

TRIGLAV INT D.D.  
MIKLOŠIČEVA CESTA 19  
1000 LJUBLJANA



Triglav INT, d.d.

**UNAUDITED INTERIM REPORT OF TRIGLAV INT D.D.  
AND THE TRIGLAV INT GROUP FOR THE PERIOD FROM  
1 JANUARY 2012 TO 30 SEPTEMBER 2012**

Ljubljana, November 2012

## **CONTENTS:**

<b>1. FINANCIAL HIGHLIGHTS IN THE FIRST NINE MONTHS OF 2012 .....</b>	<b>3</b>
<b>2. SHARE CAPITAL AND SHAREHOLDERS .....</b>	<b>4</b>
<b>3. PERFORMANCE IN THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012 .....</b>	<b>4</b>
<b>4. RISK MANAGEMENT .....</b>	<b>11</b>
<b>5. RECRUITMENT AND EMPLOYEE STRUCTURE .....</b>	<b>12</b>
<b>6. SUBSEQUENT EVENTS .....</b>	<b>12</b>
<b>STATEMENT OF MANAGEMENT'S RESPONSIBILITY.....</b>	<b>13</b>
<b>UNAUDITED FINANCIAL STATEMENTS OF TRIGLAV INT D.D. AND THE TRIGLAV INT GROUP AND NOTES THERE TO FOR THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012.....</b>	<b>14</b>

# 1. FINANCIAL HIGHLIGHTS IN THE FIRST NINE MONTHS OF 2012

## 1.1 Company profile

Company name	Triglav INT holdinška družba d.d.
Registered office	Miklošičeva cesta 19, 1000 Ljubljana Phone: +386 1 234 70 52 E-mail: triglavint@triglav-int.si
Entered in the Companies Register	Application. No.: 2010/42371
Company registration number	3852750
Tax number	SI 28155017
Share capital	EUR 88,598,008
Executive Director	Tedo Djekanović
President of the Board of Directors	Matjaž Rakovec
Activities of Triglav INT according to the Standard Classification of Activities:	64.200 Activities of holding companies

## 1.2 Activities of Triglav INT and the Triglav INT Group

Triglav INT holdinška družba d.d. (hereinafter "Triglav INT", "Company" or "Parent Company") is a public limited company and a 100%-owned subsidiary of Zavarovalnica Triglav d.d. Triglav INT and its subsidiaries form the Triglav INT Group (hereinafter "the Group"). Activities of holding companies are the main object of Triglav INT. The Company also provides accounting services for non-insurance subsidiaries of Zavarovalnica Triglav. Insurance is the core business of the Group, which provides a wide range of life and non-life insurance products and services.

Insurance subsidiaries operate in seven markets and six countries of South-East Europe: the Czech Republic, Croatia, Bosnia and Herzegovina, Montenegro, Serbia and the Former Yugoslav Republic of Macedonia.

### 1.2.1 The structure of the Triglav INT Group

In order to manage the Triglav Group more efficiently, Zavarovalnica Triglav transferred its equity stakes in foreign insurance companies to Triglav INT, as follows:

- a 100% stake in Triglav Osiguranje a.d., Banja Luka;
- a 68.94% stake in Triglav Osiguranje, Sarajevo;
- a 94.95% stake in Lovćen Osiguranje a.d., Podgorica;
- a 97.10% stake in Triglav Osiguranje a.d.o., Belgrade;
- a 73.38% stake in Triglav Osigurivanje a.d., Skopje;
- a 100% stake in Triglav Pojišt'ovna a.s., Brno and
- a 99.76% stake in Triglav Osiguranje d.d., Zagreb.

Through the ownership of share capital of these foreign insurance companies, Triglav INT indirectly acquired equity holdings in the following companies:

- a 94.95% stake in Lovćen životna osiguranja a.d., Podgorica;
- a 94.95% stake in Lovćen Auto d.o.o., Nikšić;
- a 64.42% stake in Unis automobili i dijelovi, Sarajevo;
- a 78.71% stake in Autocentar BH d.o.o., Sarajevo;
- a 49.80% stake in Sarajevostan d.d., Sarajevo;
- a 100% stake in Triglav Auto d.o.o., Banja Luka;
- a 4.93% stake in Triglav penzijski fondovi a.d., Belgrade and
- a 49.00% stake in TRIPRO BH d.o.o., Sarajevo.

