

**ZAVAROVALNICA TRIGLAV D.D.**  
HEADQUARTERS  
MIKLOŠIČEVA CESTA 19, 1000 LJUBLJANA



**UNAUDITED INTERIM REPORT**

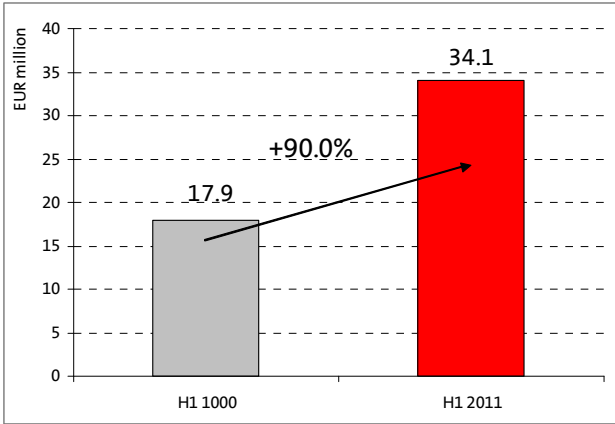
**OF ZAVAROVALNICA TRIGLAV AND THE TRIGLAV GROUP**

**FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011**

**Ljubljana, August 2011**

**PERFORMANCE OF THE TRIGLAV GROUP IN THE FIRST HALF OF 2011**

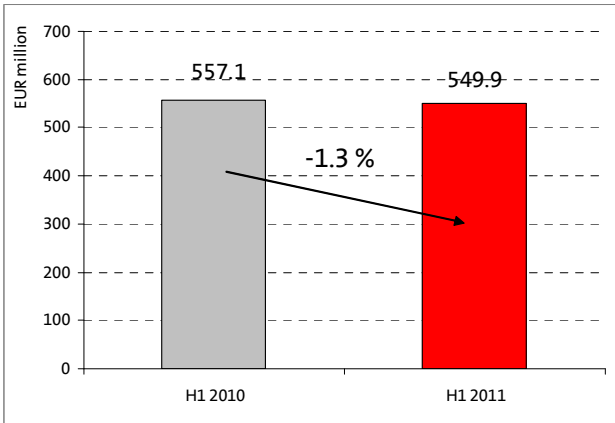
**Net profit**



The new business policy in non-life insurance resulted in higher profit.

For additional information see page 29

**Gross written premium for insurance and co-insurance contracts**



The decrease in gross written premium is a consequence of unfavourable economic conditions as well as the Company’s strategic direction to focus on profitability.

For additional information see page 19



**Dear Shareholders,**

The business results achieved in the first half of 2011 are the result of hard work and consistent implementation of Zavarovalnica Triglav's strategic orientation, focused on the core insurance business and the profitability of operations. Despite tight economic conditions, the Company recorded a **90% profit growth** and maintained strong financial stability. For the third consecutive year, Zavarovalnica Triglav has maintained an **"A" credit rating** with a stable long-term outlook.

High unemployment and weak sectors in the Slovene economy, especially construction, are still limiting the demand for certain insurance products. **A decrease in premium of 1.3%** is a consequence of unfavourable economic conditions as well as a result of the company's strategic decision not to retain market share at any cost, but to instead focus foremost on profitability.

Besides mild weather in the first quarter of 2011, the remarkably good business result was also a consequence of economy measures which helped **reduce operating costs by 1.1%**. The **combined ratio** — a measure of profitability in core insurance operations — has reached **89.0%, which is the highest in the history of the Triglav Group**.

Zavarovalnica Triglav's business results are heavily influenced by the situation on the capital markets, as diverse financial investments represent the majority of the Company's total assets. Despite a relatively conservative investment policy of Zavarovalnica Triglav and the Triglav Group, the global financial crisis and the current situation on capital markets negatively affected the value of some of the investments. A lower value of portfolio investments was reflected in lower share capital and net profit of the Company. Financial assets were thus permanently impaired in the first half of 2011 by **EUR 16.0 million**.

According to forecasts, conditions in the markets in which Triglav operates, will remain uncertain to the end of the year, further limiting growth in the volume of operations. Zavarovalnica Triglav's ambitious goals with regard to **profit** will be supported by cuts in operating costs, selection of the existing portfolio, redesign and development of insurance products, greater focus on risk assessment and underwriting and a prudent investment policy, concentrating on a stable and profitable portfolio.

**Matjaž Rakovec**

**President of the Management Board**

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## 1. FINANCIAL HIGHLIGHTS IN THE FIRST HALF OF 2011

### 1.1 Activities and position of the Triglav Group

The Triglav Group is the leading insurance-financial group in Slovenia and one of the leading players in South-East Europe.

The Group's key business pillars are:

- Insurance
- Asset management
- Banking
- Support activities for the three key financial pillars.

The Group's core business is **insurance**, including non-life, life, supplementary voluntary pension and health insurance.

The insurance oriented part of the Group encompasses:

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

**Asset management** is the activity of Triglav DZU d.o.o., Triglav Naložbe d.d. and Triglav nepremičnine d.d. Their business involves investments in securities, real property and other instruments.

**Banking** is a strategically important business line of the Triglav Group that complements its offer and enables the development of bank assurance 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	ASSET MANAGEMENT	BANKING	OTHER
<b>Slovenia</b>	Zavarovalnica Triglav d.d. Pozavarovalnica Triglav Re d.d. Triglav Zdravstvena zavarovalnica d.d.	Triglav DZU d.o.o. Triglav Naložbe d.d. Triglav nepremičnine d.d.	Abanka Vipava d.d.	Triglav INT d.d. TRI-PRO d.o.o. AS Triglav d.o.o. Triglavko d.o.o. Skupna pokojninska družba d.d.
<b>Croatia</b>	Triglav Osiguranje d.d.			
<b>Bosnia and Herzegovina</b>	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. Triglav auto d.o.o.
<b>Serbia</b>	Triglav Kopaonik a.d.o.	Triglav Penzijski fondovi a.d.		
<b>Montenegro</b>	Lovćen Osiguranje a.d. Lovćen životna osiguranja a.d.			Lovćen Avto a.d.
<b>Former Yugoslav Republic of Macedonia</b>	Vardar Osiguruvanje a.d.			
<b>Czech Republic</b>	Triglav Pojišť'ovna, a.s.			

## 1.2 Markets of the Triglav Group



As at 30 June 2011, the Triglav Group consisted of the following companies:

Controlling company:

- **Zavarovalnica Triglav d.d.**

Subsidiaries of the Triglav Group:

- **Pozavarovalnica Triglav Re d.d.**
- **Triglav Zdravstvena zavarovalnica d.d.**
  - Zdravstveni center morje d.o.o.
- **Triglav Osiguranje d.d.**
- **Triglav BH Osiguranje d.d.**
  - Autocentar BH d.o.o.
  - Unis automobili i dijelovi d.o.o.
  - Sarajevostan d.d.
- **Triglav Pojišt'ovna a.s.**
- **Lovćen Osiguranje, a.d.**
  - Lovćen životna osiguranja a.d.
  - Lovćen avto d.o.o.
- **Triglav Kopaonik a.d.o.**
- **Triglav Krajina Kopaonik a.d.**
  - Triglav Auto, d.o.o.
- **Vardar Osiguruvanje a.d.**
- **Triglav INT d.d.**
- **Triglav Družba za upravljanje d.o.o.**
  - PROF-IN d.o.o.
  - Polara Invest d.d.
- **Triglav Naložbe, finansična družba d.d.**
  - Golf Arboretum d.o.o.
- **Triglav penzijski fondovi a.d.**

- **TRI - PRO d.o.o.**  
- TRI-PRO BH d.o.o.
- **AS Triglav d.o.o.**
- **Triglav nepremičnine d.d.**
- **Slovenijales d.d.**  
- Slovenijales trgovina d.o.o.
- **Gradis IPGI d.d.**
- **Hotel Grad Podvin d.d.**

Associated companies of the Triglav Group:

- **Abanka Vipa d.d.**
- **Skupna pokojninska družba d.d.**
- **Triglavko d.o.o.**
- **Tehnološki center varne vožnje Vransko d.o.o.**
- **Avrigo družba za avtobusni promet in turizem d.d.**
- **Nama trgovsko podjetje d.d.**
- **Goriške opekarne d.d.**
- **Intercement upravljanje naložb d.o.o.**
- **Elan Skupina (Skimar) d.o.o.**
- **Info TV d.d.**
- **IF Prof Plus d.d.**
- **ZIP Polara Invest Fond a.d.**

Changes to the Triglav Group composition in 2011:

- In March 2011, Zavarovalnica Triglav received a decision of the District Court in Kranj on the deletion from the Companies Register of Poslovno hotelsko stanovanjski center Štemarje družba za poslovanje z nepremičninami in investicije d.o.o. At the end of 2010, Zavarovalnica Triglav acquired a 26.49% stake from other shareholders of the company and in February 2011, as the sole shareholder, adopted a decision to wind it up in a simplified procedure without liquidation. After this winding-up the total assets of the company were assigned to Zavarovalnica Triglav.
- In April 2011, Zavarovalnica Triglav received a decision of the District Court in Kranj on the deletion from the Companies Register of Turistično hotelsko podjetje Krona hoteli in drugi obrati d.o.o. At the end of 2010, Zavarovalnica Triglav acquired a 26.49% stake from other shareholders of the company and in February 2011, as the sole shareholder, adopted a decision to wind it up in a simplified procedure without liquidation. After this winding-up the total assets of the company were assigned to Zavarovalnica Triglav.
- At its meeting on 6 August 2010, the Management Board of Triglav Krajina Kopaonik adopted a decision to establish Triglav auto d.o.o. , Banja Luka. The company is 100% owned by Triglav Krajina Kopaonik, its core business being motor vehicle roadworthiness testing services and equity investments in other suppliers of roadworthiness tests. Triglav auto d.o.o. was entered into the Court Register on 11 March 2011.
- Among associated companies, in the first half of 2011 the Triglav Group decreased its stake in Nacionalni biro osiguravača Crne Gore and as of 30 June 2011 this company ceased to be an associated company of the Group.

### 1.3 Financial highlights of the Triglav Group

in EUR			
	H1 2011	H1 2010	INDEX
Gross written premium for insurance and co-insurance contracts	549,861,990	557,091,594	99
Profit/loss before tax	48,978,122	24,327,451	201
Net profit/loss	34,061,941	17,924,044	190
	30 June 2011	31 December 2010	INDEX
Total assets	3,122,015,414	3,024,395,808	103
Gross insurance technical provisions	2,342,211,779	2,270,915,889	103
Equity	514,256,560	498,977,808	103
Number of employees	5,155	5,247	98

\*Gross claims paid include claim handling costs and are reduced by subrogation receivables

### Key performance indicators of the Triglav Group

	H1 2011	H2 2010
Ratio between gross operating costs and gross premium written	20.8%	20.8%
Claims ratio in non-life insurance	61.3%	69.3%
Expense ratio in non-life insurance	27.8%	28.6%
Combined ratio in non-life insurance	89.0%	97.8%

### 1.4 Performance of Zavarovalnica Triglav d.d.

in EUR			
	H1 2011	H1 2010	INDEX
Gross written premium for insurance and co-insurance contracts	396,064,591	410,094,944	97
Profit/loss before tax	44,245,949	31,392,585	141
Net profit/loss	30,410,170	25,305,561	120
	30 June 2011	31 December 2010	INDEX
Total assets	2,664,847,223	2,593,061,197	103
Gross insurance technical provisions	2,041,648,772	1,985,056,320	103
Equity	478,896,298	481,851,900	99
Number of employees	2,432	2,441	100

\*Gross claims paid include claim handling costs and are reduced by subrogation receivables

### Key performance indicators of Zavarovalnica Triglav d.d.

	H1 2011	H1 2010
Ratio between gross operating costs and gross premium written	20.3%	19.8%
Claims ratio in non-life insurance	57.4%	65.3%
Expense ratio in non-life insurance	26.3%	26.2%
Combined ratio in non-life insurance	83.7%	91.5%



## 1.5 Significant events in the reporting period

Significant events in the first half of 2011 included:

- On 13 January 2011, the Securities Market Agency (hereinafter: ATVP) issued a decision prohibiting Zavarovalnica Triglav d.d., Slovenska odškodninska družba d.d., Mobitel d.d. and Hit d.d. from exercising their voting rights in the offeree company Abanka Vipa d.d. (hereinafter: Abanka) and prohibiting Abanka from exercising its voting rights, until these companies and Luka Koper d.d. either launch a takeover bid for the shares of Abanka or dispose of Abanka shares, so that any individual company, several companies or all of the companies as a whole no longer exceed the takeover threshold. The companies which supposedly acted in concert oppose the decision of the ATVP. On 4 February 2011, Zavarovalnica Triglav d.d. commenced legal proceedings before the Supreme Court of the Republic of Slovenia challenging the validity of the ATVP decision. Zavarovalnica Triglav d.d. applied for a stay of execution, proposed the issuance of an interim injunction and requested that the Court give the case priority. The Supreme Court rejected the application for a stay of execution and the proposal for the issuance of an interim injunction, deciding that the proceedings be stayed until the Constitutional Court decides whether the authentic interpretation of individual provisions of the Takeover Act is in accordance with the Constitution.
- On similar grounds as in the case of the participation in Abanka Vipa d.d. described above, ATVP initiated procedures to suspend voting rights in several other cases of offeree companies in which Zavarovalnica Triglav is a minor shareholder, such as Krka d.d., Petrol d.d., Sava Re d.d., Aerodrom Ljubljana d.d. and Telekom d.d. On 22 March 2011, ATVP issued a decision relating to the investment in Petrol d.d. prohibiting Zavarovalnica Triglav and other entities it considered acting in concert from exercising their voting rights attached to the shares of Petrol d.d. Zavarovalnica Triglav opposed the ATVP decision and has brought legal proceedings before the Supreme Court of the Republic of Slovenia challenging the validity of the ATVP decision. The Supreme Court upheld the action and delivered a judgement revoking the ATVP decision. In other above stated procedures, ATVP has not yet issued any decisions on the suspension of voting rights.
- On 4 August 2006, Vzajemna zdravstvena zavarovalnica d.v.z., Vošnjakova ulica 2, 1000 Ljubljana (plaintiff) started a non-litigious civil procedure against Zavarovalnica Triglav d.d. (respondent) before the District Court, requiring judicial scrutiny of the exchange ratio set in the Merger Agreement of 28 October 2005 between Triglav finančna družba d.d. and Zavarovalnica Triglav d.d.. On 3 February 2011, the District Court of Ljubljana issued a decision terminating the proceedings due to the request for judicial scrutiny of the exchange ratio filed on 4 August 2006 being withdrawn by the plaintiff. The case is now closed.
- On 18 February 2011, Zavarovalnica Triglav d.d. brought legal proceedings before the Supreme Court of the Republic of Slovenia challenging the validity of the ISA decision of 4 February 2011 by which the defendant rejected the plaintiff's objection against the ISA Order to terminate the infringement of 7 December 2009. In its Order requiring the termination of the infringement, the Insurance Supervision Agency stated that Zavarovalnica Triglav d.d. had violated Article 16 of the Insurance Act, since its share capital as at 30 June 2010 failed to reach the minimum guarantee fund amount. The Insurance Supervision Agency found that the share capital of Zavarovalnica Triglav d.d. in non-life insurance was EUR 10,430,555 and its share capital in life insurance was EUR 7,705,724 lower than the minimum guarantee fund and ordered Triglav to terminate this infringement by no later than 31 August 2011 and report thereon to the Insurance Supervision Agency. On 25 May 2011, Zavarovalnica Triglav d.d. received the judgement of the Supreme Court of the Republic of Slovenia rejecting the claim of Zavarovalnica Triglav

d.d. On 21 June 2011, the Management Board of Zavarovalnica Triglav adopted a decision to increase the share capital by EUR 50 million through the capitalisation of reserves. The capital increase was entered into the Court Register. Zavarovalnica Triglav thereby raised the amount of share capital as requested by the ISA and remedied the alleged infringement.

- On 4 February 2011, a tax audit procedure was initiated with reference to tax on total insurance operations charged for the period from 1 January 2010 to 31 December 2010. On 11 May 2011, Zavarovalnica Triglav received the minutes issued by the Special Tax Office. The Company agreed with the Special Tax Office findings and has thus not filed an appeal against the decision in question.
- At its session on 10 February 2011, the Supervisory Board of Zavarovalnica Triglav approved a share capital increase in its subsidiary Triglav INT d.d. with an in-kind contribution. Zavarovalnica Triglav d.d. will use its financial investments in subsidiaries outside the Republic of Slovenia to make further contributions in kind to Triglav INT.
- At its session of 10 February 2011, the Supervisory Board of Zavarovalnica Triglav d.d. agreed that on the basis of the received offer to purchase shares of NLB d.d., Zavarovalnica Triglav should issue a public call for bids to purchase NLB shares.
- On 28 February 2011, Vladimir Mišo Čeplak resigned as the employee representative on the Management Board of Zavarovalnica Triglav d.d. Vladimir Mišo Čeplak's resignation shall take effect on the day a new employee representative is appointed, but no later than 1 June 2011. On 24 May 2011, the Supervisory Board of Zavarovalnica Triglav appointed Vladimir Mišo Čeplak a member of the Management Board – employee representative for a further period from 1 June 2011 until a new member of the Management Board – employee representative takes up the post, but no later than 30 September 2011.
- On 31 March 2011, Zavarovalnica Triglav d.d. published the Governance Policy of Zavarovalnica Triglav d.d., which had been approved by the Management and Supervisory Boards.
- On 5 April 2011, Zavarovalnica Triglav d.d. received the judgement of the Higher Court in Koper in the case of Zavarovalnica Triglav d.d. vs. Istrabenz Holdinška družba d.d., claiming EUR 19,950,000 with default interest, rejecting Zavarovalnica Triglav's appeal and confirming the judgement of the court of first instance of 9 February 2011, by which the claim of Zavarovalnica Triglav d.d. had been rejected. On 22 April 2011 Zavarovalnica Triglav d.d. claimed judicial review of the decision issued by the Higher Court in Koper before the Supreme Court in Ljubljana, requesting the Court to amend the judgement accordingly and uphold Zavarovalnica Triglav's claim.
- To replace Supervisory Board members – employee representatives Branko Gorjan, Peter Celar and Boris Gabor, whose term of office ended on 29 May 2011, at the meeting of the Worker's Council held on 8 April 2011, the following were elected members of the Supervisory Board as employee representatives: Peter Celar, Branko Gorjan and Miran Krštinc. The 4-year term of office of the newly elected members – employee representatives commenced on 30 May 2011.
- Pursuant to Article 24 of the Takeover Act, on 18 April 2011 Zavarovalnica Triglav announced its intention to acquire all shares of Slovenijales družba za trgovino in druge storitve d.d. Zavarovalnica Triglav d.d. informed the Securities Market Agency, the Competition Protection Office, the offeree company and the employee representatives and employees of its intention to acquire the company. On 18 May 2011, Zavarovalnica Triglav launched a takeover bid to acquire all shares of Slovenijales družba za trgovino in druge storitve d.d. On 29 June 2011, Zavarovalnica Triglav announced the outcome of the takeover bid to acquire all shares of Slovenijales d.d. During the takeover bid, the bid to acquire shares in the offeree company was accepted by 868 accepting parties, which

together owned 37,257 shares of the offeree company that were subject of the takeover bid or 13.62% of all shares in the offeree company. In accordance with the provisions of the takeover bid and the prospectus, the takeover bid to acquire shares of the offeree company was unsuccessful. Pursuant to item 5, a takeover bid shall be deemed successful only if in the process of the takeover bid the acquirer acquires, together with the shares already in their possession (168.913 shares of the offeree company), at least 90% of all shares of the offeree company, increased by one share of the offeree company, or 246,245 shares of the offeree company (hereinafter: successful bid threshold). Together with the shares of the offeree company already in their possession, the acquirer would acquire on the basis of the takeover bid 206,170 shares of the offeree company or 75.35% of all shares of the offeree company. As the successful bid threshold was not achieved, the takeover bid was unsuccessful.

- On 21 April 2011, Zavarovalnica Triglav d.d. received a Request to Convene the General Meeting of Shareholders issued by the Capital Assets Management Agency of the Republic of Slovenia.
- On 3 June 2011, Zavarovalnica Triglav d.d., Triglav INT d.d. and the International Finance Corporation, a member of the World Bank Group (hereinafter IFC), signed an Equity Appraisal Letter and a Confidentiality Agreement. On that basis, Zavarovalnica Triglav d.d. and Triglav INT d.d. will enable IFM to carry out a detailed value appraisal of Triglav INT d.d. and a possible subsequent acquisition of up to 20% of the company's share capital by subscription of new ordinary shares with an issue value of EUR 25 million, which will be the subject of further negotiations between the mentioned companies.
- On 20 June 2011, the Supervisory Board discussed and adopted the Triglav Group Strategy for the 2010-2015 period, which has been extended to 2015 on account of the results of the set strategy.
- At the 35<sup>th</sup> General Meeting of Shareholders which took place on 21 June 2011, a resolution on authorised capital was adopted, giving the Management Board the authority to increase the Company's share capital by up to EUR 11,055,208.77 through new shares issued for cash for a period of up to five years, following the entry of the relevant amendment to the Articles and Memorandum of Association in the Companies Register. The General Meeting of Shareholders also adopted a resolution to raise the share capital by EUR 50,000,000.00 from net profit brought forward and without issuing new shares. Following this increase, the share capital of Zavarovalnica Triglav will amount to EUR 73,701,391.79 and be divided into 22,735,148 ordinary no-par value registered shares.
- Zavarovalnica Triglav "squeezed out" the minority shareholders of Triglav Naložbe d.d. by acquiring 2,512,210 shares of the company in the total amount of EUR 3,965,624. As of 30 June 2011, the company is 100% owned by Zavarovalnica Triglav.
- Zavarovalnica Triglav acquired 4 shares of Triglav Krajina Kopaonik a.d. in the total amount of EUR 4,090, thus becoming the 100% owner of the company.
- Zavarovalnica Triglav recapitalised Triglav Kopaonik a.d.o. with the issue of 312,000 shares with a nominal value of RSD 700 each, totalling RSD 218,400,000 or EUR 2,173,134. The recapitalisation increased Zavarovalnica Triglav's share in the said company from 94.49 to 96.09%.
- Zavarovalnica Triglav received a resolution of the District Court in Ljubljana dated 28 June 2011, entering into the Court Register the capital increase from EUR 23,701,391.79 to EUR 73,701,391.79 without the issue of new shares in accordance with the resolution of the 35th General Meeting of Shareholders of Zavarovalnica Triglav, which took place on 21 June 2001, the relevant amendments of the Articles and Memorandum of Association and the authorised capital.

## **2. GOVERNANCE OF THE TRIGLAV GROUP**

### **2.1 Governance of Zavarovalnica Triglav d.d.**

Zavarovalnica Triglav has a two-tier management system. The management bodies - the General Meeting of Shareholders, the Management Board and the Supervisory Board - operate in compliance with primary and secondary legislation, the Articles and Memorandum of Association of the Company and their own rules of procedure. The Articles and Memorandum of Association are published on <http://www.triglav.eu>, in the Investor Relations – Organisation and management section.

### **2.2 General Meetings of Shareholders**

The General Meeting of Shareholders, the body through which the shareholders of Zavarovalnica Triglav exercise their rights in respect to Company matters, is convened at least once a year, no later than at the end of August. The General Meeting of Shareholders is also convened in other circumstances set out by law and by the Articles and Memorandum of Association, and when it is in the interest of the Company.

The competences and operation of the General Meeting of Shareholders are set out in the Companies Act and the Articles and Memorandum of Association. The Articles and Memorandum of Association do not set out any specific provisions regarding their amendments and supplements.

#### **2.2.1 General Meeting of Shareholders in the first half of 2011**

In the first half of 2011, the General Meeting of Shareholders of Zavarovalnica Triglav convened once. At the 35<sup>th</sup> regular General Meeting of Shareholders of Zavarovalnica Triglav, which took place on 21 June 2011, the shareholder representatives:

- Voted in favour of the following distribution of the accumulated profit of EUR 268,633,571.25 at 31 December 2010:
  - EUR 9,094,059.20 to dividend payments to the shareholders, i.e. EUR 0.40 gross per share
  - EUR 160,000,000.00 to other profit reserves
  - The remaining profit of EUR 99,539,512.05 to be distributed in future years
- Granted discharge for the financial year 2010 to both the Management and the Supervisory Board of Zavarovalnica Triglav
- Passed a resolution to increase the share capital by capitalisation of reserves, whereby the share capital would be raised by EUR 50,000,000.00 from net profit brought forward and without issuing new shares; after this increase the share capital of Zavarovalnica Triglav amounts to EUR 73,701,391.79 and is divided into 22,735,148 ordinary no-par value registered shares
- Revoked the resolution passed by the AGM on 18 April 2008 regarding authorised capital and adopted the relevant amendments to the Articles and Memorandum of Association of Zavarovalnica Triglav
- Appointed the auditing company KPMG Slovenija podjetje za revidiranje d.o.o. as auditors
- Were informed of the new appointments of employee representatives to the Supervisory Board
- Discussed the remuneration of Supervisory Board members and adopted a resolution thereof

## **2.3 The Management Board**

Any person fulfilling the requirements stipulated by the Insurance Act and the Companies Act can be appointed to the Management Board as its President or member. The Management Board of Zavarovalnica Triglav manages the company independently and at its own responsibility, and presents and represents the Company without limitations. In legal transactions, the insurance company is always jointly presented and represented by two members of the Management Board, one of whom must be its President.

According to the Articles and Memorandum of Association, the Management Board has no less than three and no more than six members, one of whom is the President. The Management Board is appointed by the Supervisory Board. The number of Management Board members, their competences, the manner of representation and presentation and the transfer of the Management Board's authorities are determined by the Supervisory Board in the Management Board Rules. The term of office of an individual Management Board is up to five years, with the possibility of the reappointment of its members. In Zavarovalnica Triglav, the employee representative is a member of the Management Board.

The appointment or recall of all members or an individual member is proposed to the Supervisory Board by the President of the Management Board. The Supervisory Board may recall a member of the Management Board or its President if it establishes that they have been in serious breach of obligations set out by primary and secondary legislation and in other circumstances set out by law.

### **2.3.1 Management Board as at 30 June 2011**

Zavarovalnica Triglav is governed by the Management Board, which as at 30 June 2011 had the following composition:

- Matjaž Rakovec - President,
- Andrej Slapar – member
- Igor Stebernak - member,
- Vladimir Mišo Čeplak - member and employee representative

## **2.4 Supervisory Board**

The nine members of the Supervisory Board, of whom six are representatives of the shareholders and three of employees, supervise the conducting of the Company's business with full responsibility.

Shareholder representatives are elected by the General Meeting of Shareholders and employee representatives by the Works Council of Zavarovalnica Triglav. Their appointment or recall is subject to the law and the Articles and Memorandum of Association. The Supervisory Board elects its Chairman and Vice Chairman from among its members representing shareholders. Members of the Supervisory Board are appointed for a four-year mandate and can be re-elected without limitation.

The General Meeting of Shareholders may recall a Supervisory Board member before the end of their term of office. To substitute for the member deprived of their office, the General Meeting of Shareholders elects a new member for a mandate lasting until the end of the term of office of the Supervisory Board.

## 2.4.1 Supervisory Board as at 30 June 2011

As at 30 June 2011, the Supervisory Board of Zavarovalnica Triglav had the following members:

- Borut Jamnik, Chairman, shareholder representative
- Uroš Slavinec, Vice Chairman, shareholder representative
- Anton Ribnikar, member, shareholder representative
- Igor Mihajlovič, member, shareholder representative
- Aljoša Valentinčič, member, shareholder representative
- Vladimir Uršič, member, shareholder representative
- Branko Gorjan, member, employee representative
- Peter Celar, member, employee representative
- Miran Krštinc, member, employee representative

To replace Supervisory Board members – employee representatives Branko Gorjan, Peter Celar and Boris Gabor, whose term of office ended on 29 May 2011, at the meeting of the Worker's Council held on 8 April 2011 the following were elected members of the Supervisory Board as employee representatives: Peter Celar, Branko Gorjan and Miran Krštinc. The four-year term of office of the newly elected members of the Supervisory board commenced on 30 May 2011.

