,242	252
5. Other receivables from co-insurance and reinsurance	3,295,471	1,892,209	174
6. Receivables from co-insurance and reinsurance- associates and subsidiaries	-11,054	992,287	
III. OTHER RECEIVABLES AND DEFERRED TAX RECEIVABLES	75,790,471	55,818,346	136
1. Other short-term receivables from insurance operations	36,884,293	18,918,746	195
2. Short term receivables from financing	1,229,507	6,232,338	20
3. Other short-term receivables	14,920,652	18,520,825	81
4. Long-term receivables	834,402	1,320,958	63
5. Current tax receivables	2,041,597	1,337,424	153
6. Deferred tax assets	16,277,088	8,861,817	184
7. Other short-term receivables - associates and subsidiaries	3,602,932	626,238	575
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	
E. OTHER ASSETS	52,193,435	46,544,360	112
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	15,039,522	15,677,688	96
1. Equipment and small tools	14,105,785	13,861,579	102
2. Other tangible fixed assets	933,737	1,816,109	51
II. CASH AT BANK AND IN HAND	31,403,915	24,907,110	126
III. INVENTORIES AND OTHER ASSETS	5,749,998	5,959,562	96
1. Inventories	5,738,378	5,786,113	99
2. Other assets	11,620	173,449	7
F. SHORT-TERM DEFERRED ASSETS	7,025,276	6,684,823	105
1. Accrued interest and rent	44,308	234,887	19
2. Deferred short-term expenses of insurance contract acquisition	3,421,242	2,743,391	125
3. Other short-term deferred items	3,559,726	3,706,545	96
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	1,609,225	15,903,583	10

CONSOLIDATED BALANCE SHEET FOR NON-LIFE INSURANCE AS AT 31 DECEMBER, 2008

	IN EUR		
	31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
EQUITY AND LIABILITIES (from A. to I.)	1,631,446,530	1,652,119,782	99
A. EQUITY	445,998,211	535,373,114	83
I. SUBSCRIBED (CALLED UP) CAPITAL	16,510,539	16,510,540	100
1. Share capital	16,510,539	16,510,540	100
2. Unsubscribed capital (as deduction)	0	0	
II. CAPITAL RESERVES	40,344,978	40,344,978	100
III. RESERVES FROM PROFIT	49,160,407	43,311,161	114
1. Security reserves	3,926,141	11,484,618	34
2. Legal and statutory reserves	12,452,498	3,217,223	387
3. Reserves for own shares	3,088,246	2,723,566	113
4. Own shares (as deduction)	-3,088,246	-2,723,566	113
5. Equalisation provision for credit insurance	32,652,054	28,458,240	115
6. Catastrophe reserves	129,714	151,080	86
7. Other reserves from profit	0	0	
IV. FAIR VALUE RESERVE	54,524,011	137,427,038	40
1. Fair value reserve for tangible fixed assets	-93,976	1,078,612	
2. Fair value reserve for long-term investments	46,868,865	129,825,774	36
3. Fair value reserve for short-term investments	7,407,607	6,185,911	120
4. Other fair value reserve	341,515	336,741	101
V. NET PROFIT / LOSS CARRIED FORWARD	244,278,217	209,808,892	116

CONSOLIDATED BALANCE SHEET FOR NON-LIFE INSURANCE AS AT 31 DECEMBER, 2008

		IN EUR		
		31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
VI.	NET PROFIT / LOSS FOR THE CURRENT YEAR	-1,905,305	43,263,248	
VII.	MINORITY INTERESTS	43,850,979	44,608,480	98
VIII.	CONSOLIDATION EQUITY ADJUSTMENT	-765,615	98,777	
B.	SUBORDINATED LIABILITIES	22,000,000	25,000,000	88
C.	GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	969,210,977	884,269,146	110
	1. Gross provisions for unearned premiums	289,681,544	262,278,758	110
	2. Gross mathematical provisions	0	0	
	3. Gross claim provisions	641,878,307	589,706,541	109
	4. Gross provisions for bonuses and discounts	18,240,094	17,597,554	104
	5. Other gross technical provisions	19,411,032	14,686,293	132
D.	GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0	
E.	PROVISIONS FOR OTHER RISKS AND CHARGES	20,432,973	17,505,255	117
	1. Provisions for pensions	6,223,927	5,921,286	105
	2. Other provisions	14,209,046	11,583,969	123
F.	LIABILITIES FROM REINSURERS' INVESTMENTS IN REINSURANCE CONTRACTS	0	0	
G.	OTHER LIABILITIES	166,788,730	185,678,194	90
I.	LIABILITIES FROM DIRECT INSURANCE OPERATIONS	12,905,592	11,050,385	117
	1. Liabilities to policy holders	8,297,104	8,080,426	103
	2. Liabilities to agents and brokers	2,329,153	2,044,476	114
	3. Other liabilities from direct insurance operations	2,261,314	893,634	253
	4. Liabilities from direct insurance operations- associates and subsidiaries	18,021	31,849	57
II.	LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	17,784,654	15,451,732	115
	1. Liabilities for co-insurance premiums	79,050	77,029	103
	2. Liabilities for reinsurance premiums	12,439,022	10,773,213	115
	3. Liabilities for co-insurers' share in claims	282,785	-44,801	
	4. Liabilities for reinsurers' share in claims	3,646,691	2,686,654	136
	5. Other liabilities from co-insurance and re-insurance	1,348,803	1,640,305	82
	6. Liabilities from co-insurance and re-insurance-associates and subsidiaries	-11,697	319,332	
III.	LOANS SECURED BY FIXED RATE SECURITIES	13,413,190	6,726,688	199
IV.	LIABILITIES TO BANKS	14,717,899	14,161,035	104
V.	LIABILITIES FROM INVESTMENT CONTRACTS	0	0	
VI.	OTHER LIABILITIES	107,967,395	138,288,354	78
	a.) Other long term liabilities	19,076,398	73,240,535	26
	1. Long term liabilities from finance leases	7,882,101	8,414,928	94
	2. Other long term liabilities	33,612	293,300	11
	3. Deferred tax liabilities	11,160,685	64,532,307	17
	b.) Other short-term liabilities	88,890,997	65,047,819	137
	1. Short-term liabilities to employees	9,300,647	12,986,433	72
	2. Other short-term liabilities from insurance operation	11,885,691	17,962,090	66
	3. Short-term liabilities from financing	38,346,023	1,209,089	
	4. Current income tax liabilities	8,363,526	9,379,939	89
	5. Other short-term liabilities	20,995,110	23,510,268	89
H.	ACCRUED EXPENSES AND DEFERRED INCOME	7,015,639	4,294,073	163
	1. Accrued expenses	2,108,285	2,084,879	101
	2. Other accruals and deferred income	4,907,354	2,209,194	222
I.	NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	