## 2. SHARE CAPITAL AND SHAREHOLDERS

### 2.1 Share capital

As at 30 September 2012, the share capital of Triglav INT amounted to EUR 88,598,008 and was divided into 88,598,008 ordinary, freely transferable, registered no-par value shares. Each represents the same stake and corresponding amount in the share capital. All have been paid up in full.

### 2.2 Shares of Triglav INT

#### *Key Triglav INT share figures*

ITEMS	30 September 2012
Number of shares	88,598,008
Book value per share (in EUR)	0.77
Net earnings/loss per share (in EUR)	-0.04
Dividend per share (in EUR) - for the previous business year	0

### 2.3 Shareholder structure

Triglav INT d.d. is a 100%-owned subsidiary of Zavarovalnica Triglav d.d.

## 3. PERFORMANCE IN THE PERIOD FROM 1 JANUARY 2012 TO 30 SEPTEMBER 2012

### 3.1 Impact of the environment on the Group's performance

In the first nine months of 2012, the operations of the Group were marked by the continuation of the economic and financial crisis. Its effects can be seen primarily in lower demand for some insurance products due to a decline in economic activity, new bankruptcies, reduced purchasing power of households, higher unemployment, reduction of bank lending, etc.

Triglav INT's performance was also affected by other factors, mostly by the increased competition in the motor vehicle insurance market, which is the most important insurance

class both in the Group and in the developing markets. Consequently, this insurance class is under large cost pressure, as the costs of insurance contract acquisition, i.e. commissions, are higher than in developed markets. The strategy of all companies of the Group is not to book premium at any cost, but to focus on profitable operations, so as to avoid price wars in the segment of motor liability insurance as much as possible. An additional loss of planned premium income resulted from the insurance portfolio selection and the intense measures taken to mitigate poorer insurance technical results in non-life insurance.

Business result in the first nine months of 2012 was also affected by large individual and mass loss events due to heavy storms in the Istria and Rijeka area in Croatia and extreme weather conditions in February in Montenegro and Bosnia and Herzegovina.

### 3.2 Gross written premium from insurance and co-insurance contracts

In the nine months ended 30 September 2012, the Triglav INT Group insurance subsidiaries booked EUR 122.3 million in non-consolidated gross insurance and co-insurance premium, or 9% less than in the corresponding period last year. Trends varied depending on company and market. Premium growth was recorded in Triglav Osiguranje, Sarajevo (9%), and in Lovćen životna osiguranja (10%). Lower premium was written in Triglav Osiguranje, Zagreb (13%), Lovćen Osiguranje, Podgorica (6%), Triglav Osiguranje, Belgrade (23%), Triglav Osiguranje, Banja Luka (32%) and Triglav Osiguruvanje, Skopje (10%). In Triglav Pojišt'ovna premium remained at the same level as the year before (index 100).

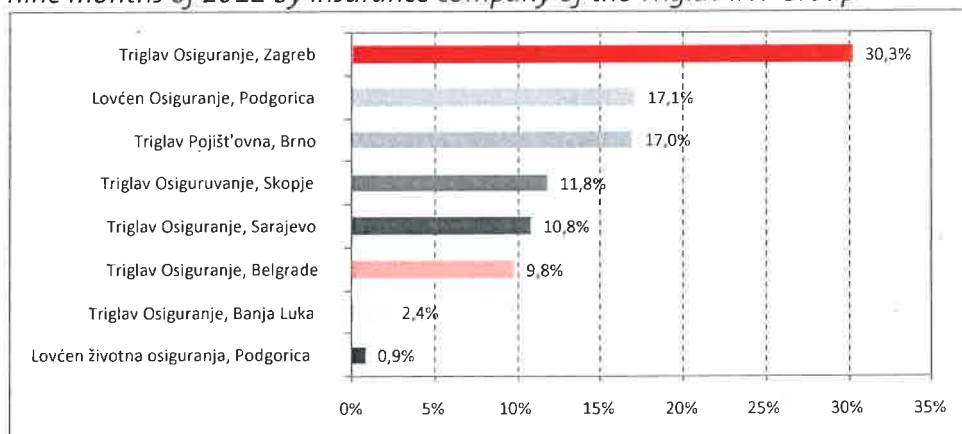
In total gross written premium, non-life insurance accounted for EUR 112.1 million and life insurance for EUR 10.2 million. The structure of unconsolidated written premium was the following:

- non-life insurance represented 91.7% and
- life insurance 8.3% of the total.