## 3. SHARE CAPITAL AND SHAREHOLDERS OF ZAVAROVALNICA TRIGLAV D.D.

### 3.1 Equity

As at 30 June 2011, the share capital of Zavarovalnica Triglav amounted to EUR 73,701,391.79. At the 35<sup>th</sup> regular General Meeting of Shareholders of Zavarovalnica Triglav a resolution was passed to increase the share capital by capitalisation of reserves without issuing new shares. The share capital was raised by EUR 50,000,000.00 from net profit brought forward. The share capital of Zavarovalnica Triglav is thus divided into 22,735,148 ordinary registered par value shares bearing the ticker ZVTG and the ISIN code SI0021111651, which are freely transferable and issued in a dematerialised form. Each represents the same stake and corresponding amount in the share capital. All have been paid in full.

### 3.2 The share of Zavarovalnica Triglav

*Table: Key figures for the share of Zavarovalnica Triglav d.d.*

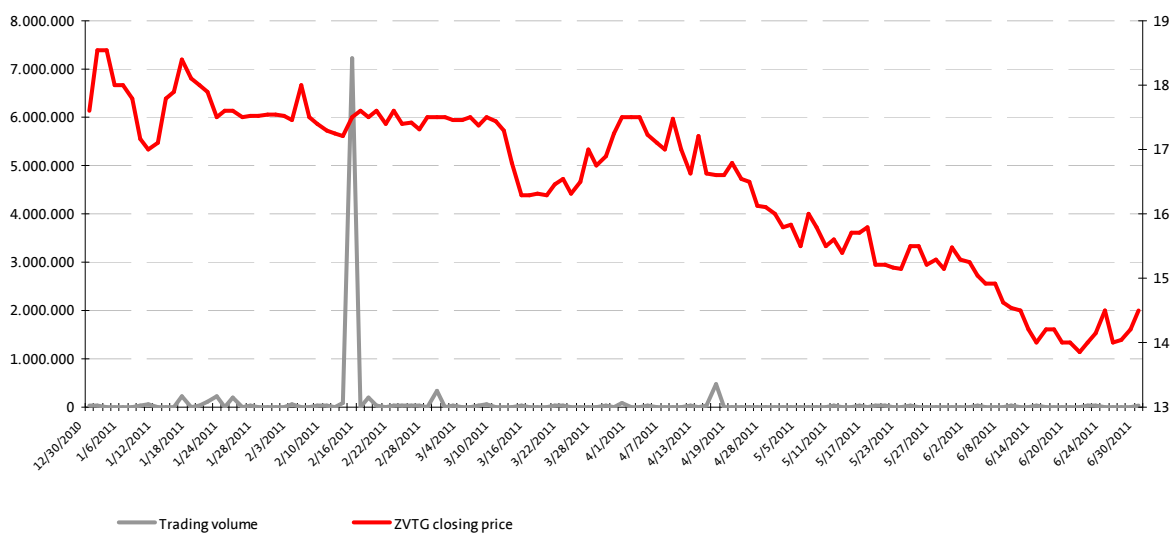
ITEMS	30 June 2011	31 December 2010
Number of shares	22,735,148	22,735,148
Book value of a share (in EUR)	21.06	21.19
Share market value - closing price (in EUR)	14.50	17.61
Market capitalisation - closing price (in EUR)	329,659,646	400,365,956
Net earnings/loss per share (in EUR)	1.34	1.41
Ticker symbol	ZVTG	
ISIN	SI0021111651	
Traded on	Ljubljana Stock Exchange - LJSE	
Credit rating	Standard & Poor's; "A", stable medium-term outlook	
Bloomberg	ZVTG SV	
Reuters	ZVTG.LJ	

## Trading on the Ljubljana Stock Exchange - LJSE

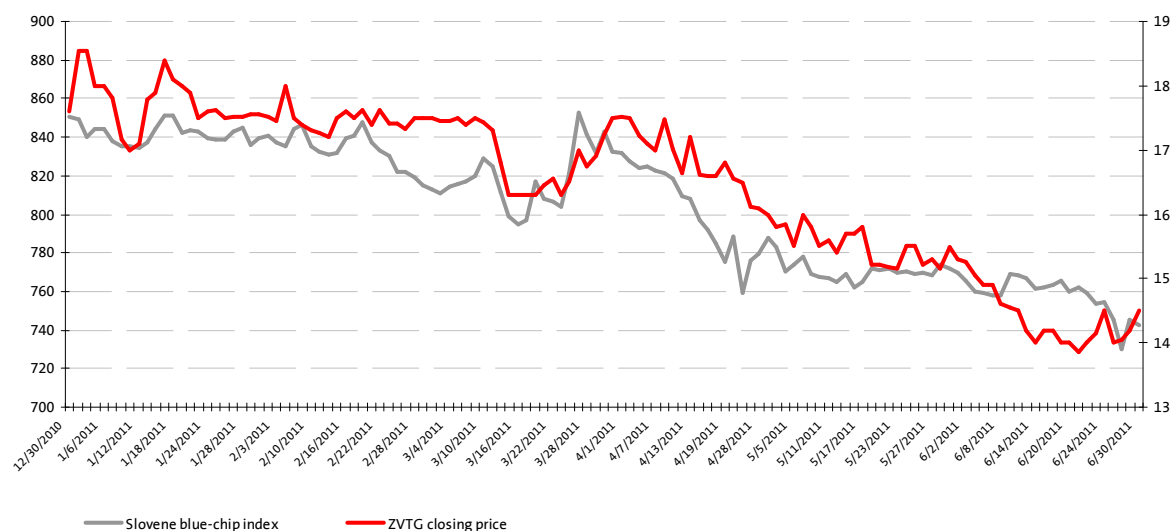
A review of the ZVTG share value shows, that in the first quarter of 2011 the share price remained approximately the same as at the end of 2010, while witnessing a general decline in the second quarter of 2011. From 31 December 2010 to 30 June 2011, the closing price of the Zavarovalnica Triglav share fell by 18% and as at 30 June stood at EUR 14.50.

The average turnover per trading day in the first half of 2011 amounted to EUR 85,518.48 which is above the 2010 average of EUR 68,508.84. ZVTG shares recorded movements similar to the trends of the Slovene Blue Chip Index. The index fell by 13%, whereas the ZVTG share declined by 18%.

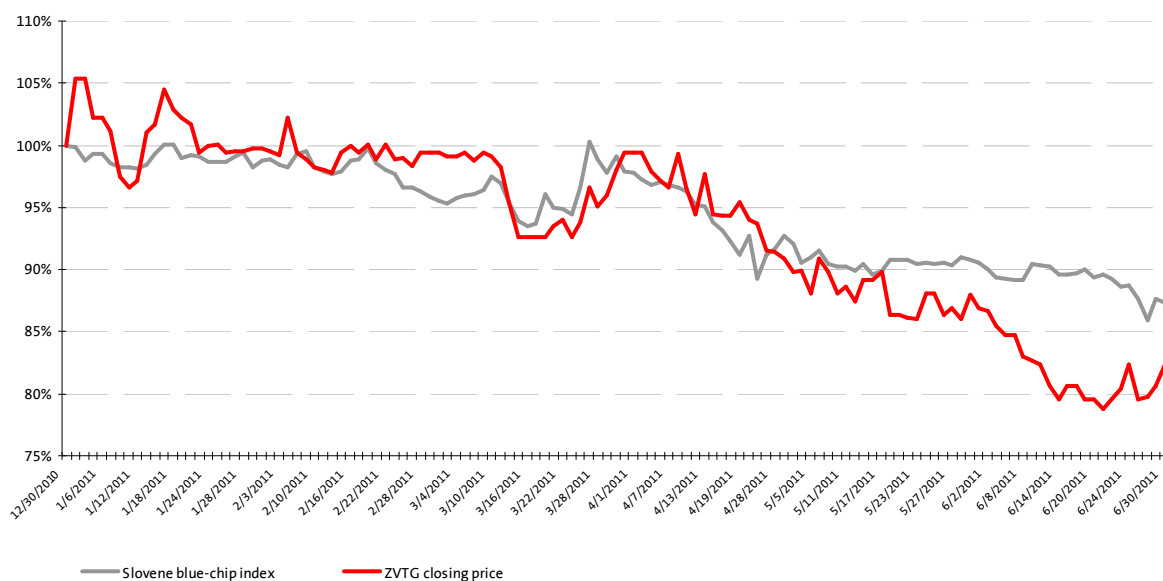
*Graph: Movements in the closing price (right axis) and turnover in EUR (left axis) of the ZVTG share of Zavarovalnica Triglav*



*Graph: Movements in the closing price of the ZVTG share of Zavarovalnica Triglav (right axis) and movements in the value of the Slovene Blue Chip Index in EUR (left axis)*



*Graf: Movements in the average daily price of the ZVTG share of Zavarovalnica Triglav and movements in the value of the Slovene Blue Chip Index in EUR in the first half of 2011 as compared to 31 December 2010*



*Table: Shareholder structure of Zavarovalnica Triglav as at 30 June 2011*

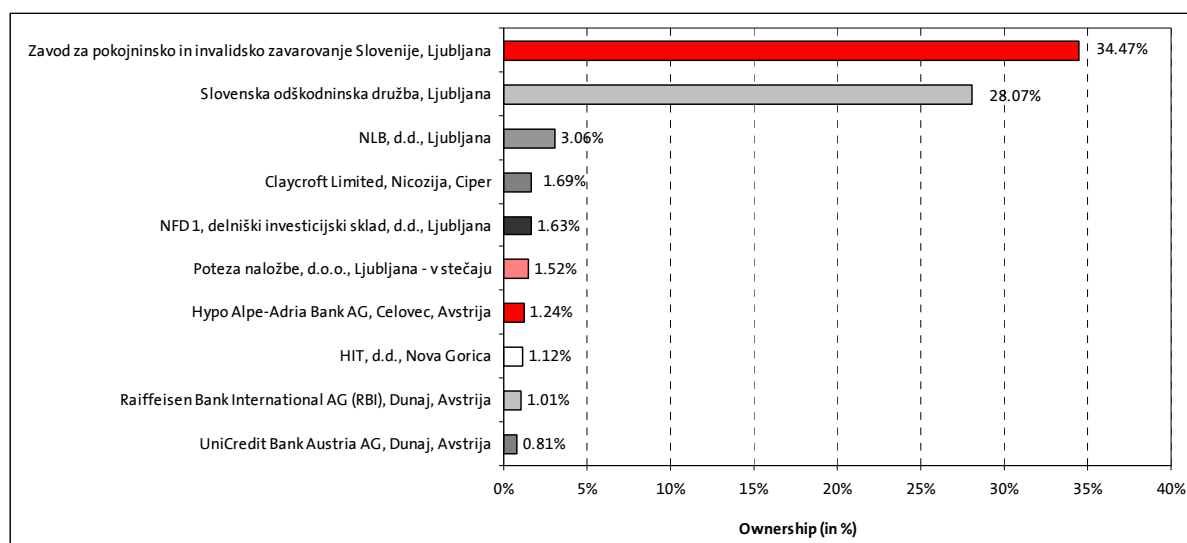
SHAREHOLDERS	TOTAL	DOMESTIC	FOREIGN	LEGAL ENTITIES	NATURAL PERSONS
Number of shares	22,735,148	21,040,853	1,694,295	20,932,705	1,802,443
Number of shareholders	29,854	29,376	478	721	29,133
Number of shares - percentage	100.00 %	92.55%	7.45%	92.07%	7.93%
Number of shareholders - percentage	100.00%	98.40%	1.60%	2.42%	97.58%

*Table: Top ten shareholders of Zavarovalnica Triglav as at 30 June 2011*

SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP (IN %)
Zavod za pokojninsko in invalidsko zavarovanje Slovenije, Ljubljana	7,836,628	34.47
Slovenska odškodninska družba, Ljubljana	6,380,728	28.07
NLB d.d., Ljubljana	696,213	3.06
Claycroft Limited, Nicosia, Cyprus	385,000	1.69
NFD 1 delniški investicijski sklad d.d., Ljubljana	371,187	1.63
Poteza naložbe d.o.o., Ljubljana – in bankruptcy proceedings	346,570	1.52
Hypo Alpe-Adria Bank AG, Klagenfurt, Austria	281,712	1.24
HIT d.d., Nova Gorica	255,408	1.12
Raiffeisen Bank International AG (RBI), Vienna, Austria	229,351	1.01
UniCredit Bank Austria AG, Vienna, Austria	184,648	0.81



Graph: Top ten shareholders of Zavarovalnica Triglav as at 30 June 2011



### 3.3 Credit rating of Zavarovalnica Triglav

On 25 November 2010, the Standard & Poor's credit rating agency confirmed the "A" long-term rating and financial strength rating of Zavarovalnica Triglav and the Triglav Group for the third consecutive time. The agency also confirmed the "A" rating of the subsidiary Pozavarovalnica Triglav Re d.d., which it acquired in 2009. The ratings of both companies have a stable medium-term outlook.

With the confirmed "A" rating the Triglav Group reached one of its key strategic objectives and once again received confirmation of its financial strength, successful performance and efficient strategy implementation in spite of dire conditions in the global economy and on international capital markets.

Zavarovalnica Triglav has maintained an "A" credit rating with a stable long-term outlook

### 3.4 Dividends

At the 35<sup>th</sup> regular General Meeting of Shareholders of Zavarovalnica Triglav, which took place on 21 June 2011, the shareholders voted in favour of the following distribution of the accumulated profit of EUR 268,633,571.25 as at 31 December 2010:

- EUR 9,094,059.20 to dividend payments to shareholders, i.e. EUR 0.40 gross per share
- EUR 160,000,000.00 to other profit reserves
- The remaining profit of EUR 99,539,512.05 to be distributed in future years

The dividends shall be paid by 30 August 2011 at the latest.

## **4. PERFORMANCE IN THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011**

### **4.1 Impact of the environment on the Group's performance**

In the first half of 2011, the performance of the Triglav Group was affected by the economic crisis, which caused a decrease in demand for some insurance products, and by the sustained tough price competition in the motor vehicle insurance market.

The economic crisis continues to be the source of many uncertainties in the market. It is reflected in more prudent behaviour of investors at risk-taking, adversely affecting foremost unit-linked life insurance contracts, which caused a decrease in premium charged for life insurance. The crisis also affected a lower demand for consumer loans due to the reduction of bank loans, which directly influenced a decrease in credit insurance premium.

In addition to the financial crisis, the performance of the Group was also affected by other factors:

- Due to harsh competition in the motor vehicle insurance market and the Company's amendments to the actuarial bases in this insurance class, introduced in June 2010, a decline in premium was recorded in motor vehicle insurance
- Repetitive claims for high amounts in recent years have forced the Company to introduce stricter insurance terms in agricultural insurance, which is the main reason for a decrease in agricultural insurance premium

In the first half of 2011, returns on financial assets were affected by uncertainty, both in political terms due to unrest in the Arab world and in environmental terms due to the earthquake and tsunami in Japan. The period was also marked by a fairly unambitious tackling of the Greek debt crisis by the European political leaders and the expansion of trouble to other periphery countries of the European Union. On the other hand, the global entrepreneurial sector is setting new records in turnover as well as profit growth. Unfortunately, as the growth was rooted in the increased public sector demand and the fast growth of the Chinese economy, it is already showing signs of a slowdown. Countries with ever greater debt have been forced to introduce economy measures just at the time when their demand could contribute decisively to halt the recession spiral. The Chinese economy is facing the first signs of overheating, forcing the Chinese government to introduce measures to slow down the rapid economic growth. The second half of 2011 will be again a period of enormous challenges for the global economy, the most pressing being to avoid sliding back into recession.

Even before the global economic environment deteriorated again, domestic companies were facing severely tightened economic conditions, when the number of bankruptcy procedures increased. Difficulties in the banking sector, with banks requiring fresh recapitalisation every year to write off bad loans, prevent new momentum from developing in the real economy, also affecting movements in share prices. In the first half of 2011, the SBI index decreased by 13%.

Despite a relatively conservative investment policy of Zavarovalnica Triglav and the Triglav Group, the global financial crisis and the current situation on capital markets negatively affected the value of some of the investments. A lower value of portfolio investments was reflected foremost in the decrease of the share capital and net profit. Due to material or permanent value decreases, assets were impaired by EUR 16.0 million.

With consistent implementation of its business policy measures designed to neutralise the adverse effects of the financial crisis, Zavarovalnica Triglav ended the first half-year with a profit, i.e. Zavarovalnica Triglav posted a profit after tax of EUR 30,4 million (index 120), while profit after tax for the Triglav Group amounted to 34.1 million EUR (index 190).

**4.2 Insurance market and market position of the Group members in the first half of 2011**

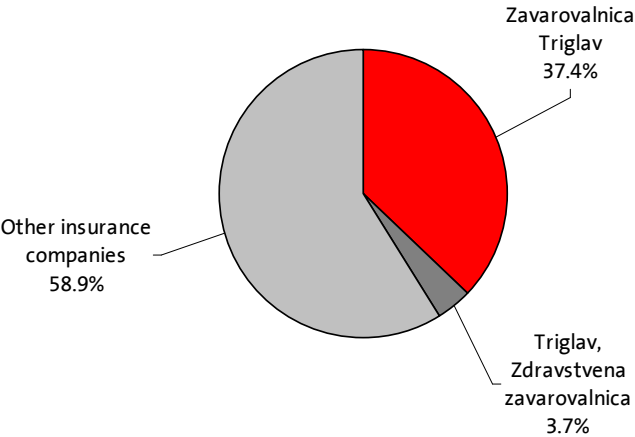
In the first half of 2011, there were 14 insurance companies and 3 foreign branch offices active in the Slovene insurance market. Their combined gross written premium totalled EUR 1,058.5 million, of which non-life insurance represented 76.4% and life insurance 23.6%. The data do not include insurance transactions concluded in Slovenia directly by foreign-owned subsidiaries (FOS). This share is growing, but the Company considers it to still be negligible. Zavarovalnica Triglav directly operates in all 27 EU member states.

In the first half of 2011, the four largest insurers controlled over 76% of the traditional market (vs. almost 78% in the first half of 2010). With its 37.4% share, Zavarovalnica Triglav remained the market leader. The runner-up was Zavarovalnica Maribor, which is 2.6 times smaller. In the first half of 2011, Zavarovalnica Triglav and Triglav Zdravstvena zavarovalnica had a combined market share of 41.1%, which was 1.4 percentage points less than in the same period of 2010.

In Slovenia, the Triglav Group has a market share of 41.1%

The Company held 40.5% of the life insurance market and 36.4% of the non-life insurance market. Maintaining the leading position in the market is becoming increasingly challenging as the competition is trying to expand its market share by contracting away Triglav’s clients.

*Graph: The market share of Zavarovalnica Triglav and other traditional insurance companies domiciled in Slovenia in the first half of 2011*



Source: Slovenian Insurance Association

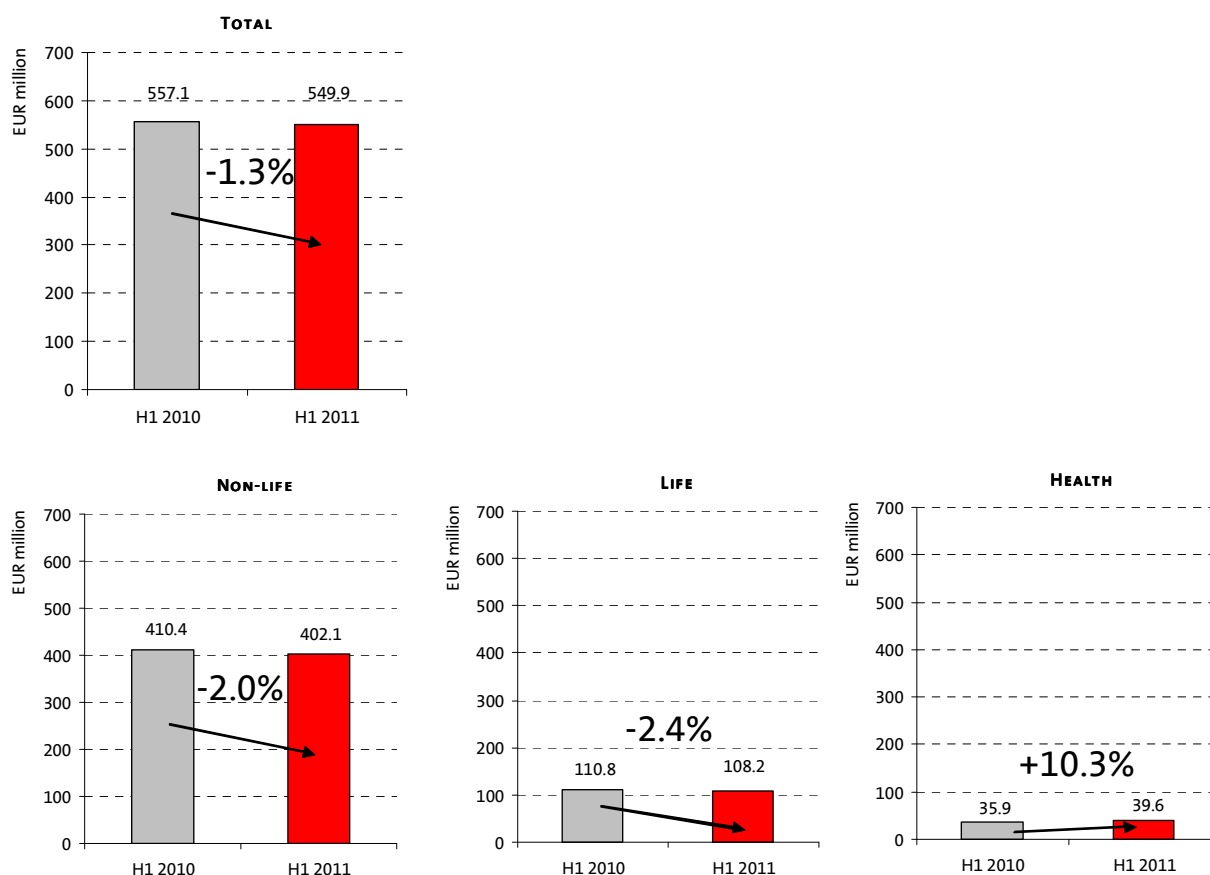
## 4.3 Operations of the Triglav Group

### 4.3.1 Gross written premium for insurance and co-insurance contracts

In the first half of 2011, the Triglav Group posted a total of EUR 549.9 million in consolidated gross insurance and co-insurance premium or 1% less than in the same period of 2010. **Non-life insurance** premium totalled EUR 402.1 million (index 98), **life insurance** premium EUR 108.2 million (index 98), while **health insurance** premium amounted to EUR 39.6 million (index 110).

In the first half of 2011, Zavarovalnica Triglav charged EUR 549.9 million in gross insurance and co-insurance premium

*Graph: Gross written premium for insurance and co-insurance contracts in the first half of 2011 compared to the same period of 2010*



The structure of consolidated written premium was the following:

- Non-life insurance accounted for 73.1%
- Life insurance for 19.7%
- Health insurance for 7.2%

In the first half of 2011, 84.3% of the consolidated gross written premium was charged in the Slovene insurance market. The share of gross written premium charged in Slovenia decreased by 0.3 percentage points compared to the same period of the previous year.

The Triglav Group members (excluding Triglav Re) booked EUR 530.5 million in non-consolidated gross insurance and co-insurance premium, which was 2% less than in the same period last year. The written premium of Zavarovalnica Triglav was lower by 3% in comparison with the same period of 2010, whilst that of Triglav Zdravstvena zavarovalnica was higher by 10%. The written premium posted by Triglav Osiguranje was higher by 2%, while Triglav BH

Osiguranje posted a premium lower by 2%. In the same period, written premium increases were recorded by Triglav Kopaonik (5%), Vardar Osiguruvanje (5%) and Triglav Krajina Kopaonik (25%), while Lovćen Osiguranje recorded a 2% decrease in written premium.

Pozarovalnica Triglav Re booked a total of EUR 72.9 million in gross reinsurance premium or 12% more than in the same period of 2010. The increase in gross reinsurance premium was caused mostly by reinsurance premium from other damage to property and land motor vehicle insurance classes. The increase in gross reinsurance premium was generated predominantly by higher gross reinsurance premium from facultative contracts with the parent company Zavarovalnica Triglav, while gross reinsurance premium from operations outside the Triglav Group increased by 9%.

*Table: Gross written premium for insurance and co-insurance contracts in the first half of 2011 by insurance company of the Triglav Group*

No.	INSURANCE COMPANY	GROSS WRITTEN PREMIUM			INDEX			STRUCTURE
		NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	H1 2011
1	Zavarovalnica Triglav	294,589,065	101,475,525	396,064,591	96	98	97	74.7%
2	Triglav Zdravstvena zavarovalnica	39,611,802	0	39,611,802	110		110	7.5%
3	Triglav Osiguranje	26,161,257	4,820,912	30,982,169	103	94	102	5.8%
4	Triglav BH Osiguranje	7,497,505	933,870	8,431,375	94	143	98	1.6%
5	Triglav Pojišt'ovna	14,374,485	0	14,374,485	105		105	2.7%
6	Lovćen Osiguranje	15,906,390	635,081	16,541,471	98	100	98	3.1%
7	Triglav Kopaonik	10,205,833	298,744	10,504,577	105	106	105	2.0%
8	Triglav Krajina Kopaonik	2,835,639	0	2,835,639	125		125	0.5%
9	Vardar Osiguruvanje	11,198,702	0	11,198,702	105		105	2.1%
	<b>TOTAL</b>	<b>422,380,678</b>	<b>108,164,132</b>	<b>530,544,810</b>	<b>99</b>	<b>98</b>	<b>98</b>	<b>100.0%</b>
10	Pozarovalnica Triglav Re	72,720,827	162,355	72,883,182	112	123	112	
	Consolidation eliminations	-53,403,647	-162,355	-53,566,002				
	<b>TOTAL - CONSOLIDATED</b>	<b>441,697,858</b>	<b>108,164,132</b>	<b>549,861,990</b>	<b>99</b>	<b>98</b>	<b>99</b>	

#### 4.3.1.1 Non-life insurance

In total, Triglav Group insurance companies charged EUR 422.4 million of unconsolidated insurance and co-insurance premium from non-life insurance contracts in the first half of 2011, which represents a 1% nominal decrease compared to the same period of 2010.

The best performing class by size of gross written premium was **motor vehicle insurance**, a segment to which the Triglav Group pays greatest attention. Its share in total premium charged was 37.3%. In the reporting period, growth was recorded in written premium from **comprehensive car insurance** (index 101). This was primarily achieved as a result of successful marketing and the changes of insurance actuarial basis introduced in mid 2010. In addition to Zavarovalnica Triglav, higher growth than in the first half of 2010 was recorded by Triglav Kopaonik (43%), Triglav Krajina Kopaonik (26%) and Triglav Pojišt'ovna (4%), while the other insurance companies recorded a lower written premium than in the same period of 2010. In **motor liability insurance**, the members of the Triglav Group in the first half of 2011 booked EUR 114.7 million of written premiums, which represent a 10% decline compared to the same period of the previous year. Among the Group

**Motor vehicle insurance remained the most important segment, accounting for 37.3% of total premium earned**

members, written premium grew in Triglav Krajina Kopaonik (by 29%), Triglav Kopaonik (by 13%) and in Triglav Osiguranje (by 6%), whereas in all the other insurance companies in the Group written premium decreased. This decrease in written premium results from continuing price competition among insurers in the motor vehicle insurance market, greater prudence of insured parties, lowering prices of insurance products and premium reductions for large policy holders through public tenders (stricter tender requirements, competition, participation of insurance brokers and agencies in drafting tender requirements and their commissions), as well as being a consequence of the economic crisis (lower economic growth, unemployment, stricter conditions for access to finance, lower sales of motor vehicles in certain countries where the Group's subsidiaries operate).