1.3 CONSOLIDATED BALANCE SHEET FOR LIFE INSURANCE AS AT 31 DECEMBER, 2008

CONSOLIDATED BALANCE SHEET FOR LIFE INSURANCE AS AT 31 DECEMBER, 2008

		IN EUR		
		31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
ASSETS (from A. to G.)		1,065,054,613	1,058,183,685	101
A.	INTANGIBLE ASSETS, LONG TERM DEFERRED ITEMS	2,078,021	2,560,772	81
1.	Intangible assets	2,077,420	2,559,871	81
2.	Goodwill	0	0	
3.	Advance payments for intangible assets	0	0	
4.	Deferred acquisition costs	0	0	
5.	Other long-term deferred items	601	901	67
B.	LAND, BUILDINGS AND FINANCIAL ASSETS	834,850,864	774,069,175	108
I.	LAND AND BUILDINGS	13,936,276	14,505,580	96
a.)	Directly used in insurance activities	11,876,234	12,214,728	97
1.	Land directly used in insurance activities	599,291	599,291	100
2.	Land directly used in insurance activities	11,276,943	11,580,914	97
3.	Other land and buildings directly used in insurance activities	0	34,523	
b.)	Investment property	2,060,042	2,290,852	90
1.	Land	328,069	284,925	115
2.	Buildings	1,731,973	2,005,927	86
II.	FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	51,881,812	12,793,831	406
1.	Shares in subsidiaries	0	18,561	
2.	Debt securities and loans to subsidiaries	20,352	78,986	26
3.	Shares in associated companies	12,759,929	6,733,884	189
4.	Debt securities and loans to associated companies	215,016	206,645	104
5.	Other financial investments in subsidiaries and associates	38,886,515	5,755,755	676
III.	OTHER FINANCIAL INVESTMENTS	769,032,188	746,769,100	103
1.	Long-term financial investments	740,857,449	718,635,569	103
1.1	Shares and other floating rate securities and fund coupons	74,678,222	112,424,171	66
1.2	Debt and other fixed return securities	651,910,952	592,166,913	110
1.3	Investment fund shares	0	0	
1.4	Mortgage loans	0	0	
1.5	Other loans	355,153	347,838	102
1.6	Deposits with banks	12,340,707	12,682,172	97
1.7	Other financial investments	1,572,415	1,014,475	155
2.	Short-term financial investments	28,174,739	28,133,531	100
2.1	Shares available for sale	3,716,504	6,848,109	54
2.2	Securities available for sale and with maturity up to one year	526,445	853,983	62
2.3	Short-term loans	1,133,679	1,022,833	111
2.4	Short-term bank deposits	21,924,735	19,408,606	113
2.5	Other short-term financial investments	873,376	0	
IV.	FINANCIAL INVESTMENTS OF REINSURANCE COMPANIES IN REINSURANCE CONTRACTS	0	0	
V.	ASSETS FROM INVESTMENT CONTRACTS	0	0	
VI.	ASSETS FROM REINSURANCE CONTRACTS	588	664	89
1.	from unearned premium	588	664	89
2.	from mathematical provision	0	0	
3.	from outstanding claims	0	0	
4.	from bonuses and discounts	0	0	
5.	from other technical provisions	0	0	
C.	UNIT-LINKED INSURANCE CONTRACT INVESTMENTS	215,137,618	266,754,655	81
D.	RECEIVABLES	8,932,579	11,678,549	76
I.	RECEIVABLES FROM DIRECT INSURANCE	3,110,780	8,925,459	35
1.	Receivables from insurers	516,031	415,626	124
2.	Receivables from insurance brokers	421	8,391	5
3.	Other receivables from direct insurance operations	2,594,328	8,501,442	31
4.	Receivables from direct insurance operations -associates and subsidiaries	0	0	

CONSOLIDATED BALANCE SHEET FOR LIFE INSURANCE AS AT 31 DECEMBER, 2008

	IN EUR		
	31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
II. RECEIVABLES IZ SOZAVAROVANJA IN POZAVAROVANJA	2,194	1,922	114
1. Premium receivable from co-insurance	0	0	
2. Premium receivable from reinsurance	0	0	
3. Receivables from co-insurers' share in claims	0	0	
4. Receivables from reinsurers' share in claims	0	0	
5. Other receivables from co-insurance and reinsurance	2,194	1,922	114
6. Receivables from co-insurance and reinsurance- associates and subsidiaries	0	0	
III. OTHER RECEIVABLES AND DEFERRED TAX RECEIVABLES	5,819,605	2,751,168	212
1. Other short-term receivables from insurance operations	687,435	164,454	418
2. Short term receivables from financing	58,805	626,721	9
3. Other short-term receivables	1,956,337	1,578,283	124
4. Long-term receivables	0	0	
5. Current tax receivables	16	7,012	
6. Deferred tax assets	3,046,887	411,587	740
7. Other short-term receivables - associates and subsidiaries	70,125	-36,889	
IV. CALLED UP SHARE CAPITAL UNPAID	0	0	
E. OTHER ASSETS	3,829,986	2,894,188	132
I. TANGIBLE FIXED ASSETS, EXCEPT LAND AND BUILDINGS	2,715,586	2,480,648	109
1. Equipment and small tools	2,686,256	2,422,089	111
2. Other tangible fixed assets	29,330	58,559	50
II. CASH AT BANK AND IN HAND	1,113,303	413,457	269
III. INVENTORIES AND OTHER ASSETS	1,097	83	
1. Inventories	68	83	82
2. Other assets	1,029	0	
F. SHORT-TERM DEFERRED ASSETS	225,545	226,346	100
1. Accrued interest and rent	4,466	190,037	2
2. Deferred short-term expenses of insurance contract acquisition	118,270	1,882	
3. Other short-term deferred items	102,809	34,427	299
G. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	

CONSOLIDATED BALANCE SHEET FOR LIFE INSURANCE AS AT 31 DECEMBER, 2008

	IN EUR		
	31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
EQUITY AND LIABILITIES (from A. to I.)	1,065,054,613	1,058,183,685	101
A. EQUITY	80,962,146	89,498,308	90
I. SUBSCRIBED (CALLED UP) CAPITAL	7,190,852	7,190,852	100
1. Share capital	7,190,852	7,190,852	100
2. Unsubscribed capital (as deduction)	0	0	
II. CAPITAL RESERVES	13,067,907	13,067,907	100
III. RESERVES FROM PROFIT	2,389,204	2,136,896	112
1. Security reserves	943,785	691,477	136
2. Legal and statutory reserves	1,445,419	1,445,419	100
3. Reserves for own shares	0	0	
4. Own shares (as deduction)	0	0	
5. Equalisation provision for credit insurance	0	0	
6. Catastrophe reserves	0	0	
7. Other reserves from profit	0	0	
IV. FAIR VALUE RESERVE	15,486,795	25,359,750	61
1. Fair value reserve for tangible fixed assets	0	398,107	
2. Fair value reserve for long-term investments	16,059,561	24,961,643	64
3. Fair value reserve for short-term investments	-572,766	0	
4. Other fair value reserve	0	0	

CONSOLIDATED BALANCE SHEET FOR LIFE INSURANCE AS AT 31 DECEMBER, 2008

	IN EUR		
	31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
V. NET PROFIT / LOSS CARRIED FORWARD	40,424,791	33,205,110	122
VI. NET PROFIT / LOSS FOR THE CURRENT YEAR	1,529,049	7,531,817	20
VII. MINORITY INTERESTS	1,303,031	1,151,872	113
VIII. CONSOLIDATION EQUITY ADJUSTMENT	-429,483	-145,896	294
B. SUBORDINATED LIABILITIES	8,000,000	5,000,000	160
C. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	715,694,127	661,687,911	108
1. Gross provisions for unearned premiums	1,086,247	1,208,478	90
2. Gross mathematical provisions	693,740,017	640,699,449	108
3. Gross claim provisions	20,867,863	19,779,984	105
4. Gross provisions for bonuses and discounts	0	0	
5. Other gross technical provisions	0	0	
D. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-INSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	219,666,880	268,736,408	82
E. PROVISIONS FOR OTHER RISKS AND CHARGES	1,132,205	984,406	115
1. Provisions for pensions	1,048,055	728,118	144
2. Other provisions	84,150	256,288	33
F. LIABILITIES FROM REINSURERS' INVESTMENTS IN REINSURANCE CONTRACTS	0	0	
G. OTHER LIABILITIES	38,984,684	32,183,826	121
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	4,098,877	1,745,785	235
1. Liabilities to policy holders	1,504,492	1,624,179	93
2. Liabilities to agents and brokers	378,133	23,379	
3. Other liabilities from direct insurance operations	89,548	98,227	91
4. Liabilities from direct insurance operations- associates and subsidiaries	2,126,704	0	
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE OPERATIONS	11,090	7,804	142
1. Liabilities for co-insurance premiums	0	0	
2. Liabilities for reinsurance premiums	11,090	7,804	142
3. Liabilities for co-insurers' share in claims	0	0	
4. Liabilities for reinsurers' share in claims	0	0	
5. Other liabilities from co-insurance and re-insurance	0	0	
6. Liabilities from co-insurance and re-insurance-associates and subsidiaries	0	0	
III. LOANS SECURED BY FIXED RATE SECURITIES	0	0	
IV. LIABILITIES TO BANKS	0	0	
V. LIABILITIES FROM INVESTMENT CONTRACTS	0	0	
VI. OTHER LIABILITIES	34,874,717	30,430,237	115
a.) Other long term liabilities	4,138,634	17,106,071	24
1. Long term liabilities from finance leases	0	0	
2. Other long term liabilities	1,750	1,750	100
3. Deferred tax liabilities	4,136,884	17,104,321	24
b.) Other short-term liabilities	30,736,083	13,324,166	231
1. Short-term liabilities to employees	253	10,192	2
2. Other short-term liabilities from insurance operations	25,174,742	5,344,123	471
3. Short-term liabilities from financing	1,946,814	252,562	771
4. Current income tax liabilities	0	42,812	
5. Other short-term liabilities	3,614,274	7,674,477	47
H. ACCRUED EXPENSES AND DEFERRED INCOME	614,571	92,826	662
1. Accrued expenses	608,376	58,846	
2. Other accruals and deferred income	6,195	33,980	18
I. NON-CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS	0	0	

2. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER, 2008

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER, 2008

		IN EUR		
		2008	2007	INDEX
A.	TEHNICAL ACCOUNT FOR NON-LIFE INSURANCE EXCEPT HEALTH INSURANCE BUSINESS			
I.	NET PREMIUM EARNED	635,097,966	556,673,941	114
1.	Gross written premium	717,247,742	623,644,464	115
2.	Assumed co-insurance written premium	1,201,067	633,947	189
3.	Ceded co-insurance written premium	-144,972	14,502	
4.	Outward reinsurance premium	-64,358,027	-51,012,545	126
5.	Change in gross provision for unearned premiums	-19,795,618	-17,940,852	110
6.	Change in provision for unearned premiums, reinsurers' and co-insurers' share (+/-)	947,774	1,334,425	71
II.	ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT (ITEM D. VIII.)	27,011,727	60,866,029	44
III.	OTHER NET INCOME FROM INSURANCE OPERATIONS	6,089,877	5,059,931	120
IV.	NET CLAIMS INCURRED	454,078,115	416,142,031	109
1.	Gross claims settled	493,860,639	386,876,124	128
2.	Income from gross subrogated receivables	-21,432,131	-19,022,234	113
3.	Co-insurers' share	418,356	36,508	
4.	Reinsurers' share	-56,076,721	-21,655,040	259
5.	Changes in gross provisions for claims outstanding	51,674,152	76,062,577	68
6.	Changes in provisions for claims outstanding, reinsurers' and co-insurers' share	-14,366,180	-6,155,904	233
V.	CHANGE IN OTHER NET TEHNICAL PROVISIONS (+/-)	4,006,525	3,256,414	123
VI.	NET EXPENSES FOR BONUSES AND DISCOUNTS	12,388,561	11,160,425	111
VII.	NET OPERATING EXPENSES	151,792,363	129,606,129	117
1.	Acquisition costs	107,834,316	93,407,174	115
2.	Change in deferred acquisition costs (+/-)	-1,033,059	-652,521	158
3.	Other operating expenses	50,806,890	40,395,205	126
3.1	Depreciation of assets used in insurance business	3,561,873	3,003,027	119
3.2	Labour costs	27,742,493	23,845,825	116
	- wages and salaries	19,216,966	15,605,682	123
	- social security and pension insurance costs	5,439,102	5,142,662	106
	- other labour costs	3,086,425	3,097,481	100
3.3	Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	803,168	666,174	121
3.4	Other operating expenses	18,699,356	12,880,179	145
4.	Income from reinsurance commissions and shares in the technical profit from reinsurance contracts (-)	-5,815,784	-3,543,729	164
VIII.	OTHER NET INSURANCE EXPENSES	29,984,729	25,786,967	116
1.	Expenses of preventive activity	7,107,832	6,366,598	112
2.	Contributions for covering losses on uninsured and unknown vehicles	3,449,408	3,842,807	90
3.	Other net insurance expenses	19,427,489	15,577,562	125
IX.	RESULT OF THE TEHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS, EXCEPT HEALTH INSURANCE BUSINESS (I.+II.+III.-IV.+V.-VI.-VII.-VIII.)	15,949,277	36,647,935	44
B.	TEHNICAL ACCOUNT FOR LIFE INSURANCE BUSINESS			
I.	NET PREMIUM EARNED	246,825,602	239,146,533	103
1.	Gross written premium	246,715,647	239,495,287	103
2.	Assumed co-insurance written premium	0	0	
3.	Ceded co-insurance written premium	0	0	
4.	Outward reinsurance premium	-12,172	-7,804	156
5.	Change in gross provision for unearned premiums	122,203	-338,904	
6.	Change in provision for unearned premiums, reinsurers' and co-insurers' share (+/-)	-76	-2,046	4

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER, 2008

	IN EUR		
	2008	2007	INDEX
II. INCOME FROM INVESTMENTS	45,195,263	39,554,876	114
1. Income from dividends	3,500,524	2,047,072	171
1.1 Group companies	0	0	
1.2 Associates	1,738,903	984,221	177
1.3 Others	1,761,621	1,062,851	166
2. Income from other investments	34,404,425	33,317,457	103
2.1 Income from land and buildings	68,908	75,210	92
- in group companies	0	0	
- in associates	0	0	
- in others	68,908	75,210	92
2.2 Interest income	33,785,965	29,469,591	115
- in group companies	0	3,805	
- in associates	361,177	343,255	105
- in others	33,424,788	29,122,531	115
2.3 Other investment income	549,552	3,772,656	15
2.3.1 Financial income from revaluation	395,363	2,325,994	17
- in group companies	0	0	
- in associates	0	0	
- in others	395,363	2,325,994	17
2.3.2 Other financial income	154,189	1,446,662	11
- in group companies	0	0	
- in associates	0	0	
- in others	154,189	1,446,662	11
3. Income from asset value adjustments	780,724	32,588	
4. Profit on disposal of investments	6,509,590	4,157,759	157
III. NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	15,844,968	49,842,715	32
IV. OTHER NET INCOME FROM INSURANCE OPERATIONS	22,216,693	19,578,448	113
V. NET CLAIMS INCURRED	81,030,677	74,827,894	108
1. Gross claims settled	79,937,181	74,432,498	107
2. Income from gross subrogated receivables	0	0	
3. Reinsurers' share	0	0	
4. Changes in gross provisions for claims outstanding	1,093,496	395,396	277
5. Changes in provisions for claims outstanding, reinsurers' share (+/-)	0	0	
VI. CHANGE IN OTHER NET TECHNICAL PROVISIONS (+/-)	20,333,660	189,716,978	11
1. Change of mathematical provisions	20,218,244	187,433,696	11
1.1 Change in gross mathematical provision (+/-)	20,218,244	187,433,696	11
1.2 Change of reinsurers' share (+/-)	0	0	
2. Change of other net technical provisions (+/-)	115,416	2,283,282	5
2.1 Change of other gross technical provisions (+/-)	115,416	2,283,282	5
2.2 Change of reinsurers' share (+/-)	0	0	
VII. NET EXPENSES FOR BONUSES AND DISCOUNTS	0	0	
VIII. NET OPERATING EXPENSES	42,142,333	41,119,209	102
1. Acquisition costs	27,435,892	27,860,685	98
2. Change in deferred acquisition costs (+/-)	0	0	
3. Other operating expenses	14,708,634	13,260,446	111
3.1 Depreciation of assets used in insurance business	1,618,826	1,283,856	126
3.2 Labour costs	6,881,530	6,345,254	108
- wages and salaries	4,814,969	4,281,630	112
- social security and pension insurance costs	1,150,260	1,181,736	97
- other labour costs	916,301	881,888	104
3.3 Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	216,083	287,431	75
3.4 Other operating expenses	5,992,195	5,343,905	112
4. Income from reinsurance commissions and from participation in the positive technical result from reinsurance contracts (-)	-2,193	-1,922	114