*Gross written premium from insurance and co-insurance contracts in the first nine months of 2012 by insurance company of the Triglav INT Group*

INSURANCE COMPANY	GROSS WRITTEN PREMIUM			INDEX			STRUCTURE
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	Q 1-3 2012
1 Triglav Osiguranje, Zagreb	30,127,220	6,876,005	37,003,225	85	96	87	30.3%
2 Triglav Osiguranje, Sarajevo	11,493,040	1,757,093	13,250,133	107	127	109	10.8%
3 Triglav Pojišt'ovna, Brno	20,747,306	0	20,747,306	100		100	17.0%
4 Lovćen Osiguranje, Podgorica	20,920,682	0	20,920,682	94		94	17.1%
5 Triglav Osiguranje, Belgrade	11,525,639	457,320	11,982,959	77	101	77	9.8%
6 Triglav Osiguranje, Banja Luka	2,893,708	0	2,893,708	68		68	2.4%
7 Triglav Osiguruvanje, Skopje	14,430,995	0	14,430,995	90		90	11.8%
8 Lovćen životna osiguranja, Podgorica	0	1,069,461	1,069,461		110	110	0.9%
<b>TOTAL</b>	<b>112,138,590</b>	<b>10,159,879</b>	<b>122,298,469</b>	<b>90</b>	<b>102</b>	<b>91</b>	<b>100.0%</b>

The structure of gross written premium from insurance and co-insurance contracts in the first nine months of 2012 by insurance company of the Triglav INT Group



### 3.2.1 Non-life insurance

In non-life insurance, the Triglav INT Group insurance companies charged EUR 112.1 million of unconsolidated insurance and co-insurance premium or 10% less in nominal terms than one year earlier.

Motor vehicle insurance accounted for the largest share (55.5%) of premium in the portfolio. In **motor liability insurance**, the Group's insurance companies booked EUR 52.8 million in written premium, which represents a 16% decline compared to the same period of 2011. A 3% growth in premium was posted by Triglav Osiguranje, Sarajevo, whereas other members of the Group generated less premium than a year before. The Group collected EUR 15.1 million in **comprehensive car insurance** premium, a 10% drop compared to the first nine months of 2011. Higher premium was posted by Triglav Osiguranje, Banja Luka (6% growth), Triglav Pojišt'ovna, Brno (5% growth) and Triglav Osiguranje, Sarajevo (1% growth). Other insurance subsidiaries experienced a drop in written premium: Triglav Osiguranje, Belgrade by 20%, Triglav Osiguranje, Zagreb by 19%, Triglav Osiguruvanje, Skopje by 16% and Lovćen Osiguranje, Podgorica by 11%. The reasons for less premium in motor vehicle insurance are the same for most markets and include:

- heavy and unfair competition among insurers in most markets, where competitor insurance companies offer clients large discounts and various material incentives, such as free roadworthiness tests or registration vouchers, partial premium reimbursement, gas coupons, etc.;
- large discounts and lower premium rates offered by competitor insurers at public tenders;
- competitors paying high commissions to agents, brokers, agencies and roadworthiness test providers;
- insufficient role of supervisory bodies and non-compliance with the established rules of conduct in Serbia, Montenegro, Bosnia and Herzegovina and the Former Yugoslav Republic of Macedonia (premium system, bonus-malus system, insurance codes);
- effects of the economic crisis and declining purchasing power of households, leading to lower sales volumes of motor vehicles, fewer insurance policies for leased cars for which comprehensive car insurance is obligatory; only compulsory insurance taken out for older cars, etc.