A high 10% growth in written premium was recorded in **health insurance**, mostly on account of the results of Triglav Zdravstvena zavarovalnica. The growth of written premium stems from successful marketing of supplementary health insurance products and a consequent increase in the portfolio of the insurance company, as well as from the increased price of the supplementary health insurance premium valid as of 1 March 2011. Triglav Zdravstvena zavarovalnica earned a total of EUR 39.6 million in gross written premium or 10% more than in the same period of 2010. This resulted in an increase of its share in the health insurance market, which in the first half of 2011 climbed to 18.4% from 16.3% one year earlier. In June, Triglav Zdravstvena zavarovalnica launched a new product – allowance insurance -, which is linked to supplementary health insurance. In the first half of 2011, other Triglav Group companies offering health insurance earned a lower premium than in the same period of 2010. However, in total health insurance premium written by the Group they account for only 1.3%.

In the **property insurance** class (fire and natural disaster insurance and other damage to property insurance), a premium of EUR 105.7 million was booked, representing a 5% nominal growth. In other damage to property insurance, a nominal growth of 7% was achieved, while fire and natural disaster insurance recorded a 1% growth.

Among significant insurance classes, a 5% growth in premium was achieved in property insurance

A growth in premium was recorded in all insurance companies of the Group (except in Triglav Kopaonik). The highest growth results were achieved by Triglav Pojišt'ovna (44%), Vardar Osiguruvanje (22%) and Triglav Krajina Kopaonik (21%). In the total premium from property insurance, Zavarovalnica Triglav accounted for 82% (index 103). Good sales results were achieved in all lines property insurance (index 290) and car warranty insurance (index 242). Sales results in other damage to property insurance could have been even better, but as stricter terms of insurance were imposed in one of the most important subclasses, i.e. crop and fruit insurance, the premium recorded in this insurance class decreased (index 71).

**Accident insurance** represented 5.3% of total written premium or nominally EUR 28.2 million. In the first half of 2011, the latter decreased by 8% in comparison to the first half of 2010. This decrease was the consequence of trends in the three largest insurance sub-classes of this insurance class, the AO-plus (driver insurance), driver and passenger accident insurance and group accident insurance. The decrease in premium earned from AO-plus insurance and driver and passenger insurance was caused by harsh competition in the market and the Company's amendments to the actuarial bases, introduced in June 2010, which resulted in a decline in the price of insurance. The slower growth of the premium written for group accident insurance was influenced by growing unemployment and the poor state of the economy.

The premium from **general liability insurance** was 1% lower than in the same period last year. A decrease in premium was recorded in two largest insurance subclasses of this insurance class, i.e., general liability insurance and product liability insurance, while premium in professional liability insurance increased.

**Credit insurance** accounted for 1.9% of total written premium. The decrease in credit insurance premium was primarily caused by lower demand for consumer loan insurance, which is the most important insurance subclass in this insurance class. This in turn was caused by a decrease in retail borrowing in the banking sector, caused by the economic crisis. Furthermore, in 2010 a new Consumer Credit Act was adopted, requiring banks to exercise additional prudence in granting loans, which caused a decrease in the number of loans granted. However, due to newly concluded insurance contracts, a high growth in premium was achieved in both export and domestic trade credit insurance. During the economic crisis, many companies have become aware of the default and insolvency risks covered by these insurance contracts. In addition, Zavarovalnica Triglav intensified its sales activities, thus affecting a stronger demand for contracts in this class.

**Other classes of non-life insurance** grew by 13%. Higher premium was affected by a strong growth in assistance insurance (the largest class in this group), aircraft liability insurance, railway insurance and suretyship insurance.

#### 4.3.1.2 Life insurance

In total, Triglav Group insurance companies charged EUR 108.2 million in unconsolidated gross written premium from **life insurance** contracts or 2% less than in the same period of 2010. Life insurance represented 20.4% of the total combined gross written premium of the Triglav Group.

Gross written insurance and co-insurance premium from life insurance contracts decreased by 2%, mostly due to the aging of the life insurance portfolio (maturities and surrenders)

The premium generated **by unit-linked life insurance** totalled EUR 49.7 million or 46.0% of gross written premium in the life insurance class. Apart from Zavarovalnica Triglav, unit-linked life insurance is also sold by Triglav Osiguranje, which booked a total of EUR 2.2 million in written premium, which is approximately the same as in the first half of 2010. Unit-linked life insurance premium recorded by the Group increased by 1%.

Premium from **life insurance** amounted to EUR 48.8 million or 45.1% of total insurance premium. The remaining EUR 9.6 million (or 8.9% of total premium) was accounted for by **supplementary voluntary pension insurance** (capital redemption insurance).

The decrease in premium from life insurance was affected mostly by the aging of the life insurance portfolio (maturities and surrenders). Moreover, the financial and economic crisis was reflected in more prudent consumer behaviour and consequently less-life insurance contracts sold.

*Table: Gross written premium for insurance and co-insurance contracts of the Triglav Group (excluding Pozavarovalnica Triglav Re) and growth indexes per insurance class*

No.	INSURANCE CLASS	GROSS WRITTEN PREMIUM		GROWTH	STRUCTURE
		H1 2011	H1 2010	INDEX	H1 2011
1	Accident insurance	28,216,986	30,821,877	92	5.3%
2	Health insurance	40,036,961	36,550,151	110	7.5%
3	Comprehensive car insurance	83,325,218	82,358,015	101	15.7%
4	Property insurance	105,691,965	101,026,538	105	19.9%
5	Motor liability insurance	114,662,734	127,286,811	90	21.6%
6	General liability insurance	22,722,856	22,889,356	99	4.3%
7	Credit insurance	10,027,236	11,493,928	87	1.9%

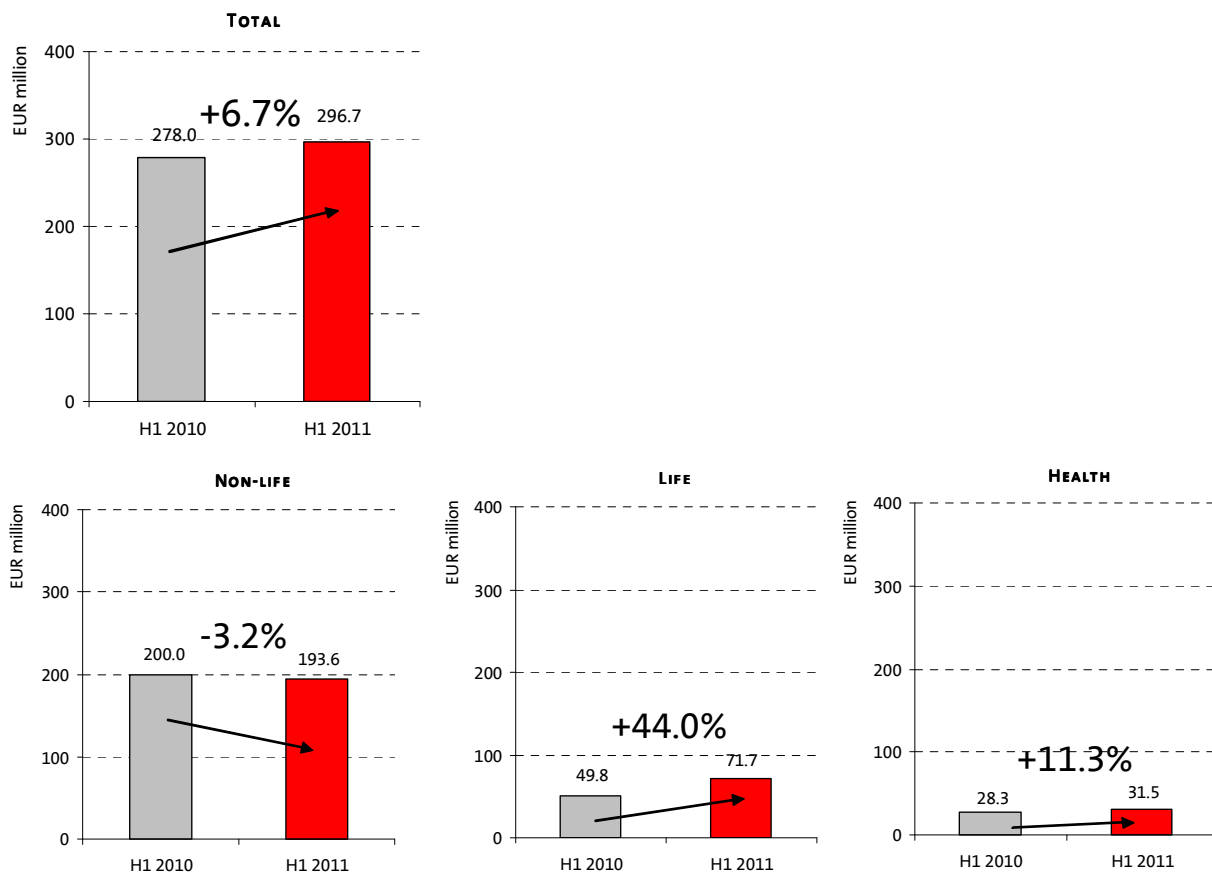
8	Other non-life insurance	17,696,720	15,624,677	113	3.3%
<b>NON-LIFE INSURANCE</b>		<b>422,380,678</b>	<b>428,051,354</b>	<b>99</b>	<b>79.6%</b>
9	Life insurance	48,829,837	50,928,972	96	9.2%
10	Unit-linked life insurance	49,734,494	49,075,394	101	9.4%
11	Capital redemption insurance	9,599,802	10,786,971	89	1.8%
<b>LIFE INSURANCE</b>		<b>108,164,132</b>	<b>110,791,337</b>	<b>98</b>	<b>20.4%</b>
<b>TOTAL</b>		<b>530,544,810</b>	<b>538,842,691</b>	<b>98</b>	<b>100.0%</b>

### 4.3.2 Gross claims paid

In the first half of 2011, the Triglav Group posted a total of EUR 296.7 million in consolidated gross claims (including claim handling costs and reduced by subrogation receivables) or 7% more than in the same period of 2010. Gross claims grew by 8 percentage points more than written premium. In **non-life insurance**, the Triglav Group recorded EUR 193.6 million (index 97), in **life insurance** EUR 71.7 million (index 144) and in **health insurance** EUR 31.5 million (index 111) in gross claims.

In the first half of 2011, gross claims paid in non-life insurance decreased by 3%

Graph: Gross claims paid in the first half of 2011 and 2010



In the first half of 2011, the Triglav Group insurance companies (excluding Pozavarovalnica Triglav Re) posted a total of EUR 285.8 million in non-consolidated gross claims, or 6% more than in the first half of 2010. Compared to the same period of 2010, the highest growth in gross claims paid was recorded by Triglav Kopaonik (index 167) and Triglav Zdravstvena zavarovalnica (index 111). Zavarovalnica Triglav and Triglav Pojišt'ovna recorded a 6% growth in gross claims paid, while in Triglav Krajina Kopaonik and Vardar Osiguruvanje gross claims



paid increased by 1%. Insurance companies Triglav BH Osiguranje, Triglav Osiguranje and Lovćen Osiguranje recorded less gross claims paid than in the first half of 2010.

Gross claims paid from reinsurance contracts totalled EUR 29.7 million or 22% more than a year earlier. The high increase in claims settled was caused mostly by claims related to the devastating weather events in 2010.

*Table: Gross claims paid in the first half of 2011 by insurance company of the Triglav Group*

No.	INSURANCE COMPANY	GROSS CLAIMS PAID IN H1 2011			INDEX			STRUCTURE
		NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	H1 2011
1	Zavarovalnica Triglav	139,108,294	69,547,477	208,655,771	93	149	106	73.0%
2	Triglav Zdravstvena zavarovalnica	31,468,968	0	31,468,968	111		111	11.0%
3	Triglav Osiguranje	11,529,943	1,563,281	13,093,224	93	97	94	4.6%
4	Triglav BH Osiguranje	3,082,915	151,495	3,234,410	91	17	76	1.1%
5	Triglav Pojišt'ovna	8,736,394	0	8,736,394	106		106	3.1%
6	Lovćen Osiguranje	8,555,642	237,655	8,793,297	96	59	94	3.1%
7	Triglav Kopaonik	4,414,072	172,474	4,586,546	166	182	167	1.6%
8	Triglav Krajina Kopaonik	811,835	0	811,835	101		101	0.3%
9	Vardar Osiguruvanje	6,388,598	0	6,388,598	101		101	2.2%
	<b>TOTAL</b>	<b>214,096,659</b>	<b>71,672,383</b>	<b>285,769,042</b>	<b>97</b>	<b>144</b>	<b>106</b>	<b>100.0%</b>
10	Pozavarovalnica Triglav Re	29,623,660	97,923	29,721,583	122	454	122	
	Consolidation eliminations	-18,653,084	-97,923	-18,751,006				
	<b>TOTAL - CONSOLIDATED</b>	<b>225,067,236</b>	<b>71,672,383</b>	<b>296,739,619</b>	<b>99</b>	<b>144</b>	<b>107</b>	

#### **4.3.1.1 Non-life insurance**

In the first half of 2011, Triglav Group insurance companies settled EUR 214.1 million in unconsolidated gross claims from non-life insurance contracts, which represents a 3% decrease on the same period of the preceding year.

Claims related to **motor liability insurance** represented 21.8% of total gross claims paid by the Triglav Group. Total claims met amounted to EUR 62.4 million, which was 3% less than in the same period of 2010. A slower growth of gross claims paid in this insurance class was recorded in Vardar Osiguruvanje (index 89), Triglav Osiguranje and Triglav BH Osiguranje (index 91) as well as in Zavarovalnica Triglav (index 94), while an increase was posted by Triglav Kopaonik, Triglav Krajina Kopaonik, Triglav Pojišt'ovna and Lovćen Osiguranje. The slow growth of claims paid in this insurance class was caused mostly by slower growth in gross claims paid posted by Zavarovalnica Triglav, which represent more than 64% of the total claims paid related to motor liability insurance.

An 8% decrease in gross claims paid was recorded in the **comprehensive car insurance** class. Gross claims paid amounted to EUR 52,9 million, which was 18.5% of all claims settled. A decrease in gross claims paid in this insurance class was recorded by the majority of the Triglav Group insurance companies, including Triglav Osiguranje, Lovćen Osiguranje, Vardar Osiguruvanje and Zavarovalnica Triglav.

In **property insurance** total claims paid amounted to EUR 35.9 million or 4% less than a year before. A favourable index and a lower amount of claims paid were recorded both in fire and natural disaster insurance and other damage to property insurance. In the first half of 2011, there were no major claims due to natural disasters.

In **health insurance** gross claims increased by 11% due to higher prices and more frequent use of medical goods and services, an increase in the share and costs transferred from compulsory to supplementary health insurance and a growing proportion of elderly insurance holders. In the first half of 2011, Equalization Scheme expenses reached EUR 3.4 million or EUR 600 thousand more than the previous year (an increase of 22%).

A decrease in gross claims was also recorded in **accident insurance**, where gross claims were lower by 7%. This was mostly owing to a lower amount of claims paid from group accident insurance, driver and passenger accident insurance and AO-plus insurance, which account for the majority of accident insurance claims.

Gross claims paid in **general liability insurance** were higher by 13%. The majority of gross claims paid represent claims paid by Zavarovalnica Triglav, which recorded a 6% increase mostly due to a growth in claims from installation insurance, and claims paid by Triglav Osiguranje.

In **credit insurance**, a 23% growth in gross claims paid was recorded. The result was affected by an increase in gross claims paid in this insurance class in Zavarovalnica Triglav (index 176) as a consequence of a high growth in claims from domestic trade credit insurance and export credit insurance.

In **other non-life insurance**, a 32% decrease in gross claims paid was recorded. The decline in claims was mostly caused by lower claims paid in two largest insurance subclasses in this insurance group (together representing 68%), i.e. miscellaneous financial loss insurance (index 44) and assistance insurance (index 87). A decrease in claims was recorded also in aircraft insurance (index 20), marine liability insurance (index 48), aircraft liability insurance (index 52), marine insurance (index 59) and goods in transit insurance (index 64).

#### **4.3.2.2 Life insurance**

Claims in the **life insurance** class account for 25.1% of all claims paid, an increase by 6.7 percentage points on the same period last year. The insurance companies of the Triglav Group posted EUR 71.7 million of non-consolidated gross claims paid, representing an increase in claims of 44% over the first half of 2010.

The increase in claims paid from life insurance is a consequence of the aging of the portfolio

The bulk of all claims settled is accounted for by the **life insurance** class (life assurance, annuity insurance, voluntary pension insurance), which totalled EUR 49.4 million, i.e., 23% more than one year earlier. A high increase in gross claims was recorded in **supplementary pension insurance**, where the growth index rose as high as 1,180 and claims paid amounted to EUR 12.1 million. In **unit-linked life insurance**, an increase in gross claims paid of 20% was recorded. The increase in claims paid from life insurance was caused by maturities and surrenders of life-insurance policies and the aging of the portfolio.

Table: Gross claims paid by member of the Triglav Group (excluding Pozavarovalnica Triglav Re) and growth indexes by insurance class

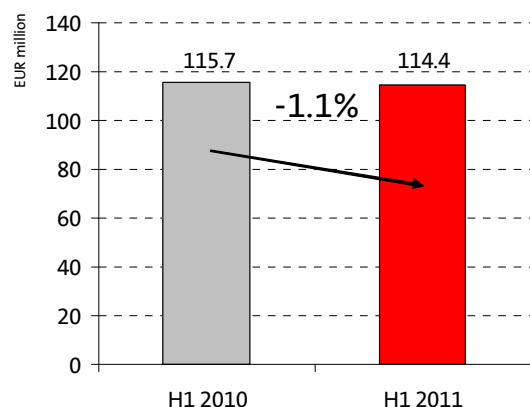
No.	INSURANCE CLASS	GROSS CLAIMS PAID		GROWTH	STRUCTURE
		H1 2011	H1 2010	INDEX	H1 2011
1	Accident insurance	13,100,797	14,134,949	93	4.6%
2	Health insurance	31,720,093	28,520,273	111	11.1%
3	Comprehensive car insurance	52,934,404	57,764,593	92	18.5%
4	Property insurance	35,914,785	37,311,481	96	12.6%
5	Motor liability insurance	62,407,633	64,118,323	97	21.8%
6	General liability insurance	10,850,950	9,597,725	113	3.8%
7	Credit insurance	2,369,007	1,918,914	123	0.8%
8	Other non-life insurance	4,798,991	7,046,544	68	1.7%
	<b>NON-LIFE INSURANCE</b>	<b>214,096,659</b>	<b>220,412,802</b>	<b>97</b>	<b>74.9%</b>
9	Life insurance	49,391,946	40,215,335	123	17.3%
10	Unit-linked life insurance	10,219,808	8,519,633	120	3.6%
11	Capital redemption insurance	12,060,628	1,021,975	1.180	4.2%
	<b>LIFE INSURANCE</b>	<b>71,672,383</b>	<b>49,756,943</b>	<b>144</b>	<b>25.1%</b>
	<b>TOTAL</b>	<b>285,769,042</b>	<b>270,169,745</b>	<b>106</b>	<b>100.0%</b>

#### 4.3.3. Gross operating costs

In the first half of 2011, total insurance business gross operating costs of the Triglav Group reached EUR 114.4 million or 1% less than one year earlier. Operating costs accounted for 20.8% of gross written premium and remained unchanged compared to the same period of 2010.

Due to austerity measures, gross operating costs decreased by 1%

Graph: Gross operating costs in the first half of 2011 compared to the same period of 2010



Gross operating costs for non-life insurance came to EUR 92.3 million (index 99), in the life-insurance segment they amounted to EUR 18.5 million (index 101) and in health insurance they totalled EUR 3.6 million (index 84).

Compared to the first half of 2010, a decline in gross operating costs was recorded in Triglav Zdravstvena zavarovalnica and Lovćen Osiguranje (26% decrease), Triglav BH Osiguranje (6% decrease) as well as in Zavarovalnica Triglav, Triglav Osiguranje and Pozavarovalnica Triglav Re (1% decrease). Gross operating costs increased in Triglav Krajina Kopaonik (index 154), Triglav Kopaonik (index 121), Vardar Osiguruvanje (index 118) and Triglav Pojišt'ovna (index 108).

Table: Gross operating costs in H1 2011 and H1 2010 by insurance company of the Triglav Group

	H1 2011	H1 2010	INDEX 2011/2010
Zavarovalnica Triglav	80,577,596	81,336,071	99
Triglav Zdravstvena zavarovalnica	4,030,860	5,446,583	74
Triglav Osiguranje	8,141,161	8,221,038	99
Triglav BH Osiguranje	3,055,054	3,245,512	94
Triglav Pojišt'ovna	4,169,893	3,864,337	108
Lovćen Osiguranje	4,755,891	6,396,400	74
Triglav Kopaonik	6,215,111	5,146,247	121
Triglav Krajina Kopaonik	1,976,832	1,281,821	154
Vardar Osiguruvanje	2,584,298	2,193,814	118
Pozavarovalnica Triglav Re	1,448,720	1,460,183	99
<b>TOTAL</b>	<b>116,955,416</b>	<b>118,592,006</b>	<b>99</b>
Consolidation eliminations	-2,538,685	-2,934,180	
<b>TOTAL</b>	<b>114,416,731</b>	<b>115,657,826</b>	<b>99</b>

Acquisition costs (fees and charges) totalled EUR 14.6 million, an increase of 1% over the preceding year. Depreciation expenses of EUR 5.0 million were 8% higher than in the same period of 2010. Labour costs, accounting for the majority of gross operating costs (52%), totalled EUR 61.1 million, or 4% less than the year before. Costs of services provided by outsourced persons decreased by 19% compared to the same period of 2010 and amounted to EUR 1.4 million, while other operating costs increased by 3% totalling EUR 34.8 million.

Table: Gross operating costs in H1 2011 and H1 2010 by nature

OPERATING COSTS BY NATURE	H1 2011	H1 2010	INDEX 2011/2010
<b>1. Acquisition costs</b>	<b>14,588,275</b>	<b>14,485,798</b>	<b>101</b>
<b>2. Depreciation</b>	<b>5,030,356</b>	<b>4,677,027</b>	<b>108</b>
<b>3. Labour costs</b>	<b>61,118,822</b>	<b>63,896,593</b>	<b>96</b>
- wages and salaries	41,672,078	43,256,820	96
- social security and pension insurance costs	9,908,848	10,498,630	94
- other labour costs	9,537,897	10,141,144	94
<b>4. Costs of services provided by outsourced persons other than sole traders including duties</b>	<b>1,448,272</b>	<b>1,787,334</b>	<b>81</b>
<b>5. Other operating costs</b>	<b>34,769,691</b>	<b>33,745,253</b>	<b>103</b>
- costs of entertainment, advertising, trade shows	7,514,058	7,352,206	102
- costs of material and energy	3,800,436	3,698,932	103
- maintenance costs	4,537,352	4,161,983	109
- reimbursement of labour-related costs	2,573,761	2,672,195	96
- costs of intellectual and personal services	1,760,827	1,376,513	128
- non income related costs, excluding insurance	1,557,350	2,102,338	74
- costs of services - transport and communications	2,388,026	2,553,445	94
- costs for insurance premiums	1,006,097	793,725	127
- payment transaction costs and banking services	1,986,265	2,072,785	96
- rents	4,043,913	3,066,499	132
- costs of services of professional training	590,332	638,664	92
- other costs of services	3,011,275	3,255,970	92
<b>TOTAL OPERATING COSTS</b>	<b>116,955,416</b>	<b>118,592,006</b>	<b>99</b>
Consolidation eliminations	-2,538,685	-2,934,180	
<b>TOTAL - CONSOLIDATED</b>	<b>114,416,731</b>	<b>115,657,826</b>	<b>99</b>

#### 4.3.4 Reinsurance

In the first half of 2011, the Triglav Group allocated EUR 53.5 million of reinsurance and coinsurance premium to external equalisation, which was 17% more than in the same period of 2010. Reinsurance premium accounts for 9.7% of total gross written premium. EUR 13.2 million was received from reinsurance (index 127).

#### 4.3.5 Net premium earned and net claims incurred

Net premium earned amounted to EUR 456.9 million or 2% less in nominal terms than in the first half of 2010. In comparison with the year before, net non-life premium and net life premium earned decreased by 3%, whereas net health insurance premium earned increased by 10%. Written premium from reinsurance operations totalled EUR 53.5 million, representing a 17% increase on the first half of 2010. Gross unearned premium increased by EUR 39.4 million, a 10% decrease of the growth rate on the same period of 2010.

At the end of the period, net claims incurred stood at EUR 282.5 million, which represents a 2% decrease compared to the first half of 2010. In comparison with the previous year, net claims incurred from non-life insurance decreased by 15%, whereas net claims incurred from life insurance rose by 46% and from health insurance by 12%. The reinsurers' and co-insurers' share of gross claims increased compared to the same period of 2010 by 27% and totalled EUR 13.2 million. In the first quarter of 2011, net claims provisions decreased by EUR 4.4 million, whereas in the same period of 2010 they increased by EUR 16.9 million.

The ratio between net claims incurred and net premiums earned deteriorated compared to the same period of 2010 by 0.3 percentage points, moving from 61.5% to 61.8%.

#### 4.3.6 Investment income and expenses

Investment income totalled EUR 59.3 million (index 62), while investment expenses amounted to EUR 59.4 million (index 97). In the reporting period, investment return, i.e., the difference between investment income and expenses was negative and totalled EUR -119.8 thousand (compared to 35.0 million EUR in the same period of 2010). Investment return on non-life insurance amounted to EUR 9.2 million (index 84), investment return on life insurance excluding investment return on unit-linked life insurance totalled EUR 11.2 million (index 45), whereas investment return on unit-linked life insurance contracts EUR stood at EUR 14.7 million (index 620) and investment return on health insurance at EUR 132.2 thousand (index 68). Lower investment returns are a consequence of a permanent impairment of financial assets in the amount of EUR 16.0 million.

Lower investment returns are a consequence of a permanent impairment of financial assets in the amount of EUR 16.0 million

#### 4.3.7 Profit for the accounting period

Despite the financial crisis, the Triglav Group ended the first half-year of 2011 with a profit. Profit before tax was EUR 49.0 million, up by 101% on the first half of 2010, while net profit totalled EUR 34.1 million, which was 90% more than in the previous year. Net profit of the Group amounted to EUR 32.9 million (index 181), whereas net profit attributable to non-controlling interest holders totalled EUR 1.2 million (compared to the negative result of EUR -198.5 thousand last year). The Group has achieved solid interim results by consistently realising its strategic goals and values which are focused on its primary insurance division, by implementing a clear risk

Net profit increased by 90%

management policy, by adequate underwriting and reinsurance policy as well as implementing a business policy geared towards combating negative impacts of the financial crisis.

The financial results of the Triglav Group in the reporting period were still adversely affected by the financial crisis, influencing the demand for insurance products and the developments on the financial markets. Due to material or permanent value decreases, assets were impaired by EUR 16.0 million.

#### 4.4 Financial standing of the Triglav Group as at 30 June 2011

Total balance sheet assets of the Triglav Group as at 30 June 2011 stood at EUR 3,122.0 million and were 3% higher than as at 31 December 2010.

##### 4.4.1 Equity as at 30 June 2011

The total equity as at 30 June 2011 equalled EUR 514.3 million, which was 3% more compared to the end of 2010. The portion of equity in the balance sheet total remained unchanged compared to the end of 2010 at 16.5%. The controlling company's equity was worth EUR 488.6 million (index 104) and non-controlling interest holders had EUR 25.7 million (index 91). Share capital amounted to EUR 73.7 million and was divided into 22,735,148 ordinary shares. Fair value reserve stood at EUR 38.7 million and was 15% lower in comparison with the end of 2010. Share premium amounted to EUR 53.6 million and reserves from profit, after an increase of 231%, to EUR 229.5 million. As at 30 June 2011, net profit brought forward, amounted to EUR 61.4 million, while net profit for the year stood at EUR 32.8 million.