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER, 2008

	IN EUR		
	2008	2007	INDEX
IX. EXPENSES FROM INVESTMENT	33,346,780	9,122,813	366
1. Depreciation and amortization of assets not used in operations	49,822	36,441	137
2. Expenses arising from asset management, interest expenses and other financial expenses	1,938,197	3,869,311	50
3. Revaluation financial expenses	14,588,866	180,175	
4. Loss on disposal of investments	16,769,895	5,036,886	333
X. NET UNREALISED LOSSES ON INVESTMENTS FOR INSURANCE OF WHICH THE POLICYHOLDERS BEAR THE INVESTMENT RISK (UNIT-LINKED INSURANCE CONTRACTS)	129,033,993	2,178,739	
XI. OTHER NET INSURANCE EXPENSES	22,691,542	19,220,000	118
1. Expenses of preventive activity	150,000	0	
2. Other net insurance expenses	22,541,542	19,220,000	117
XII. ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TEHNICAL ACCOUNT (-) (D. V.)	-1,885,013	3,778,072	
XIII. RESULT OF THE TEHNICAL ACCOUNT FOR LIFE INSURANCE BUSINESS (I.+II.+III.+/-IV.-V.+VI.-VII.-VIII.-IX.-X.-XI.-XII.)	3,388,554	8,158,867	42
C. RESULT OF THE TEHNICAL ACCOUNT FOR HEALTH INSURANCE BUSINESS			
I. NET PREMIUM EARNED	59,109,001	51,410,162	115
1. Gross premium	59,287,154	51,651,187	115
2. Reinsurance premiums	0	0	
3. Change in gross unearned premium (+/-)	-178,153	-241,025	74
4. Change in gross unearned premium for reinsurance (+/-)	0	0	
II. INCOME FROM INVESTMENTS	496,529	302,352	164
1. Income from dividends	0	0	
1.1 Group companies	0	0	
1.2 Associates	0	0	
1.3 Others	0	0	
2. Income from other investments	496,447	302,285	164
2.1 Income from land and buildings	0	0	
- in group companies	0	0	
- in associates	0	0	
- in others	0	0	
2.2 Interest income	496,447	302,285	164
- in group companies	0	0	
- in associates	114,687	73,975	155
- in others	381,760	228,310	167
2.3 Other investment income	0	0	
2.3.1 Financial income from revaluation	0	0	
- in group companies	0	0	
- in associates	0	0	
- in others	0	0	
2.3.2 Other investment income	0	0	
- in group companies	0	0	
- in associates	0	0	
- in others	0	0	
3. Income from asset value adjustments	0	0	
4. Profit on disposal of investments	82	67	122
III. OTHER NET INCOME FROM INSURANCE OPERATIONS	6,936	0	
IV. NET CLAIMS INCURRED	48,614,315	40,599,557	120
1. Gross claims settled	44,166,696	37,651,461	117
2. Income from gross subrogated receivables	-124	-129	96
3. Reinsurers' share	0	0	
4. Changes in gross provisions for claims outstanding	1,161,975	1,600,853	73
5. Changes in provisions for claims outstanding, reinsurers' share	0	0	
6. Income from equalisation scheme (-)	0	0	
7. Expenses from equalisation scheme (-)	3,285,768	1,347,372	244

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER, 2008

	IN EUR		
	2008	2007	INDEX
V. CHANGE IN OTHER NET TEHNICAL PROVISIONS (+/-)	36,352	-490,740	
1. Change of mathematical provisions	0	1	
1.1 Change of gross mathematical provisions	0	1	
1.2 Change of reinsurers' share (+/-)	0	0	
2. Change of other net technical provisions	36,352	-490,741	
2.1 Change of gross provisions	36,352	-490,741	
2.2 Change of reinsurers' share (+/-)	0	0	
VI. NET EXPENSES FOR BONUSES AND DISCOUNTS	0	0	
VII. NET OPERATING EXPENSES	8,651,249	8,338,692	104
1. Acquisition costs	716,448	2,118,124	34
2. Change in deferred acquisition costs (+/-)	0	0	
3. Other operating expenses	7,934,801	6,220,568	128
3.1 Depreciation of assets used in insurance business	457,911	204,412	224
3.2 Labour costs	3,460,997	2,630,855	132
- wages and salaries	2,253,415	1,783,460	126
- social security and pension insurance costs	474,980	342,992	138
- other labour costs	732,602	504,403	145
3.3 Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	202,334	272,810	74
3.4 Other operating expenses	3,813,559	3,112,491	123
4. Income from reinsurance commissions and shares in the technical profit from reinsurance contracts (-)	0	0	
VIII. EXPENSES FROM INVESTMENT	23,985	15,708	153
1. Depreciation and amortization of assets not used in operations	0	0	
2. Expenses arising from asset management, interest expenses and other financial expenses	16,626	15,708	106
3. Revaluation financial expenses	7,359	0	
4. Loss on disposal of investments	0	0	
IX. OTHER NET INSURANCE EXPENSES	276,769	379,990	73
1. Expenses of preventive activity	0	0	
2. Other net insurance expenses	276,769	379,990	73
X. ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TEHNICAL ACCOUNT (-)	35,681	41,955	85
XI. PROFIT /-LOSS FROM HEALTH INSURANCE BEFORE ALLOCATION OF HALF OF THE PROFIT/-LOSS FROM SUPPLEMENTARY HEALTH INSURANCE	1,974,115	2,827,352	70
XII. ALLOCATED HALF OF THE PROFIT FROM SUPPLEMENTARY HEALTH INSURANCE	0	0	
XIII. RESULT FOR THE TEHNICAL ACCOUNT FOR HEALTH INSURANCE BUSINESS (XI.-XII.)	1,974,115	2,827,352	70
D. NON-TEHNICAL ACCOUNT			
I. RESULT OF THE TEHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS, EXCEPT HEALTH INSURANCE BUSINESS (A. X.)	15,949,277	36,647,935	44
II. RESULT OF TEHNICAL THE ACCOUNT FOR LIFE INSURANCE BUSINESS (B. XIII.)	3,388,554	8,158,867	42
III. RESULT OF TEHNICAL ACCOUNT FOR HEALTH INSURANCE BUSINESS (C. XIII.)	1,974,115	2,827,352	70
IV. INCOME FROM INVESTMENTS	92,854,348	96,079,654	97
1. Income from participations	22,110,233	17,399,237	127
1.1 Group companies	0	1,027,619	
1.2 Associates	10,762,783	8,450,399	127
1.3 Others	11,347,450	7,921,219	143
2. Income from other investments	49,076,444	48,806,435	101
2.1 Income from land and buildings	2,151,617	1,923,427	112
- in group companies	0	0	
- in associates	0	0	
- in others	2,151,617	1,923,427	112
2.2 Interest income	43,472,859	40,380,488	108
- in group companies	22,228	311,986	7
- in associates	1,539,845	587,718	262
- in others	41,910,786	39,480,784	106