The decrease in premium from compulsory insurance recorded in Triglav Osiguranje, Banja Luka resulted from a strategic decision to change the insurance portfolio structure, causing motor liability insurance to account for a lesser share of total premium. The drop in premium in Triglav Osiguranje, Zagreb was in addition result of the portfolio clean-up performed to

restructure the technical result and by premium payment defaults in comprehensive car insurance, whereas in Lovćen Osiguranje, Podgorica, lower premium was a result of extreme weather conditions.

In the **real property insurance** class (fire and natural disaster insurance and other damage to property insurance) a premium of EUR 24.0 million was booked, representing a 3% increase over the first three quarters of 2011. In fire and natural disaster insurance a growth of 4% was achieved, while other damage to property insurance experienced a 2% growth. A growth in premium was recorded in all insurance companies of the Group (except in Triglav Osiguranje, Zagreb). The highest growth results were achieved by Triglav Pojišt'ovna (46%), Triglav Osiguruvanje, Skopje (22%), Triglav Osiguranje, Belgrade (22%) and Lovćen Osiguranje (14%). A 13% premium decrease in Triglav Osiguranje, Zagreb (which accounts for 42% of total real property insurance premium) is due to the discontinuation of business with two major clients and numerous bankruptcies caused by economic crisis.

**Accident insurance** represented 7.2% of total written premium or EUR 8.8 million in nominal terms. The premium remained at the same level as the year before (index 100). Higher growth in premium compared to the previous year was achieved by Triglav Pojišt'ovna (13% growth), accounting for only 1% of total premium, as well as in Triglav Osiguranje, Sarajevo (8% growth) and Lovćen Osiguranje, Podgorica (6% growth), which represents the bulk of total premium (47%). Triglav Osiguranje, Sarajevo, recorded premium growth in car accident insurance and group accident insurance. Lovćen Osiguranje increased its premium written as a result of upgraded insurance products for retirees, successful sales campaigns and new large clients in group accident insurance. Other insurance companies of the Group recorded a decrease in premium written. The decrease in car accident insurance premium resulted primarily from the developments in the motor vehicle insurance market. The decline in other accident insurance premium was due to fierce competition in this segment, the bad economic conditions and growing unemployment.

**General liability insurance** accounted for 3.5% of the total insurance structure. In the first nine months of 2012, EUR 4.3 million in premium was earned, i.e. 2% less than one year earlier. Premium increases were recorded in Triglav Osiguranje, Belgrade (79% growth), Triglav Osiguruvanje, Skopje (40% growth), Triglav Osiguranje, Banja Luka (25% growth) and Triglav Pojišt'ovna, Brno (3% growth) through the acquisition of new clients and expansion of the portfolio. Less premium than in the corresponding period of 2011 was booked by Triglav Osiguranje, Zagreb (index 88), which accounts for the bulk (42%) of total premium, Lovćen Osiguranje, Podgorica (index 86) and Triglav Osiguranje, Sarajevo (index 97). This was due to the loss of insurance policies and in the case of Lovćen Osiguranje a failure to renew a large one-off insurance policy.

In **health insurance** the Triglav INT Group posted EUR 496.9 thousand in written premium, which represents a 32% decrease. All insurance companies of the Group providing health insurance products earned less premium than in the respective period of 2011. Triglav Osiguranje, Banja Luka experienced the highest drop in premium (index 72), but it accounts for only 3% of the total premium in this insurance class. Lovćen Osiguranje, accounting for 70% of the Group's total health insurance premium, experienced a 7% decline in premium, as less insurance policies were sold due to the abolishment of visas, lower number of non-residents and foreign nationals working in Montenegro, as well as clients buying insurance at minimum premium rates only to satisfy the legal requirements. Triglav Osiguranje, Zagreb posted a 2% drop in premium.

**Credit insurance** accounted for only 0.4% of total premium and recorded a 120% increase in premium written over the year before. Among the Group members offering this type of

insurance, Triglav Osiguranje, Sarajevo, which accounts for 89% of total premium, recorded substantial premium growth (index 2,410). The latter was achieved through cooperation with one of the banks. In Triglav Osiguranje, Zagreb premium written decreased by 76%.