Total equity as at 30 June 2011 increased by 3%

Compared to the end of 2010, subordinated liabilities remained the same and as at 30 June 2011 equalled EUR 40.9 million.

##### 4.4.2 Insurance technical provisions as at 30 June 2011

On 30 June 2011, the Triglav Group allocated EUR 2,342.2 million to gross insurance technical provisions. The total amount of gross insurance technical provisions increased by 3% compared to 31 December 2010.

The total amount of gross insurance technical provisions increased by 3% compared to 31 December 2010

Growth by provision type:

- Compared to the end of 2010, gross unearned premiums increased by 22% and as at 30 June 2011 stood at EUR 362.7 million
- Gross claims provisions decreased by 1% and as at 30 June 2011 amounted to EUR 704.2 million
- As at 30 June 2011, mathematical provisions stood at EUR 1,235.0 million, which was 1% more than at the end of 2010. Of the total amount of mathematical provisions, EUR 852.3 million originated in the long-term business fund backing life insurance and long-term business fund backing SVPI and EUR 382,7 million in the long-term business fund backing unit-linked life insurance
- Compared to the end of 2010, provisions for bonuses and rebates increased by 1% and as at 30 June 2011 equalled EUR 17.7 million
- As at 30 June 2011, other insurance technical provisions amounted to EUR 22.3 million. In comparison to the last day of 2010 they increased by 17%.

Table: Gross insurance technical provisions as at 30 June 2011

	GROSS INSURANCE TECHNICAL PROVISIONS		
	30 June 2011	31 December 2010	INDEX
Unearned premium	362,740,695	296,367,451	122
Mathematical provisions	1,235,002,753	1,225,930,838	101
Claims provisions	704,221,272	711,728,317	99
Provisions for bonuses and rebates	17,969,169	17,836,389	101
Other insurance technical provisions	22,277,890	19,052,894	117
<b>INSURANCE TECHNICAL PROVISIONS</b>	<b>2,342,211,779</b>	<b>2,270,915,889</b>	<b>103</b>

#### 4.4.3. Structure of financial investments as at 30 June 2011

Financial investments and investment property as at 30 June 2011 stood at EUR 2,515.1 million and were 1% higher than as at 31 December 2010. Their share in total assets was 80.6%.

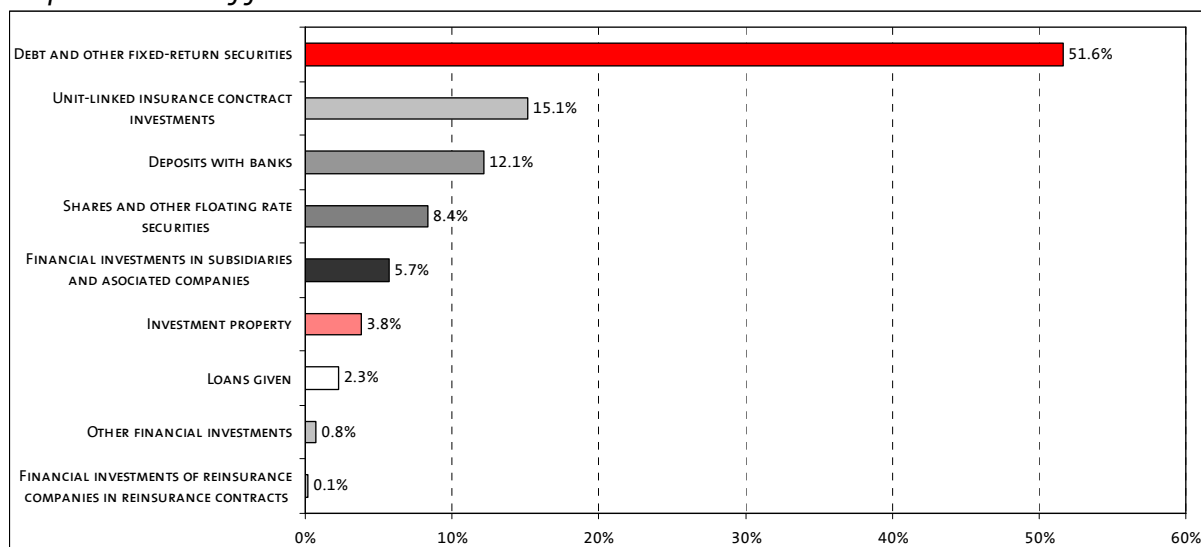
With 51.6%, debt and other fixed-return securities account for the bulk of total financial investments. Compared to 31 December 2010, they decreased by 7% and as at 30 June 2011 stood at EUR 1,298.4 million. In terms of volume, debt and other fixed-return securities are followed by unit-linked insurance contract investments, which recorded a 3% increase over the end of 2010 and as at 30 June 2011 totalled EUR 380.9 million. As at 30 June 2011, shares and other floating rate securities totalled 211.2 million EUR, which was the same as at the end of 2010. They accounted for 8.4% of total investments. Financial investments in subsidiaries and associated companies decreased by 2% and as at 30 June 2011 amounted to EUR 144.0 million, representing 5.7% of total investments. Deposits with banks increased by 45% and as at 30 June 2011 totalled EUR 305.3 million, whereas investment property totalled EUR 96.1 million, representing an increase of 14% over the end of 2010. Investment property accounts for 3.8% and deposits for 12.1% of total investment. The smallest share in total investments is represented by loans, which as at 30 June 2011 stood at EUR 56.8 million, and other financial investments which totalled EUR 19.0 million (0.8% share). As at 30 June 2011, loans increased by 7% over the end of 2010, while other financial investments grew by 89%.

Debt and other fixed-return securities accounted for 51.6% of total financial investments

Table: Financial investments as at 30 June 2011

	FINANCIAL INVESTMENTS		
	30 June 2011	31 December 2010	INDEX
Investment property	96,081,291	84,256,259	114
Financial investments in subsidiaries and associated companies	143,970,547	147,333,611	98
Shares and other floating rate securities	211,167,172	210,789,498	100
Debt and other fixed return securities	1,298,390,085	1,393,787,115	93
Loans given	56,779,032	53,130,952	107
Deposits with banks	305,322,581	210,702,044	145
Other financial investments	18,992,714	10,043,516	189
Financial investments of reinsurance companies in reinsurance contracts	3,495,623	3,102,985	113
Unit-linked insurance contract investments	380,879,861	370,627,528	103
<b>TOTAL</b>	<b>2,515,078,906</b>	<b>2,483,773,508</b>	<b>101</b>

Graph: Structure of financial investments as at 30 June 2011



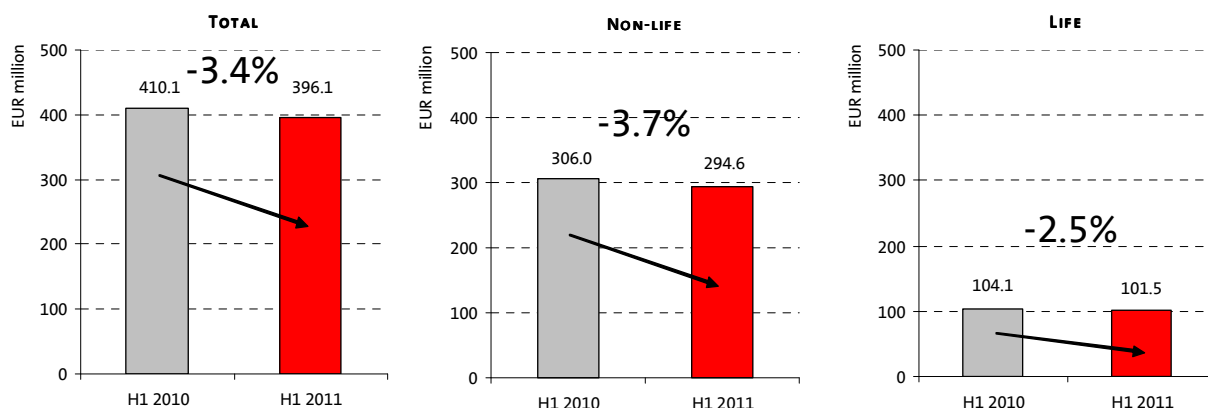
## 4.5 Financial results of Zavarovalnica Triglav in the period from 1 January 2011 to 30 June 2011

### 4.5.1 Gross written premium for insurance and co-insurance contracts

In the first half of 2011, Zavarovalnica Triglav posted a total of EUR 396.1 million in gross insurance and co-insurance premium or 3% less than in the same period of 2010.

In the first half of 2011, Zavarovalnica Triglav charged EUR 396.1 million in gross insurance and co-insurance premium

Graph: Gross written premium for insurance and co-insurance contracts in the first half of 2011 compared to the first half of 2010



Non-life insurance premium totalled EUR 294.6 million (index 96), while life insurance premium amounted to EUR 101.5 million (index 98). In the structure of total gross written premium, non-life insurance accounted for 74.4% and life insurance for 25.6%. The share of life insurance premium in total gross written premium increased by 0.2 percentage points compared to the same period of 2010.



*Table: Gross written premium for insurance and co-insurance contracts of Zavarovalnica Triglav in the first half of 2011 by insurance class*

No.	INSURANCE CLASS	GROSS WRITTEN PREMIUM		GROWTH	STRUCTURE
		H1 2011	H1 2010	INDEX	H1 2011
1	Accident insurance	21,902,083	24,451,173	90	5.5%
2	Health insurance	0	0	0	0.0%
3	Comprehensive car insurance	71,670,389	70,438,083	102	18.1%
4	Property insurance	86,819,398	84,025,055	103	21.9%
5	Motor liability insurance	73,188,023	85,941,760	85	18.5%
6	General liability insurance	19,423,143	19,883,366	98	4.9%
7	Credit insurance	9,869,189	11,166,677	88	2.5%
8	Other non-life insurance	11,716,840	10,111,810	116	3.0%
	<b>NON-LIFE INSURANCE</b>	<b>294,589,065</b>	<b>306,017,924</b>	<b>96</b>	<b>74.4%</b>
9	Life insurance	44,320,638	46,395,293	96	11.2%
10	Unit-linked life insurance	47,555,085	46,894,756	101	12.0%
11	Capital redemption insurance	9,599,802	10,786,971	89	2.4%
	<b>LIFE INSURANCE</b>	<b>101,475,525</b>	<b>104,077,020</b>	<b>98</b>	<b>25.6%</b>
	<b>TOTAL</b>	<b>396,064,591</b>	<b>410,094,944</b>	<b>97</b>	<b>100.0%</b>

In **non-life insurance**, the highest increase in gross written premium was seen in other non-life insurance (index 116). This increase was primarily generated by assistance insurance (index 140), railway insurance (index 394) and goods in transit insurance (index 114), where the increase in premium was mostly a consequence of export recovery. In assistance insurance, roadside assistance grew considerably. A 3% nominal growth was recorded in property insurance. Solid sales results were achieved in all lines of non-life insurance (index 290), and car warranty insurance which recorded a 141% growth. On the contrary, in construction insurance, Zavarovalnica Triglav charged only 46% of the premium charged last year, while a significant decrease in premium was also recorded in agricultural insurance, foremost due to the implementation of stricter terms of insurance.

An increase in premium was recorded also in comprehensive car insurance (index 102), mostly on account of successful marketing and the amendments to the actuarial bases, introduced in 2010. Other insurance classes generated less premium than in the same period of 2010. In motor liability insurance, which accounts for almost 25% of the total gross written non-life insurance premium of Zavarovalnica Triglav, the growth was lower by 15% compared to the same period in 2010. The decrease in written premium results mostly from sustained price competition among insurers in the motor vehicle insurance market, the lowering of prices of insurance products and premium reductions for large policy holders through public tenders (stricter tender requirements, competition, participation of insurance brokers and agencies in drafting tender requirements and their commissions). Credit insurance generated 12% less premium than in the same period of 2010. This was affected by a decrease in retail borrowing in the banking sector caused by the economic crisis. Furthermore, in 2010 a new Consumer Credit Act was adopted, requiring banks to exercise additional prudence in granting loans, which caused a decrease in the number of loans granted. A 10% drop in accident insurance premium was the consequence of trends in two insurance sub-classes of this insurance class, the AO-plus insurance and the driver and passenger accident insurance. The decrease in premium was caused by harsh competition in the market and the Company's amendments to the actuarial bases of June 2010, which caused a decline in premium price. The slower growth of the premium written for group accident insurance was influenced by growing unemployment and the poor state of the economy.

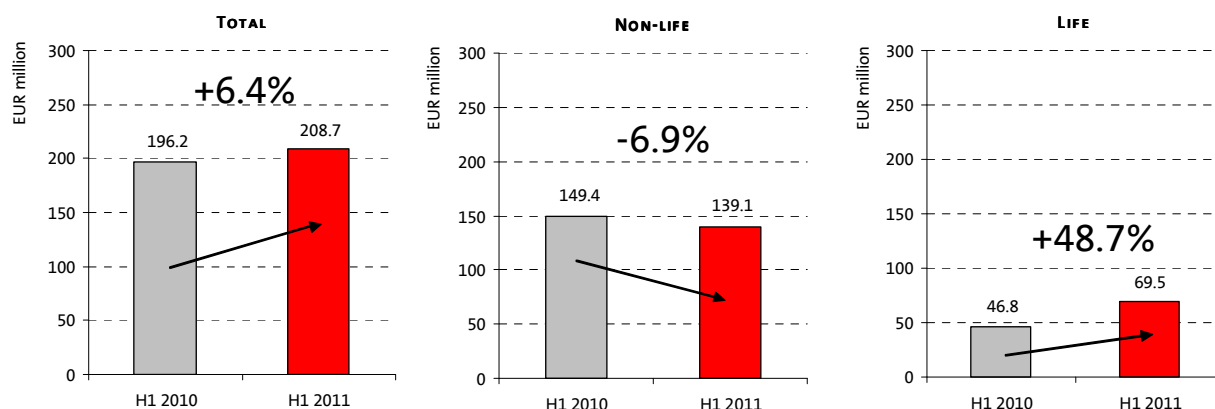
The decrease in premium from **life insurance** was affected mostly by the aging of the life insurance portfolio (maturities and surrenders). Premium generated from life assurance (unit-linked life insurance) was 1% higher than in the same period last year. Premiums from life insurance decreased by 4% over the same period in 2010. Capital redemption insurance (supplementary voluntary pension insurance) generated 11% less premium than a year before.

#### 4.5.2 Gross claims paid

In the first half of 2011, Zavarovalnica Triglav posted a total of EUR 208.7 million in consolidated gross claims (including claim handling costs and reduced by subrogation receivables) or 6% more than in the same period of 2010. Gross claims grew by 9.8 percentage points more than written premium. No mass loss events appeared in the first half of 2011.

No mass loss events appeared in the first half of 2011

Graph: Gross claims paid in the first half of 2011 and 2010



In non-life insurance Zavarovalnica Triglav recorded EUR 139.1 million (index 93) and in life insurance EUR 69.5 million (index 149) of gross claims paid. The increase in gross claims paid from life insurance was caused by maturities and surrenders of life-insurance policies and the aging of the portfolio. This class accounts for 33.3% of all claims paid, representing a growth by 9.5 percentage points over the same period last year. Claims paid increased by 27% in life insurance, by 19% in unit-linked life insurance and by as much as 1,080% in voluntary supplementary pension insurance.

In the first half of 2011, gross claims paid in non-life insurance decreased by 7%

Table: Gross claims paid of Zavarovalnica Triglav in the first half of 2011 by insurance class

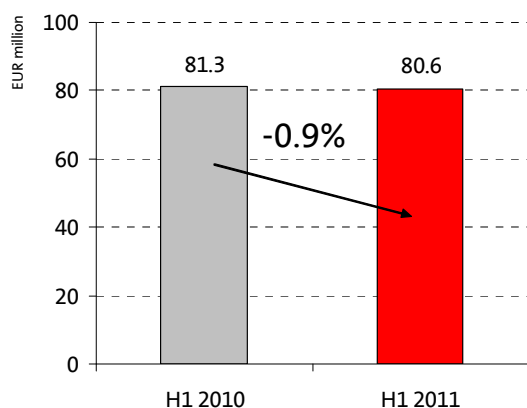
No.	INSURANCE CLASS	GROSS CLAIMS PAID		GROWTH	STRUCTURE
		H1 2011	H1 2010	INDEX	H1 2011
1	Accident insurance	9,151,659	9,613,008	95	4.4%
2	Health insurance	0	0	0	0.0%
3	Comprehensive car insurance	43,993,531	47,443,803	93	21.1%
4	Property insurance	29,361,300	32,538,062	90	14.1%
5	Motor liability insurance	40,167,280	42,671,127	94	19.3%
6	General liability insurance	10,083,548	9,534,467	106	4.8%
7	Credit insurance	1,962,863	1,117,690	176	0.9%
8	Other non-life insurance	4,388,113	6,494,202	68	2.1%
	<b>NON-LIFE INSURANCE</b>	<b>139,108,294</b>	<b>149,412,358</b>	<b>93</b>	<b>66.7%</b>
9	Life insurance	47,622,165	37,441,521	127	22.8%
10	Unit-linked life insurance	9,864,684	8,305,584	119	4.7%
11	Capital redemption insurance	12,060,628	1,021,975	1.180	5.8%
	<b>LIFE INSURANCE</b>	<b>69,547,477</b>	<b>46,769,080</b>	<b>149</b>	<b>33.3%</b>
	<b>TOTAL</b>	<b>208,655,771</b>	<b>196,181,438</b>	<b>106</b>	<b>100.0%</b>

### 4.5.3 Gross operating costs

In the first half of 2011, gross operating costs totalled EUR 80.6 million and were 1% lower than in the same period of 2010. Operating costs were lowered with the help of measures adopted to streamline operations and improve cost efficiency.

Due to austerity measures, gross operating expenses decreased by 1%

Graph: Gross operating costs in the first half of 2011 compared to the first half of 2010



Operating costs accounted for 20.3% of gross written premium and were 0.5 percentage points higher than in the same period of 2010.

Acquisition costs (fees and charges) totalled EUR 9.2 million and decreased by 1% from the same period of the preceding year. Depreciation expenses of EUR 3.3 million were higher by 14%. Labour costs amounted to EUR 46.2 million (accounting for 57.4% of all operating costs) and experienced a 3% decrease compared to the same period last year. Costs of services provided by outsourced persons totalled EUR 0.8 million, representing a decrease of 6% from the year before. In the reporting period, other operating costs reached EUR 21.1 million and were 2% higher compared to the first half of 2010.

Operating costs for life insurance came to EUR 17.7 million and accounted for 17.4% of gross written premium, while gross operating costs in non-life insurance totalled EUR 62.9 million, their share in gross written premium being 21.3%

In total gross operating costs, broken down by functional groups, costs of insurance contract acquisition accounted for 59.0%, followed by 12.2% in claim handling costs and 2.9% in expenses arising from asset management, while other operating expenses represented 25.8%.

*Table: Gross operating costs in the first half of 2011 by nature*

OPERATING COSTS BY NATURE	H1 2011	H1 2010	INDEX	STRUCTURE
				H1 2011
1. Acquisition costs	9,170,176	9,248,337	99	11.4%
2. Depreciation	3,273,911	2,863,449	114	4.1%
3. Labour costs	46,243,572	47,712,409	97	57.4%
4. Costs of services provided by outsourced persons other than sole traders including duties	801,027	852,480	94	1.0%
5. Other operating costs	21,088,909	20,659,397	102	26.2%
<b>TOTAL OPERATING COSTS</b>	<b>80,577,596</b>	<b>81,336,071</b>	<b>99</b>	<b>100.0%</b>

#### 4.5.4 Reinsurance

In the period from 1 January 2011 to 30 June 2011, Zavarovalnica Triglav allocated EUR 48.1 million of reinsurance and coinsurance premium to external equalisation, which was as much as 10% more than in the same period of 2010. Reinsurance premium accounts for 12.2% of total gross written premium. The change in gross premium reserves related to the reinsurance portion amounted to EUR 15.3 million, which was 36% more than in the same period of 2010. The reinsurers' share of gross claims settled totalled EUR 16.3 million (index 114). The change in gross claims provisions for the reinsurance portion equalled EUR 4.7 million (index 129). The Company also received EUR 6.4 million in ceding commissions (index 110).

#### 4.5.5 Net premium earned and net claims incurred

In the first half of 2011, net premium earned amounted to EUR 316.4 million or 3% less in nominal terms than in the first half of 2010. Net non-life and net life premium earned decreased by 3.8% and 2.7% respectively. Gross written premium from reinsurance and co-insurance operations decreased by EUR 48.1 million, representing a 10% bigger decrease than in the same period last year. Gross unearned premium increased by EUR 31.6 million, an 18% decrease of the growth rate on the same period of 2010.

As at the half year end, net claims incurred stood at EUR 188.3 million, which represents a 3% increase over the first half of 2010. Compared to the same period of 2010, net claims incurred from non-life insurance decreased by 13%, but increased by 51% from life insurance. The reinsurers' and co-insurers' share of gross claims increased by 14% over the first half year of 2010 and totalled EUR 16.1 million. In the first quarter of 2011, net claims provisions decreased by EUR 4.2 million, whereas in the same period of 2010 they increased by EUR 1.3 million.

The ratio between net claims incurred and net premiums earned deteriorated compared to the same period of 2010 by 3.6 percentage points, moving from 55.9% to 59.5%.

#### 4.5.6 Investment income and expenses

In the first half of 2011, investment income totalled EUR 49.8 million (index 61), of which EUR 22.0 million (index 73) came from non-life insurance and EUR 27.8 million (index 54) from life insurance. In the same period, investment expenses amounted to EUR 51.4 million, which was 7% less than in the same period of last year. In the reporting period, investment return, i.e., the difference between investment income and expenses, was negative and totalled EUR -1.6 million (compared to 26.5 million EUR in the same period of 2010). Investment return on non-life insurance amounted to EUR 3.2 million (index 61), whereas investment return on life insurance was negative and totalled EUR -4.8 million (compared to investment return of EUR 21.3 million in the preceding year). Low investment return was affected primarily by permanent impairment of investments in the amount of EUR 15.6 million owing to significant or long-term decreases in asset value.

Low investment returns are a consequence of a permanent impairment of financial assets in the amount of EUR 15.6 million, owing to the economic crisis

#### 4.5.7 Profit for the accounting period

The disclosed profit before tax of Zavarovalnica Triglav in the first half of 2011 amounted to EUR 44.2 million or 41% more than in the same period of 2010. Net profit for the accounting period increased by 20% compared to the first half of 2010, totalling EUR 30.4 million. In non-life insurance, net profit increased by 30% to EUR 26.9 million, whereas in life insurance net profit totalled EUR 3.5 million or 75% of the result in the previous year. Zavarovalnica Triglav's interim results were achieved by consistently realising its strategic goals and values which are focused on its primary insurance division and by implementing a business policy geared towards combating negative impacts of the financial crisis.

A 20% growth in net profit was achieved by consistently realising Triglav's strategic goals and values and by implementing measures geared towards combating negative impacts of the financial crisis

### 4.6 Financial standing of Zavarovalnica Triglav as at 30 June 2011

Total balance sheet assets of Zavarovalnica Triglav as at 30 June 2011 stood at EUR 2,664.8 million and were 3% higher than as at 31 December 2010.

#### 4.6.1 Equity as at 30 June 2011

Total equity as at 30 June 2011 stood at EUR 478.9 million (index 99). In the balance sheet total its share decreased from 18.6% to 18.0%. Share capital amounted to EUR 73.7 million and was divided into 22,735,148 ordinary registered par value shares. At the 35th. regular General Meeting of Shareholders of Zavarovalnica Triglav, a resolution was passed to increase the share capital by capitalisation of reserves without issuing new shares. The share capital was raised by EUR 50,000,000.00 from net profit brought forward. Share premium totalled EUR 53.4 million (index 100) and reserve from profit EUR 211.3 million (index 412). Reserves from profit increased due to a transfer of EUR 160,000,000 from accumulated profits. Fair value reserve stood at EUR 60.5 million and was 29% lower in comparison with the end of 2010. Net profit brought forward amounted to EUR 49.5 million (index 20), while profit for the accounting period stood at EUR 30.4 million, which was 89% more than at the end of 2010.

The share capital was raised by EUR 50 million from net profit brought forward

#### 4.6.2 Insurance technical provisions as at 30 June 2011

Gross insurance technical provisions are the basis for balanced operations and ensure the long-term safety of insured parties. As at 30 June 2011, Zavarovalnica Triglav allocated EUR 2,041.6 million to gross insurance technical provisions. The total amount of gross insurance technical provisions increased by 3% compared to 31 December 2010. In non-life insurance, gross insurance technical provisions increased by 6% and in life insurance by 1%.

Growth by provision type:

- Compared to the end of 2010, **gross unearned premiums** increased by 25% and as at 30 June 2011 stood at EUR 276.9 million. Unearned premium from non-life insurance totalled EUR 276.4 million (index 124) and from life insurance EUR 0.6 million (index 164).
- **Gross claims** provisions decreased by 2% over the end of 2010 and as at 30 June 2011 amounted to EUR 538.1 million. Claims provisions from non-life insurance totalled EUR 518.0 million (index 98) and those from life insurance EUR 20.1 million (index 101).
- As at 30 June 2011, **mathematical provisions** stood at EUR 1,189.0 million, which was 1% more than at the end of 2010. Of the total amount of mathematical provisions, EUR 647.7 million originated in the long-term business fund backing life insurance, EUR 166.4 million in the long-term business fund backing SVPI, EUR 1.2 million in the long term business fund backing SVPI - annuities and EUR 373.7 million in the long-term business fund backing unit-linked life insurance.
- Compared to the end of 2010, **provisions for bonuses and rebates** remained the same and as at 30 June 2011 equalled EUR 17.7 million
- As at June 2011, **other insurance technical provisions** totalled EUR 19.9 million or 34% more than as at the last day of 2010. Other insurance technical provisions include provisions for unexpired risk, which as at 31 June 2011 amounted to EUR 18.7 million, and provisions for cancellations which totalled EUR 1.2 million.

Table: Gross insurance technical provisions as at 30 June 2011

	GROSS INSURANCE TECHNICAL PROVISIONS		
	30 June 2011	31 December 2010	INDEX
Unearned premium	276,949,471	222,359,771	125
Mathematical provisions	1,189,034,521	1,183,104,444	101
Claims provisions	538,071,710	547,035,843	98
Provisions for bonuses and rebates	17,695,443	17,695,443	100
Other insurance technical provisions	19,897,627	14,860,821	134
<b>INSURANCE TECHNICAL PROVISIONS</b>	<b>2,041,648,772</b>	<b>1,985,056,321</b>	<b>103</b>

#### 4.6.3. Structure of financial investments as at 30 June 2011

Financial investments and investment property as at 30 June 2011 stood at EUR 2,280.8 million, which was approximately the same as at 31 December 2010 (index 100). Their share in total assets was 85.6%.