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER, 2008

	IN EUR		
	2008	2007	INDEX
2.3 Other investment income	3,451,968	6,502,520	53
2.3.1 Financial income from revaluation	1,815,144	1,607,055	113
- in group companies	9,078	58,103	16
- in associates	0	0	
- in others	1,806,066	1,548,952	117
2.3.2 Other financial income	1,636,824	4,895,465	33
- in group companies	166,781	296,620	56
- in associates	35,155	36,137	97
- in others	1,434,888	4,562,708	31
3. Income from asset value adjustments	1,715,046	3,152,306	54
4. Profit on disposal of investments	19,952,625	26,721,676	75
V. ALLOCATED INVESTMENT RETURN TRANSFERRED FROM LIFE INSURANCE TECHNICAL ACCOUNT (B. XII.)	-1,885,013	3,778,072	
VI. ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE HEALTH INSURANCE TECHNICAL ACCOUNT (C. X.)	35,681	41,955	85
VII. EXPENSES FROM INVESTMENT	82,093,103	16,805,631	488
1. Depreciation and amortization of assets not used in operations	484,768	520,968	93
2. Expenses arising from asset management, interest expenses and other financial expenses	11,502,036	7,747,435	148
3. Revaluation financial expenses	43,119,384	3,285,785	
4. Loss on disposal of investments	26,986,915	5,251,443	514
VIII. ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE TECHNICAL ACCOUNT FOR NON-LIFE INSURANCE BUSINESS, EXCEPT HEALTH INSURANCE BUSINESS (A. II.)	27,011,727	60,866,029	44
IX. OTHER INCOME FROM INSURANCE BUSINESS	1,335,112	1,342,917	99
1. Other income from property insurance except for health insurance	1,207,905	1,254,850	96
2. Other income from life insurance	127,125	87,977	144
3. Other income from health insurance	82	90	91
X. OTHER EXPENSES	790,460	6,949,766	11
1. Other expenses from property insurance except for health insurance	776,910	5,861,605	13
2. Other expenses from life assurance	8,151	1,088,113	1
3. Other expenses from health insurance	5,399	48	
XI. OTHER INCOME	63,774,266	68,356,478	93
1. Other income from property insurance except for health insurance	63,598,608	68,191,312	93
2. Other income from life insurance	118,541	2,094	
3. Other income from health insurance	57,117	163,072	35
XII. OTHER EXPENSES	65,185,021	63,592,006	103
1. Other expenses from property insurance except for health insurance	64,523,911	63,598,452	101
2. Other expenses from life assurance	627,343	-23,205	
3. Other expenses from health insurance	33,767	16,759	201
XIII. PROFIT/LOSS BEFORE TAX (I.+II.+III.+IV.+V.+VI.-VII.-VIII.+IX.-X.+XI.-XII.)	2,346,029	69,019,798	3
1. Net profit / -loss from property insurance, except health insurance	-795,513	55,042,034	
2. Net profit / -loss from life assurance	1,113,713	10,962,102	10
3. Net profit / -loss from health insurance	2,027,829	3,015,662	67
XIV. CORPORATE INCOME TAX	10,311,905	11,715,235	88
XV. DEFERRED TAXES	-9,525,486	2,846,217	
XVI. NET PROFIT / -LOSS FOR THE ACCOUNTING PERIOD (I.+II.+III.+IV.+V.+VI.-VII.-VIII.+IX.-X.+XI.-XII.-XIV.+XV.)	1,559,610	54,458,346	3
- Net profit attributable to equity holders	2,951,518	51,939,235	6
- Net profit attributable to minority interests	-1,391,908	2,519,111	

3. CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT

3.1 CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT FOR LIFE INSURANCE, RENT AND SUPPLEMENTARY PENSION INSURANCE

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT FOR LIFE INSURANCE, RENT AND SUPPLEMENTARY PENSION INSURANCE

		IN EUR		
		31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
ASSETS (from A. to E.)		619,518,874	561,101,101	110
A.	INVESTMENT PROPERTY AND FINANCIAL INVESTMENTS	611,354,213	549,639,308	111
I.	INVESTMENT PROPERTY	877,719	845,263	104
II.	FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	29,324,348	2,469,912	
1.	Shares in subsidiaries	0	0	
2.	Shares in associates	29,324,348	2,469,912	
III.	OTHER FINANCIAL INVESTMENTS	581,104,795	546,250,545	106
1.	Shares and other floating rate securities	26,819,561	59,568,717	45
2.	Debt securities with fixed return	524,508,722	476,531,780	110
3.	Investment fund coupons	2,926,253	0	
4.	Mortgage loans	0	0	
5.	Other loans	1,708	0	
6.	Bank deposits	26,337,246	10,150,047	259
7.	Other financial investments	511,305	0	
IV.	ASSETS FROM REINSURANCE CONTRACTS	47,351	73,588	64
1.	from unearned premium	588	0	
2.	from mathematical provision	0	0	
3.	from outstanding claims	46,763	73,588	64
4.	from bonuses and discounts	0	0	
B.	RECEIVABLES	7,482,103	11,496,840	65
I.	ASSETS FROM DIRECT INSURANCE	544,939	434,419	125
1.	Receivables from insurers	333,104	372,626	89
2.	Receivables from insurance brokers	0	0	
3.	Other receivables from direct insurance operations	211,835	61,792	343
II.	RECEIVABLES FROM RE INSURANCE	11,499	6,217	185
III.	OTHER RECEIVABLES	6,925,664	11,056,204	63
C.	OTHER ASSETS	564,164	-35,371	
I.	CASH AND CASH EQUIVALENTS	564,097	-35,371	
II.	OTHER ASSETS	68	0	
D.	SHORT-TERM DEFERRED ASSETS	118,394	324	
1.	Accrued interest and rent	0	0	
2.	Deferred expenses for insurance contract acquisition	0	0	
3.	Other deferred items	118,394	324	
E.	OFF BALANCE SHEET ITEMS	2,000,000	2,000,000	100

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT FOR LIFE INSURANCE, RENT AND SUPPLEMENTARY PENSION INSURANCE

		IN EUR		
		31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
LIABILITIES (from A. to G.)		619,518,874	561,101,101	110
A.	FAIR VALUE RESERVE	-4,914,629	3,814,798	
B.	GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	592,267,462	541,150,327	109
	1. Gross provision for unearned premium	1,085,671	1,185,780	92
	2. Gross mathematical provisions	570,350,798	521,986,509	109
	3. Gross provisions for outstanding claims	20,830,993	17,978,038	116
	4. Gross provisions for bonuses and discounts	0	0	
	5. Other gross technical provisions	0	0	
C.	GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0	
D.	LIABILITIES FOR INVESTMENTS OF REINSURERS UNDER REINSURANCE CONTRACTS WITH CEDING UNDERTAKINGS	0	0	
E.	OTHER LIABILITIES	31,639,599	16,133,873	196
I.	LIABILITIES FROM DIRECT INSURANCE OPERATIONS	3,812,190	571,140	667
	1. Liabilities towards policyholders	1,240,081	540,168	230
	2. Liabilities towards intermediaries	508,006	12,706	
	3. Other liabilities from direct insurance operations	2,064,103	18,267	
II.	LIABILITIES FROM CO-INSURANCE AND REINSURANCE	11,090	28,068	40
III.	OTHER LIABILITIES	27,816,319	15,534,665	179
F.	ACCRUED EXPENSES AND DEFERRED INCOME	526,442	2,103	
G.	OFF BALANCE SHEET ITEMS	2,000,000	2,000,000	100

3.2 CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - SUPPLEMENTARY VOLUNTARY PENSION INSURANCE

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - SUPPLEMENTARY VOLUNTARY PENSION INSURANCE

		IN EUR		
		31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
ASSETS (from A. to E.)		124,031,671	96,662,917	128
A.	INVESTMENT PROPERTY AND FINANCIAL INVESTMENTS	123,947,634	96,600,740	128
I.	INVESTMENT PROPERTY	0	0	
II.	FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	4,075,746	964,916	422
	1. Shares in subsidiaries	20,353	0	
	2. Shares in associates	4,055,393	964,916	420
III.	OTHER FINANCIAL INVESTMENTS	119,871,888	95,635,824	125
	1. Shares and other floating rate securities	2,505,844	4,610,032	54
	2. Debt securities with fixed return	115,921,083	86,876,860	133
	3. Investment fund coupons	0	0	
	4. Mortgage loans	0	0	
	5. Other loans	0	0	
	6. Bank deposits	1,444,961	4,148,932	35
	7. Other financial investments	0	0	
IV.	ASSETS FROM REINSURANCE CONTRACTS	0	0	
	1. from unearned premium	0	0	
	2. from mathematical provision	0	0	
	3. from outstanding claims	0	0	
	4. from bonuses and discounts	0	0	
B.	RECEIVABLES	74,391	23,708	314
I.	ASSETS FROM REINSURANCE CONTRACTS	10,161	15,493	66
	1. Receivables from insurers	0	0	
	2. Receivables from insurance brokers	0	0	
	3. Other receivables from direct insurance operations	10,161	15,493	66
II.	RECEIVABLES FROM REINSURANCE	0	0	
III.	OTHER RECEIVABLES	64,231	8,215	782