Premium in other classes of non-life insurance (accounting for 5.0% of the Group's total premium) dropped by 19%, mainly due to a decrease in aircraft insurance premium and aircraft liability insurance premium recorded in Lovćen Osiguranje, Podgorica due to the loss of a large client, and on account of less premium from financial loss insurance (index 71). Nominal growth was achieved in suretyship insurance (index 111), assistance insurance (index 119), marine insurance (index 118), marine liability insurance (index 103) and railway insurance (index 101).

### 3.3.2 Life insurance

In total, Triglav INT Group members charged EUR 10.2 million in unconsolidated gross written premium from life insurance contracts, which is a 2% increase compared to a year before. Life insurance represented 8.3% of total gross written premium or 0.9 percentage point more than in the respective period of 2011.

Life insurance premium were recorded at EUR 7.2 million, and account for 70.8% of total premium in the life insurance class. Total life insurance premium recorded by the Group increased by 6% compared to the first nine months of 2011. Life insurance products are available from four insurance companies of the Group, most of which recorded a growth in premium written (Triglav Osiguranje, Sarajevo 27%, Triglav Osiguranje, Belgrade 13% and Lovćen životna osiguranja 10%). Triglav Osiguranje, Zagreb, accounting for 55% of total life insurance premium of the Group, on the other hand booked 1% less premium.

The premium generated by unit-linked life insurance totalled EUR 3.0 million, representing 29.2% of total gross written premium of the Group in the life insurance class, which was 8% less compared to one year earlier. Unit-linked life insurance is sold only by Triglav Osiguranje, Zagreb. Due to the economic situation, clients are much more prudent when purchasing long-term life insurance policies. The decrease in life insurance premium was also affected by maturities and surrenders.

#### *Gross written premium from insurance and co-insurance contracts of the Triglav INT Group insurance companies by insurance class*

No	INSURANCE CLASS	GROSS WRITTEN PREMIUM		in EUR	
		Q 1-3 2012	Q 1-3 2011	INDEX 2012/2011	STRUCTURE Q 1-3 2012
1	Accident insurance	8,751,595	8,719,104	100	7.2%
2	Health insurance	496,853	735,010	68	0.4%
3	Comprehensive car insurance	15,110,394	16,751,796	90	12.4%
4	Real property insurance	24,022,334	23,415,977	103	19.6%
5	Motor liability insurance	52,784,137	62,613,576	84	43.2%
6	General liability insurance	4,319,114	4,407,288	98	3.5%
7	Credit insurance	505,922	229,952	220	0.4%
8	Other non-life insurance	6,148,241	7,562,756	81	5.0%
	<b>NON-LIFE INSURANCE</b>	<b>112,138,590</b>	<b>124,435,459</b>	<b>90</b>	<b>91.7%</b>
9	Life insurance	7,190,868	6,768,614	106	5.9%
10	Unit-linked life insurance	2,969,011	3,231,002	92	2.4%
	<b>LIFE INSURANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
	<b>TOTAL</b>	<b>10,159,879</b>	<b>9,999,616</b>	<b>102</b>	<b>8.3%</b>



### 3.3 Gross claims paid

The insurance companies of the Triglav INT Group posted EUR 72.8 million in non-consolidated gross claims, which is 8% more than in the first nine months of 2011 (index 100). In non-life insurance and in life insurance the Group incurred EUR 69.0 million and EUR 3.8 million of gross claims respectively.

*Gross claims paid in the first nine months of 2012 by Triglav INT Group insurance company*

INSURANCE COMPANY	GROSS CLAIMS PAID			INDEX			STRUCTURE
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL	Q 1-3 2012
1 Triglav Osiguranje, Zagreb	20,549,935	2,780,459	23,330,394	121	124	121	32.0%
2 Triglav Osiguranje, Sarajevo	5,095,913	384,463	5,480,376	106	163	109	7.5%
3 Triglav Pojišt'ovna, Brno	13,683,634	0	13,683,634	107		107	18.8%
4 Lovćen Osiguranje, Podgorica	11,785,199	0	11,785,199	96		96	16.2%
5 Triglav Osiguranje, Belgrade	6,023,096	126,009	6,149,105	97	61	96	8.4%
6 Triglav Osiguranje, Banja Luka	1,216,743	0	1,216,743	104		104	1.7%
7 - Triglav Osiguruvanje, Skopje	10,630,205	0	10,630,205	107		107	14.6%
8 Lovćen životna osiguranja, Podgorica	0	519,092	519,092		162	162	0.7%
<b>TOTAL</b>	<b>68,984,725</b>	<b>3,810,023</b>	<b>72,794,748</b>	<b>107</b>	<b>127</b>	<b>108</b>	<b>100.0%</b>