With 49.1%, debt and other fixed-return securities account for the bulk of total financial investments. Compared to 31 December 2010, they decreased by 8% and as at 30 June 2011 stood at EUR 1,120.2 million. In terms of volume, debt and other fixed-return securities are followed by unit-linked insurance contract investments (16.3% share), which recorded a 2% increase over the end of 2010. Financial investments in subsidiaries and associated companies decreased by 1%

Debt and other fixed-return securities accounted for 49.1% of total financial investments

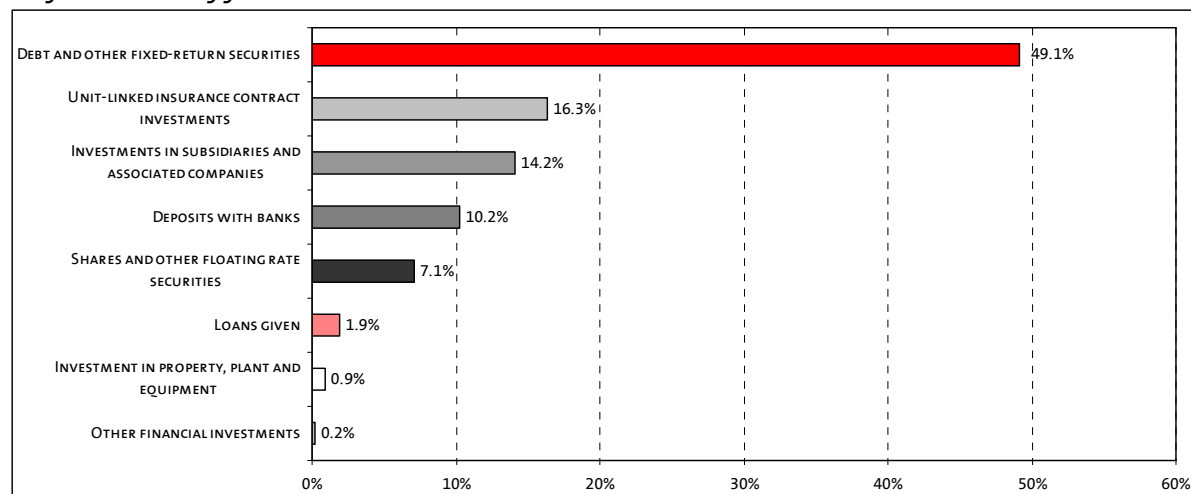
and represent 14.2% of total investments. Deposits with banks increased by 68% and as at 30 June 2011 totalled EUR 233.7 million. As at 30 June 2011, shares and other floating rate securities totalled 162.9 million EUR, which was 3% more than at the end of 2010. They accounted for 7.1% of total investments. Loans decreased by 2% over the end of 2010 (EUR 43.5 million), accounting for 1.9% of total investments.

The smallest share in total investments is represented by investment property, which as at 30 June 2011 stood at EUR 20.1 million, and other investments which totalled EUR 5.6 million (0.2% share). As at 30 June 2011, investment property increased by 6% over the end of 2010, while other financial investments remained the same as at the end of 2010 (index 100).

Table: Financial investments as at 30 June 2011

	FINANCIAL INVESTMENTS		
	30 June 2011	31 December 2010	INDEX
Investment in property, plant and equipment	20,112,254	18,991,368	106
Financial investments in subsidiaries and associated companies	322,851,335	326,946,584	99
Shares and other floating rate securities	162,861,996	157,766,589	103
Debt and other fixed return securities	1,120,205,542	1,217,099,829	92
Loans given	43,456,912	44,179,441	98
Deposits with banks	233,698,467	138,763,755	168
Other financial investments	5,598,046	5,579,421	100
Unit-linked insurance contract investments	371,978,533	363,045,262	102
<b>TOTAL</b>	<b>2,280,763,084</b>	<b>2,272,372,249</b>	<b>100</b>

Graf: Structure of financial investments as at 30 June 2011



## 5. RISK MANAGEMENT

### 5.1 Risk management in the first half of 2011

In the first half of 2011, the economic crisis in the European Union member states deepened considerably. In addition to affecting a drastic downgrading of some of the member states credit ratings to the so called speculative level, the deepened crisis also caused market participants to increasingly voice expectations of bankruptcy of certain

In the first half of 2011, a stress test, measuring Triglav's preparedness for different negative economic scenarios, was carried out under the auspices of EIOPA



member states of the monetary union, consequently casting doubt on the survival of the common European currency. As a consequence, credit spreads were widening considerably between risk free countries (especially Germany) and periphery countries of the monetary union (Greece, Spain, Portugal, Ireland, Italy). As Triglav allocates most of its assets to financial investments denominated in euro, the first half of 2011 the Company's financial risk management activities were focused on credit risk exposure and maintaining an adequate asset and liability structure. Since the beginning of 2010, Triglav has been carefully monitoring the exposure to debt securities of the euro area periphery countries. As conditions in the capital markets remain volatile, the Company pays particular attention to monitoring their effects on matching assets and liabilities, adapting investment policies of individual long-term business funds and assets backing liabilities when needed. In devising its investment policies, the Company employed results of different capital adequacy models as well as the results of the stress test, carried out under the guidance of EIOPA, which measured Triglav's preparedness for different adverse economic scenarios, including a stress scenario involving the credit risk of euro area countries.

In the scope of operational risk management, Zavarovalnica Triglav carried out a gap analysis of internal control mechanisms in all of its business divisions in the first half of 2011. A similar analysis was also carried out on the IT support for non-life insurance in subsidiaries. The gap analysis was implemented in accordance with the requirements, resulting from the development of the operational risk management system in the previous year. The goal of these activities was to establish an efficient environment of internal controls which would ensure timely and accurate financial reporting, and simultaneously unify risk control and management across the Triglav Group insurance companies.

Other information detailed in the chapter on risk management of the 2010 Annual Report remains accurate.

## 5.2 Significant types of risks in the second half of 2011

The debt crisis in the European Union member states has not yet ended. On the contrary, there is a risk that it might escalate into an institutional crisis of the European Union, which, in the worst case scenario, could lead to the bankruptcy of a EU member state. It is estimated, that the insecurity with regard to the resolution of the debt crisis and its effect on the Company's exposure to financial risks will present the greatest risk in the second half of 2011.

Insecurity with regard to the resolution of the debt crisis and its effect on Triglav's exposure to financial risks will present the greatest risk in the second half of 2011

The credit risk (counterparty's default risk) of government securities has been increasing, while the credit spread risk has been high as well. Zavarovalnica Triglav's assets and liabilities will also be significantly affected by the development of the economic environment in Slovenia, which remains weak, exposing the Company foremost to risks of insured parties defaulting on the payment of premiums and risks related to the selection of underwritten risks.

Disasters (natural of man-made) remain to be a significant risk for Zavarovalnica Triglav, as they can have negative effects especially on the non-life insurance portfolio.

The Company thus plans to pay particular attention to risk management of assets and liabilities of long-term business funds and assets backing liabilities, capital and capital adequacy management and the adequacy of the reinsurance scheme.



### 5.3 Internal audit

In the first half of 2011, the Internal Audit Department complied with its annual and operational work programme. The IAD carried out 13 regular and 1 extraordinary audit of the operations of Zavarovalnica Triglav, 8 of which were concluded in the reporting period. The IAD reported on all of them in writing to the Management Board, which discussed the received reports and took appropriate action to carry out the recommendations given, i.e. eliminate the identified irregularities and deficiencies by the agreed deadlines. The persons responsible for implementing the recommendations were required to report to the IAD, which in turn monitored the implementation and reported to the Management and Supervisory Boards.

The IAD also participated in 6 audits in subsidiaries of the Triglav Group and intensively pursued the IAD Quality Management and Improvement activities by upgrading the IAD report structure and further developing the IAD manual which sets out in detail the methodology used in IAD operations.

## 6. HUMAN RESOURCE MANAGEMENT IN THE TRIGLAV GROUP

### 6.1 Number of employees

As at 30 June 2011, there were 5155 employees in the Triglav Group, which is 92 less than at the end of 2010.

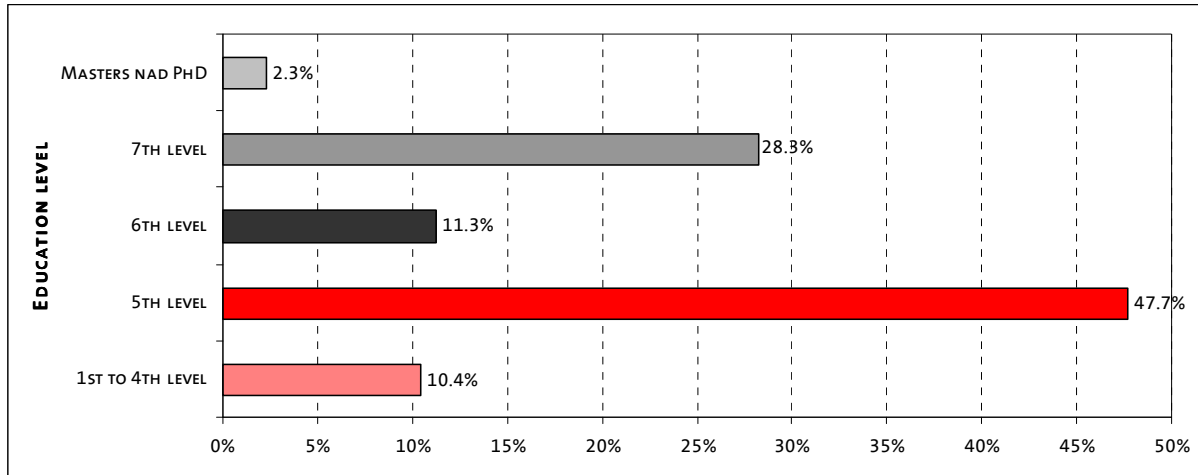
*Table: Number of employees in the Triglav Group as at 30 June 2011*

MEMBER OF THE TRIGLAV GROUP	NUMBER OF EMPLOYEES			INDEX
	30 JUNE 2011	31 DECEMBER 2010	DIFFERENCE	2011/2010
Zavarovalnica Triglav d.d.	2,432	2,441	-9	100
Pozavarovalnica Triglav RE d.d.	37	38	-1	97
Triglav Zdravstvena zavarovalnica d.d.	77	78	-1	99
Triglav Osiguranje d.d.	536	566	-30	95
Triglav BH Osiguranje d.d.	446	455	-9	98
Triglav Pojišt'ovna a.s.	118	125	-7	94
Lovčen Osiguranje a.d.	264	272	-8	97
Triglav Kopaonik a.d.o.	583	603	-20	97
Triglav penzijski fondovi a.d.	6	9	-3	67
Triglav Krajina Kopaonik a.d.	91	86	5	106
Vardar Osiguruvanje a.d.	151	155	-4	97
Triglav DZU d.o.o.	34	34	0	100
AS Triglav d.o.o.	31	31	0	100
TRI-PRO d.o.o.	82	79	3	104
Triglav INT d.d.	4	0	4	0
Triglav nepremičnine d.d.	6	5	1	120
Triglav Naložbe d.d.	5	4	1	125
Slovenijales d.d.	225	239	-14	94
Golf Arboretum d.o.o.	11	11	0	100
Gradis IPGI d.d.	3	4	-1	75
TRI-PRO BH d.o.o.	13	12	1	108
<b>TOTAL</b>	<b>5,155</b>	<b>5,247</b>	<b>-92</b>	<b>98</b>
<b>Total – members of the Triglav Group</b>	<b>4,735</b>	<b>4,819</b>	<b>-84</b>	<b>98</b>

## 6.2 Educational structure of employees

Compared to the end of 2010, the educational structure continued to improve, as the number of employees with secondary school education, higher-educational or university degrees, as well as completed master's degrees and doctorates, increased at the expense of staff with only elementary school education.

*Graph: Employees of the Triglav Group as at 30 June 2011 - structure by education level*



## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The members of the Management Board of Zavarovalnica Triglav d.d., in the composition of Matjaž Rakovec, President, Andrej Slapar, member and Vladimir Mišo Čeplak, member-employee representative, state to the best of their knowledge that:

- The financial statements of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2011 to 30 June 2011 were prepared in accordance with the International Financial Reporting Standards so as to give a true and fair view of the assets and liabilities, the financial position and the profit or loss of Zavarovalnica Triglav d.d. and all the consolidated companies, taken as a whole.
- The interim Results Report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2011 to 30 June 2011 includes a fair review of business developments and results and of their financial positions, including an account of significant types of risks, which Zavarovalnica Triglav d.d. and other companies included in the consolidation, taken as a whole, are exposed to.
- The interim report of the Triglav Group and Zavarovalnica Triglav d.d. for the period from 1 January 2011 to 30 June 2011 includes a fair disclosure of related party transactions, prepared in accordance with the International Financial Reporting Standards.
- The Management Board is also responsible for the adoption of appropriate measures for the safeguarding of assets and for the prevention and detection of fraud and other irregularities or illegal acts.

Matjaž Rakovec  
President of the Management Board

Igor Stebernak  
Member of the Management Board

Andrej Slapar  
Member of the Management Board

Vladimir Mišo Čeplak  
Member of the Management Board, Employee Representative

**UNAUDITED FINANCIAL STATEMENTS  
AND NOTES THERETO FOR THE PERIOD FROM  
1 JANUARY 2011 TO 30 JUNE 2011**

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# 1. FINANCIAL STATEMENTS OF ZAVAROVALNICA TRIGLAV D.D.

## STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV D.D.

(in EUR)	30 June 2011	31 December 2010	Index
<b>ASSETS</b>	<b>2,664,847,223</b>	<b>2,593,061,197</b>	<b>103</b>
Intangible assets	56,235,642	47,350,468	119
Property, plant and equipment	72,134,203	74,513,859	97
Deferred tax assets	14,675,096	2,318,451	633
Investment property	20,112,254	18,991,368	106
Financial investments in subsidiaries	162,493,477	146,331,525	111
Investments in associates	103,225,888	124,056,048	83
Financial assets	1,994,931,466	1,982,993,308	101
Financial investments	1,615,589,595	1,612,683,312	100
- loans and deposits	381,888,919	292,964,828	130
- held to maturity	209,819,244	234,345,596	90
- available for sale	947,203,715	1,011,195,334	94
- investments recognised at fair value	76,677,718	74,177,553	103
Unit-linked insurance assets	379,341,871	370,309,996	102
Reinsurers' share of technical provisions	65,367,052	54,773,513	119
Receivables	167,308,405	128,932,254	130
- receivables from direct insurance operations	121,313,540	81,995,067	148
- receivables from reinsurance and co-insurance operations	12,633,601	20,842,209	61
- current tax receivables	9,129,249	0	
- other receivables	24,232,015	26,094,979	93
Other assets	3,733,221	3,558,407	105
Cash and cash equivalents	4,630,520	9,241,996	50
<b>EQUITY AND LIABILITIES</b>	<b>2,664,847,223</b>	<b>2,593,061,197</b>	<b>103</b>
Equity	478,896,298	481,851,900	99
- share capital	73,701,392	23,701,392	311
- share premium	53,412,884	53,412,884	100
- reserves from profit	211,286,919	51,286,919	412
- fair value reserve	60,545,420	84,817,134	71
- net profit brought forward	49,539,512	252,529,149	20
- net profit for the year	30,410,170	16,104,423	189
Subordinated liabilities	40,932,091	40,932,091	100
Insurance technical provisions	1,667,972,335	1,616,757,364	103
- unearned premium	276,949,471	222,359,771	125
- mathematical provisions	815,358,084	814,805,488	100
- claims provisions	538,071,710	547,035,843	98
- other insurance technical provisions	37,593,069	32,556,263	115
Insurance technical provisions for unit-linked insurance contracts	373,676,437	368,298,956	101
Employee benefits	7,935,550	7,825,952	101
Other provisions	1,058,101	1,030,672	103
Deferred tax liabilities	0	0	
Other financial liabilities	17,744,282	1,061,842	
Operating liabilities	53,502,068	42,905,733	125
- liabilities from direct insurance operations	16,585,825	15,556,492	107
- liabilities from co-insurance and reinsurance operations	16,263,603	11,736,645	139
- current tax liabilities	20,652,640	15,612,596	132
Other liabilities	23,130,064	32,396,686	71

## INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

(in EUR)

	H1 2011	H1 2010	Index
<b>NET PREMIUM INCOME</b>	<b>316,365,279</b>	<b>327,801,053</b>	<b>97</b>
- gross written premium	396,064,591	410,094,944	97
- ceded written premium	-48,126,317	-43,719,658	110
- change in unearned premiums	-31,572,995	-38,574,233	82
<b>TOTAL INVESTMENT INCOME</b>	<b>49,779,288</b>	<b>81,506,543</b>	<b>61</b>
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>2,130,232</i>	<i>3,194,597</i>	<i>67</i>
- interest income	1,412,251	1,592,639	89
- dividends	696,433	1,462,661	48
- fair value gains	21,547	135,124	16
- realised gains on disposals	0	0	
- other financial income	0	4,174	
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>42,920,419</i>	<i>59,228,521</i>	<i>72</i>
- interest income	34,565,542	34,257,480	101
- dividends	1,503,186	2,097,345	72
- fair value gains	2,262,385	6,699,273	34
- realised gains on disposals	4,264,230	14,469,280	29
- other financial income	325,077	1,705,142	19
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>4,728,638</i>	<i>19,083,425</i>	<i>25</i>
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>16,665,897</b>	<b>17,025,275</b>	<b>98</b>
- fees and commission income	14,105,994	14,237,163	99
- other income from insurance operations	2,559,903	2,788,112	92
<b>OTHER INCOME</b>	<b>3,029,390</b>	<b>3,539,822</b>	<b>86</b>
<b>NET CLAIMS INCURRED</b>	<b>188,312,872</b>	<b>183,304,661</b>	<b>103</b>
- gross claims settled	208,655,771	196,181,437	106
- reinsurers' share	-16,096,760	-14,171,296	114
- changes in claims provisions	-4,246,139	1,294,520	
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	<b>6,705,097</b>	<b>45,572,444</b>	<b>15</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>5,377,480</b>	<b>22,783,662</b>	<b>24</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>2,305,684</b>	<b>2,263,845</b>	<b>102</b>
<b>OPERATING EXPENSES</b>	<b>68,360,772</b>	<b>69,048,877</b>	<b>99</b>
- acquisition costs	47,548,797	48,101,996	99
- other operating costs	20,811,975	20,946,882	99
<b>TOTAL EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>51,354,593</b>	<b>54,996,464</b>	<b>93</b>
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>2,179,797</i>	<i>1,651,504</i>	<i>132</i>
- interest expense	69,392	59,837	116
- fair value losses	2,104,392	42,646	
- realised loss on disposals	0	1,534,988	
- loss on impairment of financial assets	0	0	
- other expenses from financial assets and liabilities	6,013	14,032	43
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>29,683,444</i>	<i>31,893,395</i>	<i>93</i>
- interest expense	2,447,179	2,944,458	83
- fair value losses	2,714,887	7,950,476	34
- realised loss on disposals	5,217,508	2,343,089	223
- loss on impairment of financial assets	15,612,554	15,794,190	99
- other expenses from financial assets and liabilities	3,691,315	2,861,182	129
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>19,491,353</i>	<i>21,451,566</i>	<i>91</i>
<b>OTHER INSURANCE EXPENSES</b>	<b>18,469,262</b>	<b>19,579,351</b>	<b>94</b>
<b>OTHER EXPENSES</b>	<b>708,145</b>	<b>930,803</b>	<b>76</b>
<b>PROFIT BEFORE TAX</b>	<b>44,245,949</b>	<b>31,392,585</b>	<b>141</b>
Income tax expense	13,835,779	6,087,024	227
<b>NET PROFIT / LOSS FOR THE ACCOUNTING PERIOD</b>	<b>30,410,170</b>	<b>25,305,561</b>	<b>120</b>
Net profit per share	1.34	1.11	120

## STATEMENT OF COMPREHENSIVE INCOME OF ZAVAROVALNICA TRIGLAV D.D.

		(in EUR)	
		H1 2011	H1 2010
I.	NET PROFIT/LOSS FOR THE YEAR AFTER TAX	30,410,170	25,305,561
II.	OTHER COMPREHENSIVE INCOME AFTER TAX	-24,271,714	-983,311
	Net gains/losses from the remeasurement of available for- sale financial assets	-29,812,494	-2.568.982
	Gains/losses, recognised in fair value reserve	-44,605,820	-6.417.463
	Transfer from fair value reserve to profit/loss	14,793,326	3.848.481
	Tax on other comprehensive income	5,540,781	1.585.671
III.	<b>COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX</b>	<b>6,138,456</b>	<b>24,322,250</b>



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

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011

(in EUR)

	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
1. OPENING BALANCE FOR THE PERIOD	23,701,392	53,412,884	4,662,644	30,624,276	16,000,000	84,817,134	252,529,148	16,104,422	481,851,900
2. Comprehensive income or loss for the period from 1 January 2010 to 30 June 2011						-24,271,713		30,410,170	6,138,457
3. Allocation to net profit/loss brought forward							16,104,422	-16,104,422	0
4. Share capital increase	50,000,000						-50,000,000		0
5. Allocation of net profit brought forward to other profit reserves					160,000,000		-160,000,000		0
6. Dividend payment							-9,094,060		-9,094,060
7. CLOSING BALANCE FOR THE PERIOD	73,701,392	53,412,884	4,662,644	30,624,276	176,000,000	60,545,421	49,539,511	30,410,170	478,896,298

FOR THE PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010

	Share capital	Share premium	Reserves from profit			Fair value reserve	Net profit brought forward	Net profit/loss	TOTAL EQUITY
			Legal and statutory reserves	Credit risk reserves	Other reserves from profit				
1. OPENING BALANCE FOR THE PERIOD	23,701,392	53,412,884	4,662,644	30,624,276	0	112,458,840	254,906,431	-2,377,283	477,389,184
2. Comprehensive income or loss for the period from 1 January 2010 to 30 June 2010						-983,311		25,305,561	24,322,250
3. Allocation to net profit/loss brought forward							-2,377,283	2,377,283	0
4. CLOSING BALANCE FOR THE PERIOD	23,701,392	53,412,884	4,662,644	30,624,276	0	111,475,529	252,529,148	25,305,561	501,711,434

## CASH FLOW STATEMENT OF ZAVAROVALNICA TRIGLAV D.D.

(in EUR)	H1 2011	H1 2010
<b>A. OPERATING CASH FLOW</b>		
<b>Income statement items</b>	<b>22,821,335</b>	<b>51,333,344</b>
Operating income (excluding revaluation) operating revenues and financial income from operating receivables	373,728,297	425,480,778
Operating expenses excluding depreciation charge (except for revaluations) and financial expenses for operating liabilities	-326,165,100	-371,289,237
Corporate income tax and other taxes excluded from operating expenses	-24,741,862	-2,858,198
<b>Changes in net operating assets in balance sheet items (including accruals and deferrals, provisions and deferred tax assets and liabilities)</b>	<b>-52,197,541</b>	<b>36,543,296</b>
Change in operating receivables and prepayments and accrued income	-43,484,127	-48,728,969
Movements in deferred tax assets	-12,356,646	-927,333
Movements in inventories	-66,455	-153,379
Movements in operating debts	-11,110,124	67,777,376
Change in accruals and deferred income and provisions	14,819,812	18,575,601
<b>OPERATING CASH FLOW</b>	<b>-29,376,205</b>	<b>87,876,640</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash inflows from investing activities</b>	<b>1,756,132,716</b>	<b>1,928,914,993</b>
Cash inflows from interest from investing activities	32,529,021	35,850,119
Cash inflows from dividends received and profit sharing	2,318,020	1,232,085
Cash inflows from the disposal of property	650,069	150,048
Cash inflows from the disposal of non-current investments	1,719,894,526	1,891,054,503
Cash inflows from the disposal of investments in associates	741,081	628,238
<b>Cash outflows from investing activities</b>	<b>-1,729,140,839</b>	<b>-2,017,763,204</b>
Cash outflows for the purchase of intangible assets	-1,671,834	-206,851
Cash outflows for the purchase of property	-1,951,468	-7,470,489
Cash outflows for the purchase of investments	-1,704,784,951	-2,009,169,368
Cash outflows for the acquisition of investments in associates	-20,732,585	-916,495
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>26,991,878</b>	<b>-88,848,210</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>Cash outflows from financing activities</b>	<b>-2,227,149</b>	<b>-6,343</b>
Cash outflows for paid interest from financing activities	-2,226,923	-1,371
Cash outflows for payments financial liabilities	0	0
Cash outflows from dividends paid and profit sharing	-225	-4,971
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-2,227,149</b>	<b>-6,343</b>
<b>D. Opening balance of cash and cash equivalents</b>	<b>9,241,996</b>	<b>3,014,091</b>
<b>E. Net cash flow the period</b>	<b>-4,611,476</b>	<b>-977,913</b>
<b>F. Closing balance of cash and cash equivalents</b>	<b>4,630,520</b>	<b>2,036,179</b>

## 2. CONSOLIDATED FINANCIAL STATEMENTS OF THE TRIGLAV GROUP

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in EUR)	30 June 2011	31 December 2010	Index
<b>ASSETS</b>	<b>3,122,015,414</b>	<b>3,024,395,808</b>	<b>103</b>
Intangible assets	70,790,817	61,218,108	116
Property, plant and equipment	129,698,288	142,550,661	91
Deferred tax receivables	35,882,599	27,545,028	130
Investment property	96,081,291	84,256,259	114
Investments in associates	112,453,656	117,067,739	96
Financial assets	2,306,543,960	2,282,449,510	101
<i>Financial investments</i>	1,918,300,765	1,904,557,249	101
- <i>loans and deposits</i>	454,096,566	364,944,602	124
- <i>held to maturity</i>	226,374,819	253,578,582	89
- <i>available for sale</i>	1,141,266,360	1,195,021,035	96
- <i>recognised at fair value through profit and loss</i>	96,563,020	91,013,031	106
<i>Unit-linked insurance assets</i>	388,243,199	377,892,261	103
Reinsurers' share of technical provisions	58,664,388	44,221,316	133
Receivables	270,635,868	216,643,960	125
- receivables from direct insurance operations	170,895,327	127,992,948	134
- receivables from reinsurance and co-insurance operations	44,326,310	45,432,007	98
- current tax receivables	9,174,645	2,427	
- other receivables	46,239,586	43,216,578	107
Other assets	15,984,533	12,949,696	123
Cash and cash equivalents	23,885,481	34,108,090	70
Non-current assets held for sale	1,394,533	1,385,441	101
<b>EQUITY AND LIABILITIES</b>	<b>3,122,015,414</b>	<b>3,024,395,808</b>	<b>103</b>
Equity	514,256,560	498,977,808	103
Controlling interests	488,576,090	470,765,036	104
- share capital	73,701,391	23,701,391	311
- share premium	53,613,280	53,655,516	100
- reserves from profit	229,538,943	69,417,981	331
- fair value reserve	38,710,419	45,520,845	85
- net profit brought forward	61,364,111	269,153,671	23
- net profit for the year	32,767,072	11,313,293	290
- currency translation differences	-1,119,126	-1,997,661	56
Non-controlling interests	25,680,470	28,212,772	91
Subordinated liabilities	40,932,091	40,932,090	100
Insurance technical provisions	1,959,532,881	1,894,832,826	103
- unearned premium	362,740,695	296,367,451	122
- mathematical provisions	852,323,855	849,847,775	100
- claims provisions	704,221,272	711,728,317	99
- other insurance technical provisions	40,247,059	36,889,283	109
Insurance technical provisions for unit-linked insurance contracts	382,678,898	376,083,063	102
Employee benefits	9,163,407	10,278,077	89
Other provisions	19,715,349	17,797,395	111
Deferred tax liabilities	12,653,526	14,110,839	90
Liabilities from investment contracts	1,669,893	0	
Other financial liabilities	46,259,648	34,870,425	133
Operating liabilities	84,923,991	68,049,411	125
- liabilities from direct insurance operations	24,883,130	23,243,104	107
- liabilities from co-insurance and reinsurance operations	38,584,538	27,928,812	138
- current tax liabilities	21,456,323	16,877,495	127
Other liabilities	50,229,170	68,463,874	73

## CONSOLIDATED INCOME STATEMENT

(in EUR)