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - SUPPLEMENTARY VOLUNTARY PENSION INSURANCE

		IN EUR		
		31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
C.	OTHER ASSETS	9,646	38,469	25
I.	CASH AND CASH EQUIVALENTS	9,646	38,469	25
II.	OTHER ASSETS	0	0	
D.	SHORT-TERM DEFERRED ASSETS	0	0	
	1. Accrued interest and rent	0	0	
	2. Deferred expenses for insurance contract acquisition	0	0	
	3. Other deferred items	0	0	
E.	OFF BALANCE SHEET ITEMS	2,043,300	2,308,228	89

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - SUPPLEMENTARY VOLUNTARY PENSION INSURANCE

		IN EUR		
		31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
LIABILITIES (from A. to G.)		124,031,671	96,662,917	128
A.	FAIR VALUE RESERVE	0	0	
B.	GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	123,225,952	95,799,858	129
	1. Gross provision for unearned premium	0	0	
	2. Gross mathematical provisions	123,225,952	95,799,858	129
	3. Gross provisions for outstanding claims	0	0	
	4. Gross provisions for bonuses and discounts	0	0	
	5. Other gross technical provisions	0	0	
C.	GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	0	0	
D.	LIABILITIES FOR INVESTMENTS OF REINSURERS UNDER REINSURANCE CONTRACTS WITH CEDING UNDERTAKINGS	0	0	
E.	OTHER LIABILITIES	805,719	863,060	93
I.	LIABILITIES FROM DIRECT INSURANCE OPERATIONS	294,386	167,654	176
	1. Liabilities towards policyholders	264,412	146,514	180
	2. Liabilities towards intermediaries	0	0	
	3. Other liabilities from direct insurance operations	29,974	21,140	142
II.	LIABILITIES FROM CO-INSURANCE AND REINSURANCE	0	0	
III.	OTHER LIABILITIES	511,334	695,406	74
F.	ACCRUED EXPENSES AND DEFERRED INCOME	0	0	
G.	OFF BALANCE SHEET ITEMS	2,043,300	2,308,228	89

3.3 CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - UNIT- LINKED INSURANCE

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - UNIT- LINKED INSURANCE

		IN EUR		
		31 DECEMBER, 2008	31 DECEMBER, 2007	INDEX
ASSETS (from A. to E.)		221,128,634	267,040,309	83
A.	INVESTMENT PROPERTY AND FINANCIAL INVESTMENTS	220,859,408	266,975,596	83
I.	INVESTMENT PROPERTY	0	0	
II.	FINANCIAL INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES	5,721,790	2,527,571	226
	1. Shares in subsidiaries	0	0	
	2. Shares in associates	5,721,790	2,527,571	226
III.	OTHER FINANCIAL INVESTMENTS	215,137,618	264,448,025	81
	1. Shares and other floating rate securities	157,693,085	193,148,243	82
	2. Debt securities with fixed return	55,139,296	67,951,453	81
	3. Investment fund coupons	2,191,099	0	
	4. Mortgage loans	0	0	
	5. Other loans	0	0	
	6. Bank deposits	114,138	3,348,329	3
	7. Other financial investments	0	0	

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - UNIT- LINKED INSURANCE

	IN EUR		INDEX
	31 DECEMBER, 2008	31 DECEMBER, 2007	
IV. ASSETS FROM REINSURANCE CONTRACTS	0	0	
1. From unearned premium	0	0	
2. From mathematical provision	0	0	
3. From outstanding claims	0	0	
4. From bonuses and discounts	0	0	
B. RECEIVABLES	37,854	54,558	69
I. RECEIVABLES FROM DIRECT INSURANCE	36,533	44,483	82
1. Receivables from insurers	0	0	
2. Receivables from insurance brokers	421	0	
3. Other receivables from direct insurance operations	36,113	44,483	81
II. RECEIVABLES FROM RE INSURANCE	0	0	
III. OTHER RECEIVABLES	1,321	10,075	13
C. OTHER ASSETS	231,372	10,154	
I. CASH AND CASH EQUIVALENTS	231,372	10,154	
II. OTHER ASSETS	0	0	
D. SHORT-TERM DEFERRED ASSETS	0	0	
1. Accrued interest and rent	0	0	
2. Deferred expenses for insurance contract acquisition	0	0	
3. Other deferred items	0	0	
E. OFF BALANCE SHEET ITEMS	6,559,638	3,312,000	198

CONSOLIDATED ASSETS AND LIABILITIES OF TECHNICAL ACCOUNT - UNIT- LINKED INSURANCE

	IN EUR		INDEX
	31 DECEMBER, 2008	31 DECEMBER, 2007	
EQUITY AND LIABILITIES (from A. to G.)	221,128,634	267,040,309	83
A. FAIR VALUE RESERVE	-45,111	0	
B. GROSS TECHNICAL PROVISIONS AND DEFERRED INCOME FROM PREMIUMS	0	0	
1. Gross provision for unearned premium	0	0	
2. Gross mathematical provisions	0	0	
3. Gross provisions for outstanding claims	0	0	
4. Gross provisions for bonuses and discounts	0	0	
5. Other gross technical provisions	0	0	
C. GROSS TECHNICAL PROVISIONS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK	219,666,881	265,944,239	83
D. LIABILITIES FOR INVESTMENTS OF REINSURERS UNDER REINSURANCE CONTRACTS WITH CEDING UNDERTAKINGS	0	0	
E. OTHER LIABILITIES	1,506,864	1,096,070	137
I. LIABILITIES FROM DIRECT INSURANCE OPERATIONS	49,591	58,821	84
1. Liabilities towards policyholders	0	0	
2. Liabilities towards intermediaries	0	0	
3. Other liabilities from direct insurance operations	49,591	58,821	84
II. LIABILITIES FROM CO-INSURANCE AND REINSURANCE	0	0	
III. OTHER LIABILITIES	1,457,273	1,037,249	140
F. ACCRUED EXPENSES AND DEFERRED INCOME	0	0	
G. OFF BALANCE SHEET ITEMS	6,559,638	3,312,000	198