#### 3.3.1 Non-life insurance

The comparison of growth rates between claims and insurance premium in non-life insurance shows that claims grew at a rate 17 index points higher than insurance premium. Compared to the year before, non-consolidated gross claims rose by 7%, totalling EUR 69.0 million. The increase in gross claims paid is primarily due to a higher volume of claims settled in Triglav Osiguranje, Zagreb (index 121), Triglav Pojišt'ovna, Brno and Triglav Osiguruvanje, Skopje (index 107).

Claims arising from motor liability insurance represented 38.4% of total gross claims settled by the Triglav INT Group insurance subsidiaries. Total claims paid amounted to EUR 28.0 million, which was 12% less than in the corresponding period of 2011. In all insurance subsidiaries gross claims paid decreased, with the steepest decline recorded in Lovćen Osiguranje, Podgorica (index 77), Triglav Osiguruvanje, Skopje (index 81) and Triglav Osiguranje, Sarajevo (index 85).

An 8% decrease in gross claims paid was recorded in the comprehensive car insurance class. Claims paid amounted to EUR 12.4 million or 17.0% of the total amount of settled claims. A decrease in gross claims paid in this insurance class is typical of the majority of the Triglav INT Group insurance companies, especially Triglav Osiguranje, Zagreb (index 82) and Lovćen Osiguranje, Podgorica (index 87). A higher volume of claims in this insurance class was recorded in Triglav Osiguranje, Sarajevo (index 104), Triglav Osiguranje, Banja Luka (index 102) and Triglav Osiguranje, Belgrade (index 101).

In real property insurance, total claims paid amounted to EUR 18.6 million or 77% more than one year earlier. Claims paid increased in all insurance subsidiaries of the Group. The highest claim growth rates were recorded in Triglav Osiguranje, Zagreb – due to payments of certain large claims made on fronting policies and heavy storms in the regions of Rijeka and Istria –, in Triglav Osiguruvanje, Skopje (index 175), Triglav Osiguranje, Banja Luka (index 328) and Triglav Pojišt'ovna (index 441) due to individual large claims paid, as well as in Lovćen Osiguranje (index 196) on account of the extreme weather conditions in February. Fire and natural forces

insurance claims settled grew by 350%, whereas other damage to property insurance claims decreased by 3% over the same period of last year.

Gross claims paid in accident insurance rose by 11%, reaching 8.9% of total claims settled by the Group. In the first three quarters of 2012, claims settled amounted to EUR 6.5 million. The highest growth rates in gross claims paid were posted by Triglav Osiguranje, Banja Luka (index 147) and Triglav Osiguranje, Zagreb (index 130). Gross claims paid in Lovćen Osiguranje, which account for 59% of the Group's total accident insurance claims, rose by 12%.

Gross claims paid in the general liability insurance class increased by 20%, due to a high growth in gross claims paid in most Group insurance companies. Only Triglav Osiguranje, Zagreb, which accounts for 56% of total claims, posted a decrease in gross claims paid, i.e. by 16%.

In health insurance gross claims declined by 12%. Health insurance claims, however, account for only 0.4% of total gross claims paid by the Group. An increase in claims was recorded in Triglav Osiguranje, Zagreb (index 244).

Gross claims paid in credit insurance, representing a 1.1% share of total claims paid, grew by 136%. This growth was affected by a high increase in gross claims paid in Triglav Osiguranje, Belgrade and Triglav Osiguranje, Zagreb, which together account for 94% of claims in this insurance class.