	H1 2011	H1 2010	Index
<b>NET PREMIUM INCOME</b>	<b>456,943,916</b>	<b>467,425,058</b>	<b>98</b>
- gross written premium	549,861,990	557,091,594	99
- ceded written premium	-53,497,248	-45,721,310	117
- change in unearned premiums	-39,420,826	-43,945,226	90
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>59,308,424</b>	<b>96,242,224</b>	<b>62</b>
INCOME FROM FINANCIAL ASSETS IN ASSOCIATES	1,569,489	6,376,989	25
- profit on equity investments accounted for using the equity method	764,369	4,844,006	16
- interest	747,739	978,174	76
- dividends	0	207,510	
- fair value gains	-32,035	172,243	
- realised gains on disposals	748	169,326	
- other expenses from financial assets and liabilities	88,668	5,730	
INCOME FROM OTHER FINANCIAL ASSETS	52,663,196	70,781,810	74
- interest	41,650,390	41,118,518	101
- dividends	1,642,391	2,260,546	73
- fair value gains	2,776,922	7,193,111	39
- realised gains on disposals	4,855,535	17,405,530	28
- other expenses from financial assets and liabilities	1,737,958	2,804,105	62
NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS	5,075,739	19,083,425	27
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>15,698,071</b>	<b>13,012,050</b>	<b>121</b>
- financial income	10,826,083	9,157,645	118
- other income from insurance operations	4,871,988	3,854,405	126
<b>OTHER INCOME</b>	<b>27,914,636</b>	<b>28,436,353</b>	<b>98</b>
<b>NET CLAIMS INCURRED</b>	<b>282,462,839</b>	<b>287,311,264</b>	<b>98</b>
- gross claims settled	296,739,619	278,000,042	107
- reinsurers' share	-13,220,736	-10,392,081	127
- changes in claims provisions	-4,427,855	16,942,536	
- equalisation scheme expenses for supplementary health insurance	3,371,811	2,760,767	122
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	<b>6,667,414</b>	<b>45,787,794</b>	<b>15</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>6,616,609</b>	<b>23,682,104</b>	<b>28</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>2,916,593</b>	<b>2,516,846</b>	<b>116</b>
<b>OPERATING EXPENSES</b>	<b>96,871,497</b>	<b>99,049,382</b>	<b>98</b>
- costs of insurance contract acquisition	60,940,024	63,133,289	97
- other operating costs	35,931,473	35,916,093	100
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>59,428,174</b>	<b>61,216,657</b>	<b>97</b>
EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES	5,882,706	1,640,726	359
- loss on investments accounted for using the equity method	5,367,152	1,226,847	437
- interest expenses	276,889	298,043	93
- fair value losses	232,153	101,236	229
-loss on impairment of financial assets	0	0	
- other expenses from financial assets and liabilities	6,512	14,600	45
EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES	33,782,828	38,124,365	89
- interest expenses	3,106,460	4,038,716	77
- fair value losses	2,991,820	8,804,778	34
- realised loss on disposals of financial assets	5,615,149	4,483,703	125
- loss on impairment of financial assets	16,002,113	15,805,879	101
- other expenses from financial assets and liabilities	6,067,286	4,991,289	122
NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS	19,762,640	21,451,566	92
<b>OTHER INSURANCE EXPENSES</b>	<b>29,639,585</b>	<b>29,737,735</b>	<b>100</b>
<b>OTHER EXPENSES</b>	<b>26,284,214</b>	<b>31,486,452</b>	<b>83</b>
<b>NET PROFIT/LOSS BEFORE TAX</b>	<b>48,978,122</b>	<b>24,327,451</b>	<b>201</b>
Income tax expense	14,916,181	6,403,407	233
<b>NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD</b>	<b>34,061,941</b>	<b>17,924,044</b>	<b>190</b>
Net profit/loss attributable to the controlling company	32,862,369	18,122,517	181
Net profit/loss attributable to non-controlling interest holders	1,199,572	-198,473	

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in EUR)

	H1 2011	H1 2010
I. NET PROFIT/LOSS FOR THE YEAR AFTER TAX	34,061,941	17,924,044
II. OTHER COMPREHENSIVE INCOME AFTER TAX	-6,077,382	3,471,202
1. Net gains/losses from the remeasurement of available-for-sale financial assets	-13,321,818	1,822,591
Gains/losses recognised in fair value reserve	-14,942,441	-2,025,890
Transfer from fair value reserve to profit/loss	1,620,623	3,848,481
2. Gains/losses recognised in fair value reserve and net profit/loss brought forward arising from equity in associates and jointly controlled entities recognised using the equity method	820,261	345,858
3. Currency translation adjustment	878,535	-213,747
4. Tax on other comprehensive income	5,545,640	1,516,499
<b>III. COMPREHENSIVE INCOME OR LOSS FOR THE YEAR AFTER TAX</b>	<b>27,984,559</b>	<b>21,395,246</b>
Controlling interests	26,930,486	20,180,297
Non-controlling interests	1,054,072	-433,665

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011

(in EUR)

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011	Share capital	Share premium	Reserves from profit					Fair value reserve	Net profit brought forward	Net profit/loss	Treasury shares	Currency translation differences	Total equity attributable to the controlling company	Non- controlling interests	TOTAL
			Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves from profit								
1. OPENING BALANCE FOR THE PERIOD	23,701,392	53,655,514	529,798	364,680	19,451,957	33,436,225	16,000,000	45,520,845	269,153,671	11,313,295	-364,680	-1,997,661	470,765,035	28,212,772	<b>498,977,807</b>
2. Comprehensive income for the period from 1.1.2011 to 30 June 2011								-6,810,426		32,862,377		878,535	26,930,486	1,054,072	27,984,558
3. Net profit allocations to reserves from profit	50,000,000						160,000,000		-210,000,000				0		0
4. Dividend payment									-9,094,059				-9,094,059	-25,740	-9,119,799
5. Allocation and use of reserves for credit risk and catastrophe claims						109,547				-95,306			14,241	-14,241	0
6. Allocation to net loss/profit brought forward									11,313,295	-11,313,295			0		0
7. Acknowledgement of reservations from Group transactions		-42,236			11,416				-8,229				-39,049	-556	-39,604
8. Other									-567				-567	-3,545,838	-3,546,405
9. CLOSING BALANCE FOR THE PERIOD	73,701,392	53,613,279	529,798	364,680	19,463,373	33,545,772	176,000,000	38,710,419	61,364,111	32,767,071	-364,680	-1,119,126	488,576,088	25,680,470	<b>514,256,557</b>

FOR THE PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010

(in EUR)

FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2010	Reserves from profit							Fair value reserve	Net profit brought forward	Net profit/loss	Treasury shares	Currency translation differences	Total equity attributable to the controlling company	Non- controlling interests	TOTAL
	Share capital	Share premium	Contingency reserves	Treasury share reserves	Legal and statutory reserves	Credit risk reserves	Other reserves from profit								
<b>1. OPENING BALANCE FOR THE PERIOD</b>	23,701,392	53,892,536	1,211,903	364,680	20,019,013	32,861,909	87,361	54,370,241	271,086,497	-5,861,927	-364,680	-1,458,901	449,910,024	27,877,664	<b>477,787,688</b>
2. Comprehensive income for the period from 1.1.2010 to 30 June 2010								3,920,145		18,122,514			22,042,659	-433,666	21,608,993
3. Allocation to net profit/loss brought forward									-5,861,927	5,861,927			0		0
4. Allocation and use of reserves for credit risk and catastrophe claims										0	169,709	-10,092	-10,797	10,797	0
5. Net profit allocations to reserves from profit						-566,421				575,518	-637		8,460	-8,460	0
6. Other changes in equity								-307,468	78,599			-203,655	-432,524	-98,967	-531,491
<b>7. CLOSING BALANCE FOR THE PERIOD</b>	23,701,392	53,892,536	1,211,903	364,680	19,452,592	32,778,855	0	57,982,918	265,878,687	18,291,586	-364,680	-1,672,648	471,517,821	27,347,368	<b>498,865,189</b>

## CONSOLIDATED CASH FLOW STATEMENT

(in EUR)	H1 2011	H1 2010
<b>A. OPERATING CASH FLOW</b>		
<b>Income statement items</b>	<b>33,329,613</b>	<b>63,156,225</b>
Operating income (excluding revaluation) and financial income from operating receivables	561,660,362	603,948,942
Operating expenses excluding depreciation charge (excluding revaluation) and financial expenses for operating liabilities	-502,444,420	-537,520,689
Corporate income tax and other taxes excluded from operating expenses	-25,886,330	-3,272,027
<b>Changes in net operating assets in balance sheet items (including accruals and deferrals, provisions and deferred tax assets and liabilities)</b>	<b>-55,438,941</b>	<b>18,072,695</b>
Change in operating receivables and prepayments and accrued income	-73,442,687	-73,383,137
Movements in deferred tax assets	-8,337,571	-928,336
Change in assets held for sale (disposal group)	0	0
Movements in inventories	-414,326	469,845
Movements in operating debts	-683,261	73,014,092
Change in accruals and deferred income and provisions	14,785,468	20,553,802
Movements in deferred tax liabilities	12,653,436	-1,653,571
<b>OPERATING CASH FLOW</b>	<b>-22,109,328</b>	<b>81,228,920</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash inflows from investing activities</b>	<b>1,959,012,933</b>	<b>2,024,199,395</b>
Cash inflows from interest from investing activities	38,412,195	45,167,438
Cash inflows from dividends received and profit sharing	2,430,581	1,182,573
Cash inflows from the disposal of intangible assets	0	80,007
Cash inflows from the disposal of property	848,869	241,416
Cash inflows from the disposal of investments	1,883,562,872	1,950,603,582
Cash inflows from the disposal of investments in associates	33,758,416	26,924,379
<b>Cash outflows from investing activities</b>	<b>-1,939,586,996</b>	<b>-2,104,670,159</b>
Cash outflows for the purchase of intangible assets	-2,597,720	-619,842
Cash outflows for the purchase of property	-3,539,046	-9,256,617
Cash outflows for the purchase of investments	-1,874,341,452	-2,068,133,516
Cash outflows for the acquisition of investments in associates	-59,108,778	-26,660,183
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>19,425,937</b>	<b>-80,470,763</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash inflows from financing	<b>9,834,145</b>	<b>18,845,801</b>
Cash inflows from loans received	9,834,145	18,845,801
<b>Cash outflows from financing activities</b>	<b>-17,182,546</b>	<b>-19,849,897</b>
Cash outflows for paid interest on financing activities	-3,203,112	-1,256,036
Cash outflows for payments of financial liabilities	-13,979,209	-18,572,608
Cash outflows from dividends paid and profit sharing	-225	-21,253
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-7,348,401</b>	<b>-1,004,096</b>
<b>D. Opening balance of cash and cash equivalents</b>	<b>34,108,090</b>	<b>30,443,965</b>
<b>E. Net cash flow for the period</b>	<b>-10,031,792</b>	<b>-245,939</b>
Foreign exchange differentials	-190,816	-474,897
<b>F. Closing balance of cash and cash equivalents</b>	<b>23,885,482</b>	<b>29,723,129</b>



### **3. SELECTED NOTES TO FINANCIAL STATEMENTS**

#### **3.1 Statement of compliance**

The interim financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

Pursuant to national legislation, separate financial statements of Zavarovalnica Triglav have been prepared in accordance with IFRS as adopted by the European Union (hereinafter: IFRS).

In addition to separate financial statements, Zavarovalnica Triglav also prepares consolidated financial statements in line with the IFRS. The entities in which the Group directly or indirectly holds more than half of the voting rights have been fully consolidated.

To acquire accurate information on the financial position and business results of the entire Triglav Group, separate financial statements of Zavarovalnica Triglav should be considered jointly with consolidated financial statement.

The interim financial statements have not been audited.

#### **3.2 Main accounting policies**

The same accounting policies as for the preparation of financial statement for 2010 were used for the preparation of interim financial statements.

In the first half of 2011, there were no significant changes of accounting estimates for amounts which were reported in the preceding financial year.

Accounting standards, amendments and notes applicable in the reporting period starting 1 January 2011:

- Amendments to IAS 24 – Related Party Disclosure (applicable as of 1 January 2011)
- Amendments to IFRIC 14 – Prepayments of a Minimum Funding Requirement (mandatory for annual periods beginning on or after 1 January 2011)

#### **3.3 Seasonal operations**

Operations of Zavarovalnica Triglav are not of a seasonal character. In the first half year, gross written premium in non-life insurance is somewhat higher than in the second half year, as insurance to corporate clients is sold in the beginning of the year (expiration in the beginning of the financial year). Gross written premium in life insurance shows a somewhat seasonal trend in single premium unit-linked life insurance appearing during the launch periods for new insurance products.

#### **3.4 Segmental analysis of operations of Zavarovalnica Triglav**

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

## STATEMENT OF FINANCIAL POSITION OF ZAVAROVALNICA TRIGLAV D.D. BY BUSINESS SEGMENT

(in EUR)	30 June 2011			31 December 2010		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
<b>ASSETS</b>	<b>1,354,948,811</b>	<b>1,332,506,174</b>	<b>2,687,454,986</b>	<b>1,298,348,302</b>	<b>1,330,761,778</b>	<b>2,629,110,081</b>
Intangible assets	54,140,046	2,095,596	56,235,642	45,309,979	2,040,489	47,350,468
Property, plant and equipment	60,697,219	11,436,985	72,134,203	62,659,286	11,854,573	74,513,859
Deferred tax receivables	28,313,741	2,024,858	30,338,599	21,727,699	1,795,035	23,522,734
Investment property	18,137,002	1,975,252	20,112,254	16,999,158	1,992,210	18,991,368
Investments in subsidiaries	159,329,599	3,163,877	162,493,477	143,167,648	3,163,877	146,331,525
Investments in associates	80,346,319	22,879,569	103,225,888	97,600,888	26,455,160	124,056,048
Financial assets	712,921,628	1,282,009,838	1,994,931,466	711,682,696	1,271,310,612	1,982,993,308
Financial investments	712,921,628	902,667,967	1,615,589,595	711,682,696	901,000,616	1,612,683,312
- loans and deposits	195,433,064	186,455,855	381,888,919	157,514,872	135,449,956	292,964,828
- held to maturity	0	209,819,244	209,819,244	0	234,345,596	234,345,596
- available for sale	490,480,641	456,723,073	947,203,715	528,683,934	482,511,400	1,011,195,334
- investments recognised at fair value	27,007,922	49,669,795	76,677,718	25,483,890	48,693,663	74,177,553
Unit-linked insurance assets	0	379,341,871	379,341,871	0	370,309,996	370,309,996
Reinsurers' share of technical provisions	65,363,800	3,252	65,367,052	54,770,394	3,119	54,773,513
Receivables	170,671,869	3,580,795	174,252,665	132,897,293	10,879,562	143,776,855
- receivables from direct insurance operations	120,659,108	654,432	121,313,540	80,963,992	1,031,075	81,995,067
- receivables from reinsurance and co-insurance operations	12,624,895	8,706	12,633,601	20,828,477	13,732	20,842,209
- current tax receivables	9,129,249	0	9,129,249	0	0	0
- other receivables	28,258,618	2,917,657	31,176,275	31,104,824	9,834,756	40,939,579
Other assets	3,574,747	158,474	3,733,221	3,329,833	228,574	3,558,407
Cash and cash equivalents	1,452,842	3,177,678	4,630,520	8,203,428	1,038,567	9,241,996
<b>EQUITY AND LIABILITIES</b>	<b>1,354,948,811</b>	<b>1,332,506,174</b>	<b>2,687,454,986</b>	<b>1,298,348,302</b>	<b>1,330,761,778</b>	<b>2,629,110,081</b>
Equity	394,469,654	84,426,644	478,896,298	392,438,046	89,413,854	481,851,900
- share capital	51,340,540	22,360,852	73,701,392	16,510,540	7,190,852	23,701,392
- share premium	40,344,978	13,067,907	53,412,884	40,344,978	13,067,907	53,412,884
- reserves from profit	179,723,028	31,563,891	211,286,919	49,841,500	1,445,419	51,286,919
- fair value reserve	46,610,227	13,935,194	60,545,420	65,155,067	19,662,067	84,817,134
- net profit brought forward	49,539,512	0	49,539,512	207,288,147	45,241,002	252,529,149
- net profit for the year	26,911,370	3,498,800	30,410,170	13,297,815	2,806,607	16,104,423
Subordinated liabilities	27,259,666	13,672,424	40,932,091	27,259,666	13,672,424	40,932,091
Insurance technical provisions	831,932,758	836,039,577	1,667,972,335	781,728,411	835,028,954	1,616,757,365
- unearned premium	276,375,294	574,177	276,949,471	222,010,375	349,397	222,359,771
- mathematical provisions	0	815,358,084	815,358,084	0	814,805,488	814,805,488
- claims provisions	517,964,395	20,107,316	538,071,710	527,161,773	19,874,070	547,035,843
- other insurance technical provisions	37,593,069	0	37,593,069	32,556,263	0	32,556,263
Insurance technical provisions for unit-linked insurance contracts	0	373,676,437	373,676,437	0	368,298,956	368,298,956
Employee benefits	6,519,050	1,416,500	7,935,550	6,428,521	1,397,430	7,825,952
Other provisions	1,058,101	0	1,058,101	1,030,672	0	1,030,672
Deferred tax liabilities	11,652,557	4,010,946	15,663,503	16,288,767	4,915,517	21,204,283
Other financial liabilities	17,298,954	445,328	17,744,282	1,049,441	12,401	1,061,842
Operating liabilities	42,360,946	11,141,122	53,502,068	32,684,574	10,221,159	42,905,733
- liabilities from direct insurance operations	5,451,686	11,134,139	16,585,825	5,335,333	10,221,159	15,556,492
- liabilities from co-insurance and reinsurance operations	16,256,620	6,983	16,263,603	11,736,645	0	11,736,645
- current tax liabilities	20,652,640	0	20,652,640	15,612,596	0	15,612,596
Other liabilities	22,397,127	7,677,196	30,074,323	39,440,204	7,801,082	47,241,287

## INCOME STATEMENT OF ZAVAROVALNICA TRIGLAV D.D. BY BUSINESS SEGMENT

(in EUR)	H1 2011			H1 2010		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
<b>NET PREMIUM INCOME</b>	<b>215,271,011</b>	<b>101,094,268</b>	<b>316,365,279</b>	<b>223,862,256</b>	<b>103,938,797</b>	<b>327,801,053</b>
- gross written premium	294,589,065	101,475,525	396,064,591	306,017,923	104,077,021	410,094,944
- ceded written premium	-47,969,840	-156,477	-48,126,317	-43,591,454	-128,204	-43,719,658
- change in unearned premiums	-31,348,214	-224,781	-31,572,995	-38,564,214	-10,020	-38,574,233
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>21,993,350</b>	<b>27,785,938</b>	<b>49,779,288</b>	<b>30,252,371</b>	<b>51,254,171</b>	<b>81,506,543</b>
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	<i>1,547,751</i>	<i>582,481</i>	<i>2,130,232</i>	<i>2,371,554</i>	<i>823,043</i>	<i>3,194,597</i>
- interest income	1,097,545	314,706	1,412,251	1,279,781	312,857	1,592,639
- dividends	447,112	249,322	696,433	1,070,948	391,713	1,462,661
- fair value gains	3,094	18,454	21,547	16,650	118,473	135,124
- realised gains on disposals	0	0	0	0	0	0
- other financial income	0	0	0	4,174	0	4,174
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	<i>20,445,599</i>	<i>22,474,820</i>	<i>42,920,419</i>	<i>27,880,818</i>	<i>31,347,704</i>	<i>59,228,521</i>
- interest income	15,322,806	19,242,735	34,565,542	15,628,474	18,629,007	34,257,480
- dividends	755,619	747,567	1,503,186	1,337,348	759,996	2,097,345
- fair value gains	1,137,506	1,124,879	2,262,385	3,025,671	3,673,603	6,699,273
- realised gains on disposals	2,904,644	1,359,585	4,264,230	6,263,772	8,205,508	14,469,280
- other financial income	325,024	53	325,077	1,625,553	79,589	1,705,142
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>4,728,638</i>	<i>4,728,638</i>	<i>0</i>	<i>19,083,425</i>	<i>19,083,425</i>
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>8,214,194</b>	<b>8,451,703</b>	<b>16,665,897</b>	<b>8,004,066</b>	<b>9,021,209</b>	<b>17,025,275</b>
- fees and commission income	6,424,768	7,681,226	14,105,994	5,878,020	8,359,143	14,237,163
- other income from insurance operations	1,789,426	770,477	2,559,903	2,126,046	662,066	2,788,112
<b>OTHER INCOME</b>	<b>1,619,617</b>	<b>1,409,772</b>	<b>3,029,390</b>	<b>2,328,140</b>	<b>1,211,682</b>	<b>3,539,822</b>
<b>NET CLAIMS INCURRED</b>	<b>118,630,205</b>	<b>69,682,667</b>	<b>188,312,872</b>	<b>137,071,740</b>	<b>46,232,921</b>	<b>183,304,661</b>
- gross claims settled	139,108,294	69,547,477	208,655,771	149,412,357	46,769,081	196,181,437
- reinsurers' and co-insurers' share	-15,998,837	-97,923	-16,096,760	-14,149,724	-21,572	-14,171,296
- changes in claims provisions	-4,479,252	233,113	-4,246,139	1,809,108	-514,588	1,294,520
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS (excluding UNIT-LINKED)</b>	<b>5,036,806</b>	<b>1,668,291</b>	<b>6,705,097</b>	<b>9,102,058</b>	<b>36,470,386</b>	<b>45,572,444</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>5,377,480</b>	<b>5,377,480</b>	<b>0</b>	<b>22,783,662</b>	<b>22,783,662</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>2,305,684</b>	<b>0</b>	<b>2,305,684</b>	<b>2,263,845</b>	<b>0</b>	<b>2,263,845</b>
<b>OPERATING EXPENSES</b>	<b>52,453,343</b>	<b>15,907,429</b>	<b>68,360,772</b>	<b>53,795,135</b>	<b>15,253,743</b>	<b>69,048,877</b>
- acquisition costs	37,767,640	9,781,157	47,548,797	38,696,160	9,405,836	48,101,996
- other operating costs	14,685,703	6,126,272	20,811,975	15,098,975	5,847,907	20,946,882
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>18,794,665</b>	<b>32,559,928</b>	<b>51,354,593</b>	<b>25,003,613</b>	<b>29,992,852</b>	<b>54,996,464</b>
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	<i>2,055,162</i>	<i>124,635</i>	<i>2,179,797</i>	<i>1,620,685</i>	<i>30,818</i>	<i>1,651,504</i>
- interest expense	23,326	46,066	69,392	29,019	30,818	59,837
- fair value losses	2,025,824	78,569	2,104,392	42,646	0	42,646
- realised loss on disposals	0	0	0	1,534,988	0	1,534,988
- loss on impairment of financial assets	0	0	0	0	0	0
- other expenses from financial assets and liabilities	6,013	0	6,013	14,032	0	14,032
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	<i>16,739,503</i>	<i>12,943,940</i>	<i>29,683,444</i>	<i>23,382,927</i>	<i>8,510,468</i>	<i>31,893,395</i>
- interest expense	1,532,084	915,095	2,447,179	1,661,851	1,282,607	2,944,458
- fair value losses	1,363,918	1,350,969	2,714,887	4,915,038	3,035,438	7,950,476
- realised loss on disposals	2,819,876	2,397,632	5,217,508	943,424	1,399,665	2,343,089
- loss on impairment of financial assets	8,366,289	7,246,265	15,612,554	13,880,715	1,913,474	15,794,190
- other expenses from financial assets and liabilities	2,657,337	1,033,979	3,691,315	1,981,898	879,284	2,861,182
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	<i>0</i>	<i>19,491,353</i>	<i>19,491,353</i>	<i>0</i>	<i>21,451,566</i>	<i>21,451,566</i>
<b>OTHER INSURANCE EXPENSES</b>	<b>10,073,214</b>	<b>8,396,048</b>	<b>18,469,262</b>	<b>10,670,780</b>	<b>8,908,571</b>	<b>19,579,351</b>
<b>OTHER EXPENSES</b>	<b>648,817</b>	<b>59,328</b>	<b>708,145</b>	<b>863,937</b>	<b>66,866</b>	<b>930,803</b>
<b>NET PROFIT/LOSS BEFORE TAX</b>	<b>39,155,438</b>	<b>5,090,511</b>	<b>44,245,949</b>	<b>25,675,725</b>	<b>5,716,860</b>	<b>31,392,585</b>
Income tax expense	12,244,068	1,591,711	13,835,779	5,021,635	1,065,389	6,087,024
<b>NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD</b>	<b>26,911,370</b>	<b>3,498,800</b>	<b>30,410,170</b>	<b>20,654,090</b>	<b>4,651,471</b>	<b>25,305,561</b>

### 3.5 Segmental analysis of the Triglav Group operations

The management monitors the operations of the Triglav Group based on the following segments:

- Business segments (non-life insurance, life insurance, health insurance, non-insurance operations)
- Geographical segments (separately for Slovenia and for other countries)

The consolidated balance sheet and consolidated income statement by business segment and by geographical area are given below.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SEGMENT

(in EUR)

As at 30 June 2011	NON-LIFE	LIFE	HEALTH	NON-INSURANCE	UNCONSOLIDATED TOTAL	ELIMINATIONS	CONSOLIDATED TOTAL
					3,458,085,8		
<b>ASSETS</b>	<b>1,861,777,353</b>	<b>1,395,726,987</b>	<b>22,068,716</b>	<b>178,512,770</b>	<b>26</b>	<b>-336,070,412</b>	<b>3,122,015,414</b>
Intangible assets	65,344,557	2,095,596	568,091	447,213	68,455,457	2,335,360	70,790,817
Property, plant and equipment	99,574,690	11,497,426	2,693,630	15,932,543	129,698,289	0	129,698,288
Deferred tax receivables	30,394,087	2,184,010	0	3,304,502	35,882,599	0	35,882,599
Investment property	34,811,461	3,252,969	0	47,037,710	85,102,141	10,979,150	96,081,291
Investments in subsidiaries	182,962,485	3,163,877	0	6,213,442	192,339,804	-192,339,804	0
Investments in associates	56,803,627	22,879,569	0	45,195,322	124,878,518	-12,424,862	112,453,656
Financial assets	940,551,371	1,340,097,009	14,690,916	38,775,774	2,334,115,0	69	2,306,543,960
Financial investments	940,551,371	951,853,812	14,690,915	38,775,774	1,945,871,8	72	1,918,300,765
- loans and deposits	274,139,429	195,553,518	6,100,143	5,737,490	481,530,580	-27,434,014	454,096,566
- held to maturity	4,901,480	221,473,339	0	0	226,374,819	0	226,374,819
- available for sale	619,527,025	481,694,631	8,590,772	31,453,932	1,141,266,3	60	1,141,266,360
- investments recognised at fair value	41,983,437	53,132,324	0	1,584,352	96,700,113	-137,093	96,563,020
Unit-linked insurance assets	0	388,243,199	0	0	388,243,199	0	388,243,199
Reinsurers' share of technical provisions	127,302,537	3,252	0	0	127,305,788	-68,641,400	58,664,388
Receivables	300,315,682	5,618,338	3,975,514	8,977,941	318,887,475	-48,251,607	270,635,868
- receivables from direct insurance operations	168,713,503	2,583,406	3,496,380	0	174,793,288	-3,897,961	170,895,327
- receivables from reinsurance and co-insurance operations	78,476,239	9,110	0	0	78,485,349	-34,159,039	44,326,310
- current tax receivables	9,167,825	0	0	6,820	9,174,645	0	9,174,645
- other receivables	43,958,115	3,025,822	479,134	8,971,121	56,434,192	-10,194,606	46,239,586
Other assets	10,669,413	325,556	131,965	5,013,739	16,140,673	-156,140	15,984,533
Cash and cash equivalents	13,047,445	4,609,386	8,599	6,220,051	23,885,481	0	23,885,481
Non-current assets held for sale	0	0	0	1,394,533	1,394,533	0	1,394,533
<b>EQUITY AND LIABILITIES</b>	<b>1,861,777,353</b>	<b>1,395,726,987</b>	<b>22,068,716</b>	<b>178,512,770</b>	<b>26</b>	<b>-336,070,412</b>	<b>3,122,015,414</b>
Equity	493,774,441	96,495,164	5,814,005	103,514,441	699,598,050	-185,341,490	514,256,560
Controlling interest	492,390,398	96,495,164	5,814,005	103,514,441	698,214,007	-209,637,917	488,576,090
- share capital	114,753,209	31,112,746	25,822,144	59,730,956	231,419,055	-157,717,664	73,701,391
- share premium	44,319,360	13,067,907	0	12,779,808	70,167,075	-16,553,795	53,613,280
- reserves from profit	198,590,314	32,088,139	0	2,901,227	233,579,680	-4,040,737	229,538,943
- fair value reserve	47,475,211	13,765,770	-71,415	5,762,509	66,932,076	-28,221,657	38,710,419
- net profit brought forward	53,562,986	2,589,182	-20,368,943	23,102,053	58,885,278	2,478,833	61,364,111
- net profit/loss for the year	34,221,556	4,348,139	432,219	-493,075	38,508,840	-5,741,768	32,767,072
- currency translation differences	-532,239	-476,720	0	-269,037	-1,277,996	158,870	-1,119,126
Non-controlling interests	1,384,043	0	0	0	1,384,043	24,296,427	25,680,470
Subordinated liabilities	27,259,666	15,034,488	1,500,000	0	43,794,154	-2,862,063	40,932,091
Insurance technical provisions	1,145,706,230	874,442,642	8,025,408	0	2,028,174,2	80	1,959,532,881
- unearned premium	388,873,598	584,186	2,520,543	0	391,978,327	-29,237,632	362,740,695
- mathematical provisions	0	852,323,855	0	0	852,323,855	0	852,323,855
- claims provisions	716,639,093	21,534,601	5,451,345	0	743,625,039	-39,403,767	704,221,272
- other insurance technical provisions	40,193,540	0	53,519	0	40,247,059	0	40,247,059
Insurance technical provisions for unit-linked insurance contracts	0	382,678,898	0	0	382,678,898	0	382,678,898
Provisions for employee benefits	6,966,444	1,424,537	170,508	601,918	9,163,407	0	9,163,407
Other provisions	9,503,145	339,992	352,322	9,519,889	19,715,349	0	19,715,349
Deferred tax liabilities	11,830,200	4,010,946	0	5,000,413	20,841,559	-8,188,033	12,653,526
Liabilities from investment contracts	1,159,102	510,791	0	0	1,669,892	0	1,669,893
Other financial liabilities	26,652,753	445,328	721,399	43,182,723	71,002,203	-24,742,555	46,259,648
Operating liabilities	105,563,006	11,377,020	2,550,761	292,069	119,782,857	-34,858,866	84,923,991
- liabilities from direct insurance operations	11,310,489	11,369,690	2,550,761	0	25,230,939	-347,809	24,883,130
- liabilities from reinsurance and co-insurance operations	73,088,263	7,331	0	0	73,095,594	-34,511,056	38,584,538
- current tax liabilities	21,164,255	0	0	292,069	21,456,323	0	21,456,323
Other liabilities	33,362,365	8,967,182	2,934,314	16,401,317	61,665,177	-11,436,007	50,229,170