4. CONSOLIDATED INCOME STATEMENTS OF TECHNICAL ACCOUNT

4.1 CONSOLIDATED INCOME STATEMENT FOR LIFE INSURANCE, RENT AND SUPPLEMENTARY PENSION INSURANCE

CONSOLIDATED INCOME STATEMENT FOR LIFE INSURANCE, RENT AND SUPPLEMENTARY PENSION INSURANCE

		IN EUR		
		2008	2007	INDEX
I.	PREMIUM EARNED	122,570,687	112,872,922	109
1.	Gross premium earned	122,447,925	113,209,906	108
2.	Change of unearned premium	122,761	-336,984	
II.	INCOME FROM INVESTMENTS	35,881,519	24,843,094	144
1.	Income from dividends	1,199,939	414,547	289
1.1	Dividends from subsidiaries	0	0	
1.2	Dividends from associated companies	0	0	
1.3	Dividends from others	1,199,939	414,547	289
2.	Income from other investments	29,937,279	22,572,528	133
2.1	Income from land and buildings	35,309	28,201	125
2.2	Interest income	26,979,396	22,540,152	120
2.3	Other income from investments	2,922,573	4,174	
2.3.1	Financial income from revaluation	479,804	4,149	
2.3.2	Other financial income	2,442,769	25	
3.	Income from investment value adjustments	378,229	0	
4.	Gains from disposal of investments	4,366,072	1,856,019	235
III.	Other income from insurance	231,564	687,409	34
IV.	Expenses from claims	69,299,843	62,950,697	110
1.	Claims expenses	68,195,939	62,686,995	109
2.	Change in provisions from claims	1,103,903	263,702	419
V.	Change in other technical provisions (+/-)	40,978,216	44,604,935	92
1.	Change in mathematical provision (+/-)	40,978,216	44,604,935	92
1.1	Change in mathematical provisions without share in profit(+/-)	39,144,659	40,118,985	98
1.2	Change in mathematical provision from share in profit (+/-)	1,833,557	4,485,950	41
2.	Change in other technical provisions(+/-)	0	0	
VI.	Expenses for bonuses and discounts	0	0	
VII.	Expenses included in policies	13,518,169	14,525,583	93
1.	Entry fees	842,186	1,276,139	66
2.	Incasso, administrative expenses	12,675,983	13,249,444	96
3.	Costs of claims settlement	0	0	
VII.a)	NET OPERATING EXPENSES	17,643,235	13,829,012	128
1.	Cost of contract aquisition	9,551,340	7,894,143	121
2.	Change in deferred costs of contract aquisition (+/-)	9,348	0	
3.	Other operating expenses	8,091,766	5,951,165	136
3.1	Amortisation and depreciation of assets, needed for operations	821,180	618,207	133
3.2	Labour costs	4,023,374	2,874,555	140
-	salaries	2,921,152	1,987,859	147
-	costs of social and pension insurance	490,225	462,358	106
-	other labour costs	611,997	424,338	144
3.3	Costs of services provided by outsourced natural persons other than Sole Traders together with pertaining taxes	613,158	79,834	768
3.4	Other operating expenses	2,634,054	2,378,569	111
4.	Income from reinsurance commissions and from participation in the positive technical result from reinsurance contracts (-)	-9,220	-16,296	57

CONSOLIDATED INCOME STATEMENT FOR LIFE INSURANCE, RENT AND SUPPLEMENTARY PENSION INSURANCE

		IN EUR		
		2008	2007	INDEX
VIII.	INVESTMENT EXPENSES	24,877,802	5,737,052	434
	1. Depreciation of assets, not necessary for operations	10,688	9,015	119
	2. Expenses arising from asset management, interest expenses and other financial expenses	1,149,837	817,083	141
	3. Financial expenses from revaluation	11,566,562	32,132	
	4. Losses from disposal of financial investments	12,150,716	4,878,822	249
IX.	OTHER NET INSURANCE EXPENSES	468,153	345,317	136
X.	Profit / Loss from life assurance (I.+II.+III.-IV.-V.-VI.-VII.-VIII.-IX.)	9,541,586	10,239,841	93
X.a)	Profit / Loss from life assurance (I.+II.+III.-IV.-V.-VI.-VII.a- VIII.-IX.)	5,416,521	10,936,412	50

4.2 CONSOLIDATED INCOME STATEMENT FOR SUPPLEMENTARY VOLUNTARY PENSION INSURANCE

CONSOLIDATED INCOME STATEMENT FOR SUPPLEMENTARY VOLUNTARY PENSION INSURANCE

		IN EUR		
		2008	2007	INDEX
I.	Gross written premium	27,685,630	16,469,490	168
II.	INCOME FROM INVESTMENTS	5,836,941	4,086,679	143
	1. Income from dividends in companies	75,931	27,743	274
	1.1 Group companies	0	0	
	1.2 Associated companies	0	0	
	1.3 Others	75,931	27,743	274
	2. Income from other investments	4,941,416	3,791,838	130
	2.1 Income from investment property	0	0	
	2.2 Interest income	4,885,429	3,791,113	129
	2.3 Other income from investments	55,987	725	
	2.3.1 Revaluation income	55,987	725	
	2.3.2 Other financial income	0	0	
	3. Income from revaluation of investments	0	0	
	4. Gains on disposals of investments	819,594	267,098	307
III.	Expenses from repayment of insurance amounts or repurchase	1,889,018	1,450,431	130
	1. Ordinary termination	0	0	
	2. Extraordinary termination	1,889,018	1,450,431	130
	2.1 Withdrawal from contract	1,889,018	1,450,431	130
	2.2 Cancellation of contract	0	0	
	2.3 Death of policyholder	0	0	
IV.	Change of other technical provisions(+/-)	28,275,527	17,044,687	166
	1. Change of mathematical provision	28,275,527	17,044,687	166
	2. Change of other technical provisions	0	0	
V.	Costs and commissions	2,127,665	1,805,473	118
	1. Entry fees	746,474	710,062	105
	2. Termination costs	16,165	12,571	129
	3. Management commission	1,365,026	1,082,839	126
VI.	INVESTMENT EXPENSES	1,230,360	255,579	481
	1. Depreciation of assets, not used in operations	0	0	
	2. Expenses arising from asset management, interest expenses and other financial expenses	106,358	100,341	106
	3. Impairment expenses	627,237	37,457	
	4. Loss on disposal of investments	496,765	117,781	422
VII.	Profit / Loss of technical account (I.+II.-III.-IV.-V.-VI.)	0	0	

4.3 CONSOLIDATED INCOME STATEMENT FOR UNIT- LINKED INSURANCE

CONSOLIDATED INCOME STATEMENT FOR UNIT- LINKED INSURANCE

		IN EUR		
		2008	2007	INDEX
I.	Gross written premium	96,008,170	98,700,893	97
II.	Income from investments	16,445,228	50,921,118	32
	1. Income from dividends in companies	0	12,243	
	1.1 Group companies	0	0	
	1.2 Associated companies	0	0	
	1.3 Others	0	12,243	
	2. Income from other investments	600,259	1,066,160	56
	2.1 Income from investment property	0	0	
	2.2 Interest income	546,882	382,406	143
	2.3 Other income from investments	53,378	683,754	8
	2.3.1 Revaluation income	37,193	403,653	9
	2.3.2 Other financial income	16,184	280,191	6
	3. Income from revaluation of investments	0	0	
	4. Gains on disposals of investments	15,844,968	49,842,715	32
III.	Expenses from repayment of insurance amounts or repurchase	8,880,278	5,661,006	157
	1. Ordinary termination	0	0	
	2. Extraordinary termination	8,880,278	5,661,006	157
	2.1 Withdrawal from contract	8,880,278	5,661,006	157
	2.2 Cancellation of contract	0	0	
	2.3 Death of policyholder	0	0	
IV.	Change of other technical provisions(+/-)	-49,058,086	123,480,353	
	1. Change of mathematical provision (+/-)	-49,173,502	121,197,071	
	2. Change of other technical provisions (+/-)	115,416	2,283,282	5
V.	Costs and commissions	20,968,536	18,071,848	116
	1. Entry fees	3,430,777	3,632,767	94
	2. Termination costs	0	0	
	3. Management commission	17,537,758	14,439,081	121
VI.	Investment expenses	131,662,669	2,230,893	
	1. Depreciation of assets, not used in operations	0	0	
	2. Expenses arising from asset management, interest expenses and other financial expenses	3,960	1	
	3. Impairment expenses	2,624,717	52,152	
	4. Loss on disposal of investments	129,033,993	2,178,739	
VII.	Profit / Loss of technical account (I.+II.-III.-IV.-V.-VI.)	0	177,911	

5. INVESTMENT RETURN

5.1 ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -NON-LIFE INSURANCE 2008