A high growth of 51% was seen in other non-life insurance, mostly due to higher claims paid in marine insurance and suretyship insurance in Triglav Osiguranje, Zagreb. A growth in nominal terms was also seen in goods in transit insurance (index 124), aircraft liability insurance (index 135), marine liability insurance (index 221) and assistance insurance (index 106). A lower growth of claims compared to the respective period of 2011 was achieved in miscellaneous financial loss insurance.

### **3.3.2 Life insurance**

Non-consolidated gross claims paid in life insurance totalled EUR 3.8 million and were 27% higher than in the first nine months of 2011. Claims in the life insurance class accounted for 5.2% of total claims paid or 0.8 percentage points more than in the three quarters ended 30 September 2011.

The bulk of all claims settled is accounted for by the life insurance class, which totalled EUR 2.9 million or 17% more than the year before. Gross claims paid also increased in unit-linked life insurance (index 172) resulting from maturities due to the aging of the portfolio and surrenders.

## Gross claims paid of the Triglav INT Group by insurance class

*in EUR*

No	INSURANCE CLASS	GROSS CLAIMS PAID		INDEX	STRUCTURE
		Q 1-3 2012	Q 1-3 2011	2012/2011	Q 1-3 2012
1	Accident insurance	6,470,062	5,832,199	111	8.9%
2	Health insurance	325,230	368,922	88	0.4%
3	Comprehensive car insurance	12,393,533	13,484,655	92	17.0%
4	Real property insurance	18,625,553	10,549,878	177	25.6%
5	Motor liability insurance	27,973,211	31,897,629	88	38.4%
6	General liability insurance	1,245,608	1,036,322	120	1.7%
7	Credit insurance	768,196	324,855	236	1.1%
8	Other non-life insurance	1,183,332	784,795	151	1.6%
	<b>NON-LIFE INSURANCE</b>	<b>68,984,725</b>	<b>64,279,255</b>	<b>107</b>	<b>94.8%</b>
9	Life insurance	2,883,265	2,466,900	117	4.0%
10	Unit-linked life insurance	926,758	539,468	172	1.3%
	<b>LIFE INSURANCE</b>	<b>3,810,023</b>	<b>3,006,368</b>	<b>127</b>	<b>5.2%</b>
	<b>TOTAL</b>	<b>72,794,748</b>	<b>67,285,623</b>	<b>108</b>	<b>100.0%</b>

## 4. RISK MANAGEMENT

### 4.1 Risk management in the first nine months of 2012

The debt crisis in the EU member states remains the main source of the investment risk to which the Group is indirectly exposed, especially credit risk exposure and credit spread risk. At the same time we are, due to general macroeconomic situation in countries where the Group operates, exposed to risks of policyholders defaulting on the payment of premiums and risks related to the selection of underwritten risks. Disasters (natural or man-made) remain a significant risk for the Group, as they can have negative effects especially on the non-life insurance portfolio.

In first half of 2012 we pay particular attention to credit and financial risks, which arise from financial assets portfolio. With establishment of special limits, we manage the risk of concentration and exposure to banking sector in the Group. The exposure is monitored regularly on a level of each company in the Group and consequently the investment portfolio is adjusted if needed.

The Company regularly monitors business operations of each company in the group, with special attention to adequacy of reinsurance scheme, assets backing liabilities and capital adequacy management.

### 4.2 Significant types of risks in the first nine months of 2012

No major changes in political-legal environment of markets, where the companies of Triglav INT Group operate, are expected. Situation on these markets is closely related to the resolution of Greece debt crises and other peripheral EU countries. We are estimating that economic conditions will stay volatile and uncertain until end of 2012, furthermore that these will keep on effecting our exposure to risks. Due to these reasons, we are expecting that the risk profile of the Group will stay unchanged until end of 2012.

## 5. RECRUITMENT AND EMPLOYEE STRUCTURE

As at 30 September 2012 there were five employees in Triglav INT, d.d. and 2,219 in the Triglav INT Group, which was 51 more than as at 2011 year end.