(in EUR)

<b>As at 31 December 2010</b>	<b>NON-LIFE</b>	<b>LIFE</b>	<b>HEALTH</b>	<b>NON-INSURANCE</b>	<b>UNCONSOLIDATED</b>	<b>ELIMINATIONS</b>	<b>CONSOLIDATED</b>
<b>ASSETS</b>	<b>1,733,483,813</b>	<b>1,371,773,621</b>	<b>21,030,161</b>	<b>181,209,126</b>	<b>3,307,496,721</b>	<b>-283,100,913</b>	<b>3,024,395,808</b>
Intangible assets	55,600,363	2,040,489	666,119	575,777	58,882,748	2,335,360	61,218,108
Property, plant and equipment	104,983,948	11,854,573	2,768,874	22,943,265	142,550,660	1	142,550,661
Deferred tax receivables	23,602,204	1,954,592	337,510	1,650,722	27,545,028	0	27,545,028
Investment property	30,365,502	2,868,430	0	40,043,178	73,277,109	10,979,150	84,256,259
Investments in subsidiaries	165,472,911	3,163,877	0	6,195,163	174,831,951	-174,831,951	0
Investments in associates	41,350,577	9,961,715	0	46,284,875	97,597,167	19,470,572	117,067,739
Financial assets	929,961,154	1,325,171,811	13,931,086	38,675,433	2,307,739,484	-25,289,974	2,282,449,510
Financial investments	929,961,154	947,279,551	13,931,086	38,675,433	1,929,847,223	-25,289,974	1,904,557,249
- loans and deposits	232,609,747	146,269,065	6,503,259	4,852,503	390,234,575	-25,289,973	364,944,602
- held to maturity	6,835,249	246,648,512	0	94,820	253,578,582	0	253,578,582
- available for sale	652,732,775	502,586,871	7,427,827	32,273,562	1,195,021,035	0	1,195,021,035
- investments recognised at fair value	37,783,382	51,775,101	0	1,454,548	91,013,031	0	91,013,031
Unit-linked insurance assets	0	377,892,261	0	0	377,892,261	0	377,892,261
Reinsurers' share of technical provisions	102,234,428	3,502	0	0	102,237,930	-58,016,614	44,221,316
Receivables	245,413,319	12,838,418	3,254,315	12,726,224	274,232,276	-57,588,316	216,643,960
- receivables from direct insurance operations	120,866,434	2,753,839	3,184,477	3,520	126,808,269	1,184,679	127,992,948
- receivables from reinsurance and co-insurance operations	80,291,715	19,927	0	0	80,311,642	-34,879,635	45,432,007
- current tax receivables	0	0	0	2,427	2,427	0	2,427
- other receivables	44,255,170	10,064,652	69,839	12,720,277	67,109,938	-23,893,360	43,216,578
Other assets	8,156,237	419,626	64,685	4,468,290	13,108,838	-159,142	12,949,696
Cash and cash equivalents	26,343,171	1,496,588	7,573	6,260,758	34,108,090	0	34,108,090
Non-current assets held for sale	0	0	0	1,385,441	1,385,441	0	1,385,441
<b>EQUITY AND LIABILITIES</b>	<b>1,733,483,813</b>	<b>1,371,773,621</b>	<b>21,030,161</b>	<b>181,209,126</b>	<b>3,307,496,721</b>	<b>-283,100,913</b>	<b>3,024,395,808</b>
Equity	456,070,219	85,510,921	5,507,322	104,709,965	651,798,427	-152,820,619	498,977,808
Controlling interest	456,070,219	85,510,921	5,507,322	103,073,988	650,162,450	-179,397,414	470,765,036
- share capital	81,203,605	14,692,690	25,822,144	59,696,057	181,414,496	-157,713,105	23,701,391
- share premium	43,693,036	13,067,907	0	12,779,808	69,540,752	-15,885,236	53,655,516
- reserves from profit	68,587,824	1,984,281	0	2,901,227	73,473,332	-4,055,351	69,417,981
- fair value reserve	40,693,061	6,218,252	54,121	4,973,948	51,939,382	-6,418,537	45,520,845
- net profit brought forward	218,340,970	45,505,597	-18,813,110	30,392,434	275,425,891	-6,272,220	269,153,671
- net profit/loss for the year	4,656,203	4,721,947	-1,555,833	-7,286,860	535,458	10,777,835	11,313,293
- currency translation differences	-1,104,480	-679,753	0	-382,627	-2,166,860	169,199	-1,997,661
Non-controlling interests	0	0	0	1,635,978	1,635,978	26,576,794	28,212,772
Subordinated liabilities	27,259,666	15,037,956	1,500,000	0	43,797,622	-2,865,532	40,932,090
Insurance technical provisions	1,073,402,775	871,682,869	7,763,797	0	1,952,849,441	-58,016,615	1,894,832,826
- unearned premium	308,530,961	363,380	1,938,553	0	310,832,894	-14,465,443	296,367,451
- mathematical provisions	0	849,847,775	0	0	849,847,775	0	849,847,775
- claims provisions	728,892,703	21,471,714	4,915,071	0	755,279,488	-43,551,171	711,728,317
- other insurance technical provisions	35,979,111	0	910,173	0	36,889,284	-1	36,889,283
Insurance technical provisions for unit-linked insurance contracts	0	376,083,063	0	0	376,083,063	0	376,083,063
Provisions for employee benefits	7,797,879	1,659,139	160,819	660,240	10,278,077	0	10,278,077
Other provisions	8,227,411	0	122,113	9,447,872	17,797,395	0	17,797,395
Deferred tax liabilities	9,914,983	1,628,056	13,530	5,255,150	16,811,719	-2,700,880	14,110,839
Other financial liabilities	10,471,471	12,401	1,101,811	45,759,891	57,345,574	-22,475,149	34,870,425
Operating liabilities	90,670,795	10,429,236	2,530,578	32,113	103,662,723	-35,613,312	68,049,411
- liabilities from direct insurance operations	10,689,403	10,413,892	2,530,578	0	23,633,873	-390,769	23,243,104
- liabilities from reinsurance and co-insurance operations	63,136,010	15,345	0	0	63,151,355	-35,222,543	27,928,812
- current tax liabilities	16,845,382	0	0	32,113	16,877,495	0	16,877,495
Other liabilities	49,668,614	9,729,979	2,330,192	15,343,894	77,072,680	-8,608,806	68,463,874

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY GEOGRAPHICAL AREA

(in EUR)

As at 30 June 2011	SLOVENIA	OTHER	UNCONSOLIDATED	ELIMINATIONS	CONSOLIDATED
<b>ASSETS</b>	<b>3,084,307,807</b>	<b>367,104,083</b>	<b>3,451,411,890</b>	<b>-329,396,476</b>	<b>3,122,015,414</b>
Intangible assets	57,130,973	11,324,484	68,455,457	2,335,360	70,790,817
Property, plant and equipment	86,661,085	43,037,203	129,698,289	-1	129,698,288
Deferred tax receivables	34,000,779	1,881,820	35,882,599	0	35,882,599
Investment property	64,717,254	20,384,887	85,102,141	10,979,150	96,081,291
Investments in subsidiaries	192,161,508	178,296	192,339,804	-192,339,804	
Investments in associates	124,878,518	0	124,878,518	-12,424,862	112,453,656
Financial assets	2,150,179,539	183,935,530	2,334,115,069	-27,571,109	2,306,543,960
Financial investments	1,770,837,671	175,034,201	1,945,871,872	-27,571,107	1,918,300,765
- loans and deposits	419,772,166	61,758,414	481,530,580	-27,434,014	454,096,566
- held to maturity	209,819,244	16,555,575	226,374,819	0	226,374,819
- available for sale	1,060,596,962	80,669,398	1,141,266,360	0	1,141,266,360
- investments recognised at fair value	80,649,299	16,050,814	96,700,113	-137,093	96,563,020
Unit-linked insurance assets	379,341,871	8,901,328	388,243,199	0	388,243,199
Reinsurers' share of technical provisions	103,792,002	23,513,786	127,305,788	-68,641,400	58,664,388
Receivables	250,239,065	61,974,474	312,213,539	-41,577,671	270,635,868
- receivables from direct insurance operations	124,809,920	49,983,368	174,793,288	-3,897,961	170,895,327
- receivables from reinsurance and co-insurance operations	75,948,703	2,536,647	78,485,349	-34,159,039	44,326,310
- current tax receivables	9,134,064	40,582	9,174,645	0	9,174,645
- other receivables	40,346,379	9,413,877	49,760,256	-3,520,670	46,239,586
Other assets	8,458,964	7,681,709	16,140,673	-156,140	15,984,533
Cash and cash equivalents	10,693,588	13,191,893	23,885,481	0	23,885,481
Non-current assets held for sale	1,394,533	0	1,394,533	0	1,394,533
<b>EQUITY AND LIABILITIES</b>	<b>3,084,307,808</b>	<b>367,104,083</b>	<b>3,451,411,891</b>	<b>-329,396,477</b>	<b>3,122,015,414</b>
Equity	625,958,714	73,639,336	699,598,050	-185,341,490	514,256,560
Controlling interest	625,958,714	72,255,293	698,214,007	-209,637,917	488,576,090
- share capital	161,629,854	69,789,201	231,419,055	-157,717,664	73,701,391
- share premium	67,339,397	2,827,678	70,167,075	-16,553,795	53,613,280
- reserves from profit	216,743,816	16,835,865	233,579,680	-4,040,737	229,538,943
- fair value reserve	66,525,805	406,270	66,932,076	-28,221,657	38,710,419
- net profit brought forward	77,910,367	-19,025,089	58,885,278	2,478,833	61,364,111
- net profit/loss for the year	35,809,475	2,699,365	38,508,840	-5,741,768	32,767,072
- currency translation differences	0	-1,277,996	-1,277,996	158,870	-1,119,126
Non-controlling interests	0	1,384,043	1,384,043	24,296,427	25,680,470
Subordinated liabilities	42,432,091	1,362,063	43,794,154	-2,862,063	40,932,091
Insurance technical provisions	1,793,277,523	234,896,757	2,028,174,280	-68,641,399	1,959,532,881
- unearned premium	316,812,739	75,165,588	391,978,327	-29,237,632	362,740,695
- mathematical provisions	815,358,084	36,965,771	852,323,855	0	852,323,855
- claims provisions	623,298,709	120,326,330	743,625,039	-39,403,767	704,221,272
- other insurance technical provisions	37,807,991	2,439,068	40,247,059	0	40,247,059
Insurance technical provisions for unit-linked insurance contracts	373,676,437	9,002,461	382,678,898	0	382,678,898
Provisions for employee benefits	8,685,720	477,687	9,163,407	0	9,163,407
Other provisions	10,929,658	8,785,691	19,715,349	0	19,715,349
Deferred tax liabilities	20,663,916	177,643	20,841,559	-8,188,033	12,653,526
Liabilities from investment contracts	0	1,669,892	1,669,892	1	1,669,893
Other financial liabilities	61,445,892	9,556,311	71,002,203	-24,742,555	46,259,648
Operating liabilities	105,145,110	14,637,747	119,782,857	-34,858,866	84,923,991
- liabilities from direct insurance operations	19,136,586	6,094,354	25,230,939	-347,809	24,883,130
- liabilities from reinsurance and co-insurance operations	64,759,311	8,336,283	73,095,594	-34,511,056	38,584,538
- current tax liabilities	21,249,213	207,110	21,456,323	0	21,456,323
Other liabilities	42,092,748	12,898,494	54,991,242	-4,762,072	50,229,170

(in EUR)

As at 31 December 2010	SLOVENIA	OTHER	UNCONSOLIDATED	ELIMINATIONS	CONSOLIDATED
<b>ASSETS</b>	<b>2,959,464,036</b>	<b>342,770,403</b>	<b>3,302,234,439</b>	<b>-277,838,631</b>	<b>3,024,395,808</b>
Intangible assets	48,473,062	10,409,686	58,882,748	2,335,360	61,218,108
Property, plant and equipment	95,927,127	46,623,532	142,550,660	1	142,550,661
Deferred tax receivables	25,660,183	1,884,845	27,545,028	0	27,545,028
Investment property	56,600,108	16,677,001	73,277,109	10,979,150	84,256,259
Investments in subsidiaries	174,663,984	167,967	174,831,951	-174,831,951	0
Investments in associates	97,597,167	0	97,597,167	19,470,572	117,067,739
Financial assets	2,135,353,233	172,386,251	2,307,739,484	-25,289,974	2,282,449,510
Financial investments	1,765,043,238	164,803,985	1,929,847,223	-25,289,974	1,904,557,249
- loans and deposits	324,231,220	66,003,356	390,234,576	-25,289,973	364,944,602
- held to maturity	234,345,596	19,232,985	253,578,582	0	253,578,582
- available for sale	1,130,200,741	64,820,293	1,195,021,035	0	1,195,021,035
- investments recognised at fair value	76,265,680	14,747,351	91,013,031	0	91,013,031
Unit-linked insurance assets	370,309,995	7,582,266	377,892,261	0	377,892,261
Reinsurers' share of technical provisions	83,619,943	18,617,986	102,237,930	-58,016,614	44,221,316
Receivables	217,103,390	51,866,604	268,969,994	-52,326,034	216,643,960
- receivables from direct insurance operations	85,179,544	41,628,726	126,808,269	1,184,679	127,992,948
- receivables from reinsurance and co-insurance operations	78,462,393	1,849,249	80,311,642	-34,879,635	45,432,007
- current tax receivables	0	2,427	2,427	0	2,427
- other receivables	53,461,454	8,386,203	61,847,656	-18,631,078	43,216,578
Other assets	7,598,631	5,510,207	13,108,838	-159,142	12,949,696
Cash and cash equivalents	15,481,766	18,626,324	34,108,090	0	34,108,090
Non-current assets held for sale	1,385,441	0	1,385,441	0	1,385,441
<b>EQUITY AND LIABILITIES</b>	<b>2,959,464,036</b>	<b>342,770,403</b>	<b>3,302,234,439</b>	<b>-277,838,631</b>	<b>3,024,395,808</b>
Equity	584,220,336	67,578,091	651,798,427	-152,820,619	498,977,808
Controlling interest	584,220,336	65,942,113	650,162,450	-179,397,414	470,765,036
- share capital	111,594,955	69,819,541	181,414,496	-157,713,105	23,701,391
- share premium	67,339,398	2,201,354	69,540,752	-15,885,236	53,655,516
- reserves from profit	56,634,268	16,839,063	73,473,332	-4,055,351	69,417,981
- fair value reserve	51,449,286	490,096	51,939,382	-6,418,537	45,520,845
- net profit brought forward	285,920,585	-10,494,693	275,425,891	-6,272,220	269,153,671
- net profit/loss for the year	11,281,845	-10,746,388	535,458	10,777,835	11,313,293
- currency translation differences	0	-2,166,860	-2,166,860	169,199	-1,997,661
Non-controlling interests	0	1,635,978	1,635,978	26,576,794	28,212,772
Subordinated liabilities	42,432,090	1,365,532	43,797,622	-2,865,532	40,932,090
Insurance technical provisions	1,727,856,225	224,993,216	1,952,849,441	-58,016,615	1,894,832,826
- unearned premium	244,595,553	66,237,342	310,832,894	-14,465,443	296,367,451
- mathematical provisions	814,805,488	35,042,287	849,847,775	0	849,847,775
- claims provisions	634,829,595	120,449,893	755,279,488	-43,551,171	711,728,317
- other insurance technical provisions	33,625,589	3,263,694	36,889,284	-1	36,889,283
Insurance technical provisions for unit-linked insurance contracts	368,298,956	7,784,107	376,083,063	0	376,083,063
Provisions for employee benefits	8,620,626	1,657,451	10,278,077	0	10,278,077
Other provisions	10,600,148	7,197,248	17,797,395	0	17,797,395
Deferred tax liabilities	16,632,751	178,968	16,811,719	-2,700,880	14,110,839
Other financial liabilities	47,624,635	9,720,939	57,345,574	-22,475,149	34,870,425
Operating liabilities	93,842,632	9,820,090	103,662,723	-35,613,312	68,049,411
- liabilities from direct insurance operations	18,087,071	5,546,802	23,633,873	-390,769	23,243,104
- liabilities from reinsurance and co-insurance operations	59,092,497	4,058,858	63,151,355	-35,222,543	27,928,812
- current tax liabilities	16,663,064	214,431	16,877,495	0	16,877,495
Other liabilities	59,335,638	12,474,760	71,810,398	-3,346,524	68,463,874



## CONSOLIDATED INCOME STATEMENT BY SEGMENT

(in EUR)

FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011	NON-LIFE	LIFE	HEALTH	NON-INSURANCE	UNCONSOLIDATED TOTAL	ELIMINATIONS	CONSOLIDATED TOTAL
<b>NET PREMIUM INCOME</b>	310,423,019	107,781,219	39,029,812	0	457,234,050	-290,134	456,943,916
- gross written premium	455,652,059	108,164,132	39,611,803	0	603,427,994	-53,566,004	549,861,990
- ceded written premium	-106,611,077	-162,041	0	0	-106,773,118	53,275,870	-53,497,248
- change in unearned premiums	-38,617,963	-220,872	-581,991	0	-39,420,826	0	-39,420,826
<b>INCOME FROM FINANCIAL ASSETS</b>	29,263,438	29,695,441	251,919	1,487,411	60,698,209	-1,389,785	59,308,424
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	1,583,892	582,481	11,684	755,232	2,933,289	-1,363,800	1,569,489
- profit on equity investments accounted for using the equity method	22,080	0	0	714,037	736,117	28,252	764,369
- interest income	1,110,858	314,706	11,684	43,685	1,480,932	-733,193	747,739
- dividends	447,112	249,322	0	0	696,434	-696,434	0
- fair value gains	3,094	18,454	0	-53,583	-32,036	0	-32,035
- realised gains on disposals	748	0	0	0	748	0	748
- other financial income	0	0	0	51,093	51,093	37,575	88,668
<i>INCOME FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	27,679,546	24,037,221	240,235	732,179	52,689,180	-25,984	52,663,196
- interest income	20,781,745	20,538,005	240,235	116,388	41,676,373	-25,983	41,650,390
- dividends	825,759	758,136	0	58,496	1,642,391	0	1,642,391
- fair value gains	1,199,105	1,265,920	0	311,897	2,776,923	0	2,776,922
- realised gains on disposals	3,494,318	1,361,217	0	0	4,855,536	0	4,855,535
- other financial income	1,378,619	113,941	0	245,398	1,737,958	0	1,737,958
<i>NET UNREALISED INCOME ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	0	5,075,739	0	0	5,075,739	0	5,075,739
<b>OTHER INSURANCE INCOME</b>	7,532,990	8,456,958	1,630	0	15,991,578	-293,507	15,698,071
- financial income	3,140,566	7,681,713	0	0	10,822,280	3,803	10,826,083
- other income from insurance operations	4,392,424	775,245	1,630	0	5,169,298	-297,310	4,871,988
<b>OTHER INCOME</b>	4,190,289	1,432,759	8,023	26,093,335	31,724,406	-3,809,770	27,914,636
<b>NET CLAIMS INCURRED</b>	175,625,628	71,637,698	35,377,053	0	282,640,379	-177,540	282,462,839
- gross claims settled	212,349,275	71,672,383	31,468,968	0	315,490,626	-18,751,007	296,739,619
- reinsurers' share	-31,696,279	-97,923	0	0	-31,794,202	18,573,466	-13,220,736
- changes in claims provisions	-5,027,368	63,239	536,274	0	-4,427,855	0	-4,427,855
- equalisation scheme expenses for supplementary health insurance	0	0	3,371,811	0	3,371,811	0	3,371,811
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	3,942,868	3,581,200	-856,654	0	6,667,415	0	6,667,414
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	0	6,616,609	0	0	6,616,609	0	6,616,609
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	2,915,850	743	0	0	2,916,593	0	2,916,593
<b>OPERATING EXPENSES</b>	77,786,365	17,753,005	3,870,812	0	99,410,182	-2,538,685	96,871,497
- costs of insurance contract acquisition	50,855,764	10,850,724	907,836	0	62,614,325	-1,674,301	60,940,024
- other operating costs	26,930,601	6,902,280	2,962,976	0	36,795,857	-864,384	35,931,473
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	20,044,594	33,145,997	119,764	3,067,980	56,378,335	3,049,839	59,428,174
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	190,321	169,143	58,875	2,414,529	2,832,867	3,049,839	5,882,706
- loss on investments accounted for using the equity method	0	0	0	1,478,896	1,478,896	3,888,256	5,367,152
- interest expense	34,456	90,574	0	852,591	977,621	-700,732	276,889
- fair value losses	70,543	78,569	0	83,042	232,153	0	232,153
- loss on impairment of financial assets	0	0	0	0	0	0	0
- other expenses from financial assets and liabilities	85,322	0	58,875	0	144,196	-137,684	6,512
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	19,854,274	13,214,214	60,889	653,451	33,782,828	0	33,782,828
- interest expense	1,948,060	915,095	1,702	241,603	3,106,460	0	3,106,460
- fair value losses	1,408,190	1,419,782	0	163,848	2,991,820	0	2,991,820
- realised loss on disposals of financial assets	3,217,517	2,397,632	0	0	5,615,148	0	5,615,149
- loss on impairment of financial assets	8,705,105	7,246,265	49,632	1,111	16,002,113	0	16,002,113
- other expenses from financial assets and liabilities	4,575,402	1,235,440	9,555	246,889	6,067,287	0	6,067,286
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	0	19,762,640	0	0	19,762,640	0	19,762,640
<b>OTHER INSURANCE EXPENSES</b>	20,690,216	8,615,189	334,179	0	29,639,584	0	29,639,585

<b>OTHER EXPENSES</b>	2,960,256	76,087	14,010	24,794,229	27,844,582	-1,560,368	26,284,214
PROFIT/ LOSS BEFORE TAX	47,443,957	5,939,850	432,220	-281,463	53,534,564	-4,556,442	48,978,122
Income tax expense	13,112,854	1,591,711	0	211,615	14,916,180	0	14,916,181
<b>NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD</b>	<b>34,331,103</b>	<b>4,348,139</b>	<b>432,220</b>	<b>-493,078</b>	<b>38,618,384</b>	<b>-4,556,443</b>	<b>34,061,941</b>
Net profit/loss attributable to the controlling company	33,256,734	4,316,454	430,102	-584,477	37,418,812	-4,556,443	32,862,370
Net profit/loss attributable to non-controlling interest holders	1,074,369	31,685	2,118	91,399	1,199,571		1,199,571

(in EUR)

FOR THE PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010	NON-LIFE	LIFE	HEALTH	NON-INSURANCE	UNCONSOLIDATED TOTAL	ELIMINATIONS	CONSOLIDATED TOTAL
<b>NET PREMIUM INCOME</b>	321,179,549	110,649,871	35,391,832	0	467,221,252	203,806	467,425,058
- gross written premium	457,349,206	110,791,338	35,900,293	0	604,040,837	-46,949,243	557,091,594
- ceded written premium	-92,741,704	-132,655	0	0	-92,874,359	47,153,049	-45,721,310
- change in unearned premiums	-43,427,953	-8,812	-508,461	0	-43,945,226	0	-43,945,226
<b>INCOME FROM FINANCIAL ASSETS</b>	38,158,521	54,065,454	226,075	2,783,378	95,233,429	1,008,795	96,242,224
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	2,431,902	829,392	-17,166	1,666,648	4,910,776	1,466,213	6,376,989
- profit on equity investments accounted for using the equity method	37,110	0	0	1,205,661	1,242,771	3,601,235	4,844,006
- interest income	1,301,457	319,206	-17,166	47,031	1,650,528	-672,354	978,174
- dividends	1,070,948	391,713	0	207,510	1,670,171	-1,462,661	207,510
- fair value gains	16,650	118,473	0	37,120	172,244	-1	172,243
- realised gains on disposals	0	0	0	169,326	169,326	0	169,326
- other financial income	5,737	0	0	0	5,737	-7	5,730
<i>INCOME FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	35,726,619	34,152,637	243,242	1,116,730	71,239,228	-457,418	70,781,810
- interest income	21,153,801	19,694,567	242,742	199,601	41,290,711	-172,193	41,118,518
- dividends	1,430,908	772,358	0	57,280	2,260,546	0	2,260,546
- fair value gains	3,248,959	3,840,802	0	103,350	7,193,111	0	7,193,111
- realised gains on disposals	7,088,028	9,727,509	0	589,993	17,405,530	0	17,405,530
- other financial income	2,804,923	117,401	500	166,506	3,089,331	-285,226	2,804,105
<i>NET UNREALISED INCOME ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	0	19,083,425	0	0	19,083,425	0	19,083,425
<b>OTHER INSURANCE INCOME</b>	4,620,384	9,104,562	9,435	0	13,734,381	-722,331	13,012,050
- financial income	850,444	8,359,258	0	0	9,209,701	-52,056	9,157,645
- other income from insurance operations	3,769,940	745,305	9,435	0	4,524,679	-670,274	3,854,405
<b>OTHER INCOME</b>	4,936,932	1,239,449	6,579	26,167,373	32,350,333	-3,913,980	28,436,353
	0	0	0	0	0	0	0
<b>NET CLAIMS INCURRED</b>	206,624,151	49,151,899	31,665,724	0	287,441,773	-130,509	287,311,264
- gross claims settled	216,477,800	49,756,944	28,271,144	0	294,505,888	-16,505,846	278,000,042
- reinsurers' share	-26,745,845	-21,572	0	0	-26,767,416	16,375,335	-10,392,081
- changes in claims provisions	16,892,195	-583,473	633,812	0	16,942,534	2	16,942,536
- equalisation scheme expenses for supplementary health insurance	0	0	2,760,767	0	2,760,767	0	2,760,767
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	9,102,058	36,898,213	-212,477	0	45,787,793	1	45,787,794
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	0	23,682,104	0	0	23,682,104	0	23,682,104
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	2,516,846	0	0	0	2,516,846	0	2,516,846
<b>OPERATING EXPENSES</b>	78,929,538	17,774,347	5,279,675	0	101,983,560	-2,934,178	99,049,382
- costs of insurance contract acquisition	52,764,347	10,959,368	1,397,269	0	65,120,984	-1,987,695	63,133,289
- other operating costs	26,165,192	6,814,979	3,882,406	0	36,862,577	-946,484	35,916,093
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	27,217,661	31,658,511	30,444	2,237,653	61,144,269	72,388	61,216,657
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	158,522	30,818	21,005	1,682,784	1,893,129	-252,403	1,640,726
- loss on investments accounted for using the equity method	0	0	0	760,989	760,989	465,858	1,226,847
- interest expense	29,019	30,818	0	820,559	880,396	-582,353	298,043
- fair value losses	42,646	0	0	101,236	143,882	-42,646	101,236
- loss on impairment of financial assets	0	0	0	0	0	0	0
- other expenses from financial assets and liabilities	86,856	0	21,005	0	107,861	-93,261	14,600
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	27,059,139	10,176,127	9,439	554,869	37,799,574	324,791	38,124,365
- interest expense	2,043,336	1,290,474	909	383,491	3,718,209	320,507	4,038,716
- fair value losses	4,986,119	3,724,699	0	93,960	8,804,778	0	8,804,778
- realised loss on disposals of financial assets	2,824,770	1,658,933	0	5	4,483,709	-6	4,483,703
- loss on impairment of financial assets	13,892,305	1,913,474	0	100	15,805,879	0	15,805,879
- other expenses from financial assets and liabilities	3,312,609	1,588,547	8,530	77,313	4,986,999	4,290	4,991,289
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	0	21,451,566	0	0	21,451,566	0	21,451,566