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -NON-LIFE INSURANCE 2008

	IN EUR		
	INCOME - NON-LIFE TECHNICAL PROVISIONS	INCOME - NON-LIFE OWN FUNDS	TOTAL INCOME
Income from dividends	11,175,537	10,934,696	22,110,233
Income from land and buildings	1,635,175	516,442	2,151,617
Interest income	41,723,696	1,749,163	43,472,859
Financial income from revaluation	900,143	915,001	1,815,144
Other financial income	806,925	829,899	1,636,824
Income from investment value adjustments	224,410	1,490,637	1,715,046
Gains from disposal of investments	16,597,825	3,354,800	19,952,625
TOTAL INCOME	73,063,710	19,790,637	92,854,348

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -NON-LIFE INSURANCE 2008

	IN EUR		
	EXPENSES - NON-LIFE TECHNICAL PROVISIONS	EXPENSES - NON-LIFE OWN FUNDS	TOTAL EXPENSES
Amortisation and depreciation of assets not used in insurance business	361,710	123,058	484,768
Expenses from asset management, interest expenses and other financial expenses	4,184,007	7,318,030	11,502,036
Financial expenses from revaluations	19,307,381	23,812,003	43,119,384
Loss on disposal of investments	22,198,886	4,788,030	26,986,916
TOTAL EXPENSES FROM INVESTMENTS	46,051,983	36,041,121	82,093,104
Investment income (income - expenses)	27,011,727	-16,250,484	10,761,243

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -LIFE INSURANCE 2008

	IN EUR		
	INCOME - NON-LIFE TECHNICAL PROVISIONS	INCOME - NON-LIFE OWN FUNDS	TOTAL INCOME
Income from dividends	1,799,467	1,701,058	3,500,525
Income from land and buildings	42,246	26,662	68,908
Interest income	32,648,891	1,137,075	33,785,965
Financial income from revaluation	213,732	181,631	395,363
Other financial income	85	154,104	154,189
Income from investment value adjustments	780,724	0	780,724
Gains from disposal of investments	5,188,984	1,320,606	6,509,590
TOTAL INCOME	40,674,128	4,521,136	45,195,264

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -LIFE INSURANCE 2008

	IN EUR		
	EXPENSES - NON-LIFE TECHNICAL PROVISIONS	EXPENSES - NON-LIFE OWN FUNDS	TOTAL EXPENSES
Amortisation and depreciation of assets not used in insurance business	18,542	31,280	49,822
Expenses from asset management, interest expenses and other financial expenses	983,748	954,449	1,938,197
Financial expenses from revaluations	13,620,620	968,246	14,588,866
Loss on disposal of investments	12,317,722	4,452,173	16,769,896
TOTAL EXPENSES FROM INVESTMENTS	26,940,632	6,406,148	33,346,780
Investment income (income - expenses)	13,733,496	-1,885,013	11,848,483

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -HEALTH INSURANCE 2008

	IN EUR		
	INCOME - NON-LIFE TECHNICAL PROVISIONS	INCOME - NON-LIFE OWN FUNDS	TOTAL INCOME
Income from dividends	0	0	0
Income from land and buildings	0	0	0
Interest income	460,367	36,080	496,447
Financial income from revaluation	0	0	0
Other financial income	0	0	0
Income from investment value adjustments	0	0	0
Gains from disposal of investments	56	26	82
TOTAL INCOME	460,423	36,105	496,528

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -HEALTH INSURANCE 2008

	IN EUR		
	EXPENSES - NON-LIFE TECHNICAL PROVISIONS	EXPENSES - NON-LIFE OWN FUNDS	TOTAL EXPENSES
Amortisation and depreciation of assets not used in operations	0	0	0
Expenses arising from asset management, interest expenses and other financial expenses	16,201	424	16,626
Financial expenses from revaluations	7,359	0	7,359
Loss on disposal of investments	0	0	0
TOTAL EXPENSES FROM INVESTMENTS	23,561	424	23,985
Investment income (income - expenses)	436,862	35,681	472,543

5.2 ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -NON-LIFE INSURANCE 2007

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -NON-LIFE INSURANCE 2007

	IN EUR		
	INCOME - NON-LIFE TECHNICAL PROVISIONS	INCOME - NON-LIFE OWN FUNDS	TOTAL INCOME
Income from dividends	4,809,094	12,590,143	17,399,237
Income from land and buildings	1,494,803	428,624	1,923,427
Interest income	37,958,202	2,422,286	40,380,488
Financial income from revaluation	257,341	1,349,714	1,607,055
Other financial income	1,355,096	3,540,369	4,895,465
Income from investment value adjustments	1,749,553	1,402,753	3,152,306
Gains from disposal of investments	23,270,370	3,451,306	26,721,676
TOTAL INCOME	70,894,459	25,185,195	96,079,654

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -NON-LIFE INSURANCE 2007

	IN EUR		
	EXPENSES - NON-LIFE TECHNICAL PROVISIONS	EXPENSES - NON-LIFE OWN FUNDS	TOTAL EXPENSES
Amortisation and depreciation of assets not used in insurance business	396,140	124,828	520,968
Expenses from asset management, interest expenses and other financial expenses	3,564,795	4,182,640	7,747,435
Financial expenses from revaluations	1,376,596	1,909,189	3,285,785
Loss on disposal of investments	4,690,899	560,544	5,251,443
TOTAL EXPENSES FROM INVESTMENTS	10,028,430	6,777,201	16,805,631
Investment income (income - expenses)	60,866,029	18,407,994	79,274,023

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -LIFE INSURANCE 2007

	IN EUR		
	INCOME - NON-LIFE TECHNICAL PROVISIONS	INCOME - NON-LIFE OWN FUNDS	TOTAL INCOME
Income from dividends	1,069,407	977,665	2,047,072
Income from land and buildings	28,201	47,009	75,210
Interest income	27,812,683	1,656,908	29,469,591
Financial income from revaluation	2,292,107	33,887	2,325,994
Other financial income	1,446,020	642	1,446,662
Income from investment value adjustments	21,811	10,777	32,588
Gains from disposal of investments	2,124,262	2,033,497	4,157,759
TOTAL INCOME	34,794,491	4,760,385	39,554,876

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -LIFE INSURANCE 2007

	IN EUR		
	EXPENSES - NON-LIFE TECHNICAL PROVISIONS	EXPENSES - NON-LIFE OWN FUNDS	TOTAL EXPENSES
Depreciation and amortization of assets not used in operations	9,015	27,426	36,441
Expenses arising from asset management, interest expenses and other financial expenses	3,053,999	815,312	3,869,311
Revaluation financial expenses	80,882	99,293	180,175
Loss on disposal of investments	4,996,604	40,282	5,036,886
TOTAL EXPENSES FROM INVESTMENTS	8,140,500	982,313	9,122,813
TOTAL EXPENSES FROM INVESTMENTS	26,653,991	3,778,072	30,432,063

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -HEALTH INSURANCE 2007

	IN EUR		
	INCOME - NON-LIFE TECHNICAL PROVISIONS	INCOME - NON-LIFE OWN FUNDS	TOTAL INCOME
Income from dividends	0	0	0
Income from land and buildings	0	0	0
Interest income	257,711	44,574	302,285
Financial income from revaluation	0	0	0
Other financial income	0	0	0
Income from investment value adjustments	0	0	0
Gains from disposal of investments	67	0	67
TOTAL INCOME	257,778	44,574	302,352

ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TEHNICAL ACCOUNT -HEALTH INSURANCE 2007

	IN EUR		
	EXPENSES - NON-LIFE TECHNICAL PROVISIONS	EXPENSES - NON-LIFE OWN FUNDS	TOTAL EXPENSES
Depreciation and amortization of assets not used in operations	0	0	0
Expenses arising from asset management, interest expenses and other financial expenses	13,089	2,619	15,708
Revaluation financial expenses	0	0	0
Loss on disposal of investments	0	0	0
TOTAL EXPENSES FROM INVESTMENTS	13,089	2,619	15,708
TOTAL EXPENSES FROM INVESTMENTS	244,689	41,955	286,644

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