<b>OTHER INSURANCE EXPENSES</b>	20,576,012	8,946,864	190,560	0	29,713,436	24,299	29,737,735
<b>OTHER EXPENSES</b>	3,811,679	106,732	11,910	26,333,544	30,263,865	1,222,587	31,486,452
	0	0	0	0	0	0	0
PROFIT/ LOSS BEFORE TAX	20,117,441	6,840,667	-1,331,914	379,554	26,005,748	-1,678,297	24,327,451
Income tax expense	5,200,841	1,065,389	0	137,176	6,403,406	1	6,403,407
<b>NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD</b>	<b>14,916,600</b>	<b>5,775,278</b>	<b>-1,331,914</b>	<b>242,378</b>	<b>19,602,341</b>	<b>-1,678,297</b>	<b>17,924,044</b>
Net profit/loss attributable to the controlling company	14,940,032	5,728,867	-1,325,570	457,485	19,800,814	-1,678,297	18,122,517
Net profit/loss attributable to non-controlling interest holders	-23,432	46,411	-6,344	-215,107	-198,473		-198,473

## CONSOLIDATED INCOME STATEMENT BY GEOGRAPHICAL AREA

	(in EUR)				
FOR THE PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2011	SLOVENIA	OTHER	UNCONSOLIDATED TOTAL	ELIMINATIONS	CONSOLIDATED TOTAL
<b>NET PREMIUM INCOME</b>	384,863,018	72,371,032	457,234,050	-290,134	456,943,916
- gross written premium	508,559,576	94,868,418	603,427,994	-53,566,004	549,861,990
- ceded written premium	-88,218,075	-18,555,043	-106,773,118	53,275,870	-53,497,248
- change in unearned premiums	-35,478,483	-3,942,343	-39,420,826	0	-39,420,826
<b>INCOME FROM FINANCIAL ASSETS</b>	54,253,144	6,445,065	60,698,209	-1,389,785	59,308,424
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	2,911,209	22,080	2,933,289	-1,363,800	1,569,489
- profit on equity investments accounted for using the equity method	714,037	22,080	736,117	28,252	764,369
- interest income	1,480,932	0	1,480,932	-733,193	747,739
- dividends	696,434	0	696,434	-696,434	0
- fair value gains	-32,036	0	-32,036	0	-32,035
- realised gains on disposals	748	0	748	0	748
- other financial income	51,093	0	51,093	37,575	88,668
<i>INCOME FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	46,613,297	6,075,883	52,689,180	-25,984	52,663,196
- interest income	36,796,480	4,879,893	41,676,373	-25,983	41,650,390
- dividends	1,567,534	74,857	1,642,391	0	1,642,391
- fair value gains	2,574,282	202,641	2,776,923	0	2,776,922
- realised gains on disposals	4,477,442	378,094	4,855,536	0	4,855,535
- other financial income	1,197,559	540,398	1,737,958	0	1,737,958
<i>NET UNREALISED INCOME ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	4,728,638	347,101	5,075,739	0	5,075,739
<b>OTHER INSURANCE INCOME</b>	11,212,894	4,778,683	15,991,578	-293,507	15,698,071
- financial income	8,651,362	2,170,918	10,822,280	3,803	10,826,083
- other income from insurance operations	2,561,533	2,607,765	5,169,298	-297,310	4,871,988
<b>OTHER INCOME</b>	28,574,982	3,149,424	31,724,406	-3,809,770	27,914,636
	0	0	0		
<b>NET CLAIMS INCURRED</b>	242,594,470	40,045,909	282,640,379	-177,540	282,462,839
- gross claims settled	269,846,322	45,644,303	315,490,626	-18,751,007	296,739,619
- reinsurers' share	-27,954,249	-3,839,953	-31,794,202	18,573,466	-13,220,736
- changes in claims provisions	-2,669,414	-1,758,441	-4,427,855	0	-4,427,855
- equalisation scheme expenses for supplementary health insurance	3,371,811	0	3,371,811	0	3,371,811
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	5,848,443	818,972	6,667,415	0	6,667,414
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	5,377,480	1,239,129	6,616,609	0	6,616,609
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	2,307,934	608,659	2,916,593	0	2,916,593
<b>OPERATING EXPENSES</b>	73,554,990	25,855,191	99,410,182	-2,538,685	96,871,497
- costs of insurance contract acquisition	48,975,999	13,638,325	62,614,325	-1,674,301	60,940,024
- other operating costs	24,578,991	12,216,866	36,795,857	-864,384	35,931,473
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	54,556,752	1,821,582	56,378,335	3,049,839	59,428,174
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	2,788,359	44,508	2,832,867	3,049,839	5,882,706
- loss on investments accounted for using the equity method	1,478,896	0	1,478,896	3,888,256	5,367,152
- interest expense	933,113	44,508	977,621	-700,732	276,889
- fair value losses	232,153	0	232,153	0	232,153
- loss on impairment of financial assets	0	0	0	0	0
- other expenses from financial assets and liabilities	144,196	0	144,196	-137,684	6,512
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	32,277,040	1,505,788	33,782,828	0	33,782,828
- interest expense	2,824,794	281,666	3,106,460	0	3,106,460
- fair value losses	2,878,735	113,085	2,991,820	0	2,991,820
- realised loss on disposals financial assets	5,601,516	13,632	5,615,148	0	5,615,149
- loss on impairment of financial assets	15,973,272	28,841	16,002,113	0	16,002,113
- other expenses from financial assets and liabilities	4,998,723	1,068,564	6,067,287	0	6,067,286
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	19,491,353	271,287	19,762,640	0	19,762,640
<b>OTHER INSURANCE EXPENSES</b>	18,875,629	10,763,956	29,639,584	0	29,639,585
<b>OTHER EXPENSES</b>	24,953,138	2,891,444	27,844,582	-1,560,368	26,284,214

PROFIT/ LOSS BEFORE TAX	50,835,202	2,699,362	53,534,564	-4,556,442	48,978,122
Income tax expense	14,916,180	0	14,916,180	0	14,916,181
<b>NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD</b>	<b>35,919,022</b>	<b>2,699,362</b>	<b>38,618,384</b>	<b>-4,556,443</b>	<b>34,061,941</b>
Net profit/loss attributable to the controlling company	35,365,425	2,053,387	37,418,812	-4,556,443	32,862,370
Net profit/loss attributable to non-controlling interest holders	553,596	645,975	1,199,571		1,199,571

(in EUR)

	SLOVENIA	OTHER	UNCONSOLIDATED TOTAL	ELIMINATIONS	CONSOLIDATED TOTAL
<b>NET PREMIUM INCOME</b>	393,395,563	73,825,689	467,221,252	203,806	467,425,058
- gross written premium	511,298,855	92,741,982	604,040,837	-46,949,243	557,091,594
- ceded written premium	-76,437,162	-16,437,197	-92,874,359	47,153,049	-45,721,310
- change in unearned premiums	-41,466,130	-2,479,096	-43,945,226	0	-43,945,226
<b>INCOME FROM FINANCIAL ASSETS</b>	87,528,090	7,705,340	95,233,430	1,008,794	96,242,224
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	4,844,400	66,376	4,910,776	1,466,213	6,376,989
- profit on equity investments accounted for using the equity method	1,205,661	37,110	1,242,771	3,601,235	4,844,006
- interest income	1,622,825	27,702	1,650,528	-672,354	978,174
- dividends	1,670,171	0	1,670,171	-1,462,661	207,510
- fair value gains	172,244	0	172,244	-1	172,243
- realised gains on disposals	169,326	0	169,326	0	169,326
- other financial income	4,174	1,564	5,737	-7	5,730
<i>INCOME FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	63,600,265	7,638,964	71,239,229	-457,419	70,781,810
- interest income	36,701,365	4,589,346	41,290,711	-172,193	41,118,518
- dividends	2,181,470	79,075	2,260,546	0	2,260,546
- fair value gains	6,802,624	390,487	7,193,111	0	7,193,111
- realised gains on disposals	15,766,958	1,638,571	17,405,530	0	17,405,530
- other financial income	2,147,848	941,484	3,089,332	-285,227	2,804,105
<i>NET UNREALISED INCOME ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	19,083,425	0	19,083,425	0	19,083,425
<b>OTHER INSURANCE INCOME</b>	9,959,535	3,774,845	13,734,381	-722,331	13,012,050
- financial income	7,161,982	2,047,720	9,209,701	-52,056	9,157,645
- other income from insurance operations	2,797,554	1,727,126	4,524,679	-670,274	3,854,405
<b>OTHER INCOME</b>	29,608,370	2,741,962	32,350,332	-3,913,979	28,436,353
	0	0	0	0	0
<b>NET CLAIMS INCURRED</b>	238,238,792	49,202,981	287,441,773	-130,509	287,311,264
- gross claims settled	248,814,040	45,691,848	294,505,888	-16,505,846	278,000,042
- reinsurers' share	-23,379,161	-3,388,255	-26,767,416	16,375,335	-10,392,081
- changes in claims provisions	10,043,147	6,899,388	16,942,534	2	16,942,536
- equalisation scheme expenses for supplementary health insurance	2,760,767	0	2,760,767	0	2,760,767
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	45,359,966	427,827	45,787,793	1	45,787,794
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	22,783,662	898,442	23,682,104	0	23,682,104
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	2,269,147	247,699	2,516,846	0	2,516,846
<b>OPERATING EXPENSES</b>	75,712,267	26,271,294	101,983,560	-2,934,178	99,049,382
- costs of insurance contract acquisition	50,117,397	15,003,587	65,120,984	-1,987,695	63,133,289
- other operating costs	25,594,870	11,267,707	36,862,577	-946,484	35,916,093
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	58,346,222	2,798,044	61,144,266	72,391	61,216,657
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	1,885,221	7,908	1,893,129	-252,403	1,640,726
- loss on investments accounted for using the equity method	760,989	0	760,989	465,858	1,226,847
- interest expense	880,396	0	880,396	-582,353	298,043
- fair value losses	143,882	0	143,882	-42,646	101,236
- loss on impairment of financial assets	0	0	0	0	0
- other expenses from financial assets and liabilities	99,953	7,908	107,861	-93,261	14,600
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	35,009,435	2,790,136	37,799,571	324,794	38,124,365
- interest expense	3,686,099	32,110	3,718,209	320,507	4,038,716
- fair value losses	8,044,436	760,342	8,804,778	0	8,804,778
- realised loss on disposals of financial assets	4,141,142	342,562	4,483,704	-1	4,483,703
- loss on impairment of financial assets	15,805,879	0	15,805,879	0	15,805,879
- other expenses from financial assets and liabilities	3,331,880	1,655,121	4,987,001	4,288	4,991,289
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	21,451,566	0	21,451,566	0	21,451,566
			0	0	0
<b>OTHER INSURANCE EXPENSES</b>	19,844,689	9,868,746	29,713,436	24,299	29,737,735
<b>OTHER EXPENSES</b>	27,040,762	3,223,102	30,263,864	1,222,588	31,486,452
	0	0	0	0	0
<b>PROFIT/ LOSS BEFORE TAX</b>	30,896,051	-4,890,300	26,005,752	-1,678,301	24,327,451
Income tax expense	6,326,175	77,232	6,403,406	1	6,403,407
<b>NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD</b>	<b>24,569,877</b>	<b>-4,967,531</b>	<b>19,602,345</b>	<b>-1,678,301</b>	<b>17,924,044</b>
Net profit/loss attributable to the controlling company	24,757,129	-4,956,311	19,800,818	-1,678,301	18,122,517
Net profit/loss attributable to non-controlling interest holders	-187,252	-11,220	-198,473		-198,473

### **3.6 Significant balance sheet items**

#### *Intangible assets*

In the first half of 2011, intangible assets of Zavarovalnica Triglav increased by EUR 8.9 million. The increase was affected mostly by the rise of deferred acquisition costs (EUR 7.7 million) as a consequence of a greater number of insurance contracts concluded in the first half of the year. Due to a higher number of concluded insurance contracts in the beginning of the financial year, there is an increase visible in unearned premium provisions and deferred acquisition costs, which tend to decrease again by the end of the financial year.

In the reporting period, intangible assets of the Triglav Group increased by EUR 9.6 million. Similarly as for Zavarovalnica Triglav, the increase in consolidated financial statements is mainly due to the change in deferred acquisition costs (EUR 8.1 million). The remaining increase in intangible assets refers to the acquisition of software.

#### *Property, plant and equipment*

In the first half of 2011, property, plant and equipment of Zavarovalnica Triglav increased by EUR 1.9 million. Significant expenditure refers mostly to investments and completion of business premises. As at 30 June 2011, liabilities for the acquisition of land, buildings and equipment amounted to EUR 31,926.

At the Triglav Group level, the cash outflows for the purchase of property, plant and equipment amounted to EUR 3.5 million, referring mostly to the completion of business premises and the acquisition of computer equipment.

#### *Impairment*

In the income statement of Zavarovalnica Triglav, an impairment loss on financial assets of EUR 15.6 million was recognised in the first half of 2011. In the income statement of the Triglav Group, an impairment loss on financial assets of EUR 16 million was recognised in the same period. No impairment loss on other assets or reversal of such impairment loss was recognised in the reporting period.

#### *Subordinated debt instruments*

From 1 January 2011 to 30 June 2010, Zavarovalnica Triglav did not issue, buy back or redeem any debt securities.

#### *Share capital of Zavarovalnica Triglav*

Based on a resolution of the General Meeting of Shareholders of 21 June 2011, the share capital was raised by EUR 50 million by capitalisation of reserves (from net profit brought forward) without the issue of new shares. After the raise, the share capital amounted to EUR 73,701,392 and was divided into 22,735,148 ordinary par value shares.

### *Distribution of accumulated profits for 2010*

On 21 June 2011, the General Meeting of Shareholders decided on the distribution of accumulated profits for 2010 and passed a resolution, that EUR 9,094,059 will be used for dividend payments for 2010.

### *Contingent liabilities*

In the first half of 2011, contingent liabilities decreased by a total of EUR 32.9 million over the end of 2010, decreasing by EUR 25.5 million for guarantees, EUR 14 million from swap agreements, EUR 2.3 million from outstanding subrogation receivables and increasing by EUR 8.9 million from option agreements.

## **3.7 Mergers**

### *Winding-up of PHS Center Štetarje d.o.o. in a simplified procedure*

On 28 March 2011, the company PHS Center Štetarje d.o.o, 100% owned by Zavarovalnica Triglav, was deleted from the Companies Register. On the day of liquidation all assets and liabilities of the company were transferred to Zavarovalnica Triglav. Net assets amounted to EUR 942,917 or EUR 14,932 more than the book value of the investment in the company.

### *Winding-up of THP Krona d.o.o. in a simplified procedure*

On 1 April 2011, the company THP Krona d.o.o, 100% owned by Zavarovalnica Triglav, was deleted from the Companies Register. On the day of liquidation all assets and liabilities of the company were transferred to Zavarovalnica Triglav. Net assets amounted to EUR 506,658 or EUR 117,449 more than the book value of the investment in the company.

### *Squeeze-out of minority shareholders of Triglav Naložbe d.d., Ljubljana*

Zavarovalnica Triglav "squeezed out" the minority shareholders of Triglav Naložbe d.d. by acquiring 2,512,210 shares of the company in the total amount of EUR 3,965,624. As at 30 June 2011, the company was 100% owned by Zavarovalnica Triglav.

### *Acquisition of shares in Triglav Krajina Kopaonik a.d., Banja Luka*

Zavarovalnica Triglav acquired 4 shares of Triglav Krajina Kopaonik a.d. in the total amount of EUR 4,090, thus becoming the 100% owner of the company.

### *Recapitalisation of Triglav Kopaonik a.d.o., Belgrade*

The recapitalisation was carried out with the issue of 312,00 shares with a nominal value of RSD 700 each, totalling RSD 218,400,000 or EUR 2,173,134. The recapitalisation increased Zavarovalnica Triglav's share in the said company from 94.49% to 96.09%.

#### *Establishment of Triglav Auto d.o.o., Banja Luka*

At its meeting on 6 August 2010, the Management Board of Triglav Krajina Kopaonik adopted a decision to establish Triglav Auto d.o.o., Banja Luka. The company is 100% owned by Triglav Krajina Kopaonik, its core business being motor vehicle roadworthiness testing services and investments in shareholdings of roadworthiness test suppliers. Triglav Auto was entered into the Court Register on 11 March 2011.

#### *Other changes in the Triglav Group*

In the reporting period, there were no other acquisitions, mergers or disposals of investments in subsidiaries. Among associated companies, in the first half of 2011 the Triglav Group decreased its stake in Nacionalni biro osiguravača Crne Gore. As at 30 June 2011, the company was therefore no longer an associated company of the Group.



### 3.8 Related party transactions

#### Management Board of Zavarovalnica Triglav

In the first half of 2011, members of the Management Board of Zavarovalnica Triglav were paid the following amounts as compensation for their work:

MANAGEMENT BOARD	Fixed salaries (gross)	Other additional payments*	Bonuses	BENEFITS			Net pay received
				Insurance premiums**	Other benefits	Reimbursements	
Matjaž Rakovec	72,667	9,474	14,793	20,514	2,706	1,383	36,106
Igor Stebernak	71,801	9,000	13,949	19,261	3,849	2,596	36,602
Andrej Slapar	71,809	9,000	13,949	19,133	5,628	1,088	34,259
Vladimir Mišo Čeplak	70,376	9,000	14,712	14,167	2,600	64	38,064
<b>TOTAL</b>	<b>286.653</b>	<b>36.474</b>	<b>57.403</b>	<b>73.075</b>	<b>14.783</b>	<b>5.131</b>	<b>145.031</b>

\* Other additional payments include holiday allowance

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

As at 30 June 2011, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

MANAGEMENT BOARD	(v EUR)	
	Receivables as at 30 June 2011	Liabilities as at 30 June 2011
Matjaž Rakovec	101	5,924
Igor Stebernak	0	5,925
Andrej Slapar	0	5,294
Vladimir Mišo Čeplak	0	5,273
<b>TOTAL</b>	<b>101</b>	<b>22,416</b>

*Supervisory Board of Zavarovalnica Triglav*

In the first half of 2011, the Supervisory Board members of Zavarovalnica Triglav were paid the following amounts as compensation for their work:

(in EUR)				
<b>SUPERVISORY BOARD</b>	<b>Attendance fee</b>	<b>Reimbursements</b>	<b>Total gross pay</b>	<b>Total net pay</b>
Borut Jamnik	6,245		6,245	4,840
Uroš Slavinec	4,868		4,868	3,772
Anton Ribnikar	3,979	1,120	5,099	3,952
Igor Mihajlovič	4,804		4,804	3,723
Aljoša Valentinčič	5,121		5,121	3,969
Vladimir Uršič	3,218	735	3,953	3,063
Boris Gabor	3,744	1,547	5,291	4,101
Branko Gorjan	5,439	1,068	6,507	5,042
Peter Celar	3,218	267	3,485	2,701
Barbara Nose	1,904		1,904	1,475
Srečko Jadek	1,586		1,586	1,230
Miran Krštinc	742		742	575
	<b>44,868</b>	<b>4,737</b>	<b>49,605</b>	<b>38,443</b>

As at 30 June 2011, Zavarovalnica Triglav had the following receivables from and liabilities to the Management Board members:

(in EUR)		
<b>SUPERVISORY BOARD</b>	<b>Receivables as at 30 June 2011</b>	<b>Liabilities as at 30 June 2011</b>
Uroš Slavinec	287	0
Boris Gabor	287	0
<b>TOTAL</b>	<b>574</b>	<b>0</b>

## Subsidiaries

In daily business operations, many insurance transactions are carried out with subsidiaries of Zavarovalnica Triglav on market terms and at market prices. The volume of these transactions is shown below.

	(in EUR)	
<b>ASSETS</b>	<b>30 June 2011</b>	<b>31 December 2010</b>
Loans given to members of the Group	19,658,418	20,690,446
Receivables from insurance premium	47,375	4,222
Premium receivable from co-insurance	419	33,000
Receivables from reinsurers' shares in claims	11,090,852	18,958,456
Other short-term receivables from insurance operations	26,392	60,611
Short-term receivables from financing	2,436,100	13,529,113
Other short-term receivables	666,711	486,708

	(in EUR)	
<b>LIABILITIES</b>	<b>30 June 2011</b>	<b>31 December 2010</b>
Liabilities to insurance brokers	219,255	200,587
Liabilities from reinsurance premiums	15,523,342	10,808,007
Liabilities from the share of claims from co-insurance	5,424	5,424
Short-term liabilities from financing	230,860	0
Other short-term liabilities	57,218	2,975

	(in EUR)	
<b>INCOME/EXPENSES</b>	<b>H1 2011</b>	<b>H1 2010</b>
Gross written premium	112,723	123,840
Assumed co-insurance written premium	12,851	-1,185
Ceded co-insurance written premium	0	-76,839
Reinsurance written premium (-)	-45,477,330	-40,841,400
Reinsurance commission income	6,078,956	5,519,370
Income from dividends	172,260	108,968
Interest income	587,635	704,327
Income from land and buildings	92,829	95,546
Other net income from insurance operations	293,994	523,965
Other financial income	0	0
Other income	1,794,418	1,764,736
<b>TOTAL INCOME</b>	<b>-36,331,664</b>	<b>-32,078,672</b>
Co-insurers' share of claims	3,904	1,125
Reinsurers' share of claims	-16,006,242	-14,128,313
Other finance costs	2,006,367	1,577,666
Other expenses	-14,283	-43,900
<b>TOTAL EXPENSES</b>	<b>-14,010,254</b>	<b>-12,593,422</b>

### Associated companies

In daily business operations, many insurance transactions are carried out with associated companies of Zavarovalnica Triglav on market terms and at market prices. The volume of these transactions is shown below, separately for Zavarovalnica Triglav and for the Triglav Group.

(in EUR)

ASSETS	Zavarovalnica Triglav		Triglav Group	
	30 June 2011	31 December	30 June 2011	31 December
		2010		2010
Debt securities and loans to associates	12,437,179	11,153,951	4,279,310	3,460,461
Other financial investments in associates	25,036,674	24,714,614	27,237,583	26,625,643
Receivables from insurance premium	9,349	23,554	9,349	23,554
Short-term receivables from financing	524,174	0	696,434	9,581
Other short-term receivables	118,000	47,929	128,572	66,947

(in EUR)

LIABILITIES	Zavarovalnica Triglav		Triglav Group	
	30 June 2011	31 December	30 June 2011	31 December
		2010		2010
Liabilities to insurance brokers	0	0	93,870	54,416
Short-term liabilities from financing	87,951	49,274	2,008,773	0
Other long-term liabilities	0	0	1,906,739	0
Other short-term liabilities	70,126	57,465	93,678	80,494

(in EUR)

INCOME/EXPENSES	Zavarovalnica Triglav		Triglav Group	
	H1 2011	H1 2010	H1 2011	H1 2010
Gross written premium	1,707,269	2,285,343	1,707,269	2,285,343
Income from dividends	524,173	1,353,693	524,174	5,040,038
Interest income	824,616	888,312	849,613	978,174
Other financial income	94,564	307,529	95,312	118,473
<b>TOTAL INCOME</b>	<b>3,150,622</b>	<b>4,834,877</b>	<b>3,176,368</b>	<b>8,422,028</b>
Gross claims settled	773,923	1,245,738	773,923	1,245,738
Other finance costs	247,114	73,837	258,743	1,539,490
<b>TOTAL EXPENSES</b>	<b>1,021,037</b>	<b>1,319,575</b>	<b>1,032,666</b>	<b>2,785,228</b>

### 3.9 Other significant events in the reporting period

Other significant events in the first half of 2011 are given on page 9 of this interim report.

### 3.10 Significant subsequent events

After 30 June 2011, there were no significant events that influenced the financial statements for the first half of 2011.

Post-balance sheet events having an impact on the operations in 2011 include:

#### *Squeeze-out of minority shareholders of Hotel Grad Podvin*

After the concluded squeeze out process of minority shareholders, Zavarovalnica Triglav became the 100% owner of Hotel Grad Podvin d.d.

#### *Sale of shareholding in Albsig*

On 1 August 2011, Zavarovalnica Triglav exercised the put option for a 9.9% share of the Albanian insurance company Albsig Sh. A, Tirana.

#### *Start of due diligence examination of foreign subsidiaries within the Triglav Group.*

July saw the start of due diligence examinations in foreign subsidiaries of the Triglav Group, which are planned to assist Zavarovalnica Triglav in the recapitalisation of the subsidiary Triglav INT d.d. Due diligence examinations are carried out by the International Financial Corporation (IFC), acting as a possible future partner in Triglav INT.

#### *Declaratory decision of the Insurance Supervision Agency (hereinafter: ISA) on the termination of an infringement*

On 16 August 2011, Zavarovalnica Triglav received a declaratory decision of the ISA on the termination of infringements, discovered by the AZN during an audit of operations from 8 July 2009 to 30 December 2009, pertaining to the regularity review of the consolidated annual report for 2008. In the declaratory decision the ISA established, that Zavarovalnica Triglav has eliminated the infringements, described in the Order to terminate the infringement of 2 November 2010 and the decision of 12 January 2011.

#### *Transfer of Triglav BH Osiguranje d. d. Sarajevo shares and Triglav Krajina – Kopaonik Banja Luka a.d. shares to Triglav INT d.d.*

Following a decision to increase the share capital of Triglav INT d.d. by contributions in kind, in August 2011, Zavarovalnica Triglav transferred the shares of Triglav BH Osiguranje d. d. Sarajevo and Triglav Krajina – Kopaonik Banja Luka a.d. to Triglav INT d.d.

**Translation disclaimer**

The English language version of the 2011 interim results is the translation of the Slovene version of the 2011 interim results. The Slovene language version of the interim results is the official version.

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