*Number of employees in the Triglav INT Group as at 30 September 2012 by member company*

MEMBER OF THE TRIGLAV GROUP	NUMBER OF EMPLOYEES		
	30 September 2012	31 December 2011	DIFFERENCE
Triglav INT d.d., Ljubljana	5	4	1
Triglav Osiguranje d.d., Zagreb	525	518	7
Triglav Osiguranje d.d., Sarajevo	245	234	11
Triglav Pojišt'ovna a.s., Brno	120	116	4
Lovćen Osiguranje a.d., Podgorica	290	264	26
Triglav Osiguranje a.d.o., Belgrade	465	488	-23
Triglav Osiguranje a.d., Banja Luka	81	84	-3
Triglav Osiguruvanje a.d., Skopje	166	150	16
Unis automobili i dijelovi d.o.o., Sarajevo	33	33	0
Autocentar BH d.o.o., Sarajevo	45	47	-2
Lovćen životna osiguranja a.d., Podgorica	8	6	2
- Sarajevostan d.d., Sarajevo	122	126	-4
Triglav Auto d.o.o., Banja Luka	0	0	0
Lovćen Auto a.d.o., Nikšić	114	98	16
<b>TOTAL</b>	<b>2.219</b>	<b>2.168</b>	<b>51</b>

In comparison with the 2011 year end, the number of employees with higher education qualifications and elementary school increased, while a decrease was registered in the number of employees with secondary school and post-secondary education.

*Employees of Triglav INT, d.d. and the Triglav INT Group as at 30 September 2012 - structure by education level*

LEVEL OF EDUCATION	TRIGLAV INT d.d.		TRIGLAV INT GROUP	
	Number	Structure	Number	Structure
Level I - IV	0	0,0%	884	39,8%
Level V	0	0,0%	509	22,9%
Level VI	1	20,0%	173	7,8%
Level VII	4	80,0%	620	27,9%
Masters and PhDs	0	0,0%	33	1,5%
<b>TOTAL</b>	<b>5</b>	<b>100,0%</b>	<b>2.219</b>	<b>100,0%</b>

## 6. SUBSEQUENT EVENTS

No events occurring after the reporting date were material to the consolidated financial statements for the year 2012.

Events after the reporting date that are important for the operations in 2012 are the following:

- On 22 November 2012, the Standard & Poor's credit rating agency (hereinafter S&P) affirmed its long-term credit rating and financial strength credit rating on the Triglav Group at 'A-', at the same time also affirming the "A-" long-term credit rating and financial strength rating of Zavarovalnica Triglav d.d. and its subsidiary Pozavarovalnica Triglav Re d.d. The credit rating has a negative outlook. S&P has namely issued a warning of a possible

cut of the long-term sovereign credit rating on Slovenia to “A-“, which could negatively affect the credit rating on the Triglav Group, Zavarovalnica Triglav d.d. and Pozavarovalnica Triglav Re d.d., in that scenario likely causing a one-notch downgrade.

S&P could remove the Triglav Group rating from CreditWatch with negative implications if the ratings on Slovenia are removed from CreditWatch or if the Triglav Group's financial and business profiles prove more resilient to the deteriorating operating, macroeconomic and financial environment in Slovenia than currently assumed.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The Executive Director herewith confirms the financial statements for the period from 1 January 2012 to 30 September 2012 as well as the applied accounting policies and notes to the financial statements.

The Executive Director is responsible for preparing the Semi-Annual Report of the Company and the Group so as to give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Triglav INT Group and Triglav INT d.d. for the period from 1 January 2012 to 30 September 2012 in accordance with International Financial Reporting Standards as adopted by the EU.

The Executive Director confirms that the appropriate accounting policies were consistently used and that the accounting estimates were prepared according to the principles of prudence and good management. The Executive Director further confirms that the financial statements and the notes thereto were prepared on a going concern basis for Triglav INT d.d. and the Triglav INT Group and in line with the applicable legislation and International Financial Reporting Standards, as adopted by the EU.

The Executive Director confirms that the interim business report of the for the period from 1 January 2012 to 30 September 2012 includes a fair review of their business developments, results and financial positions, including a description of the major risks to which Triglav INT d.d. as the parent company and its consolidated subsidiaries are exposed to as the Group.

The Executive Director is also responsible for appropriate accounting practices and 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.

Tedo Djekanović

Executive Director



**Unaudited Financial Statements**  
**of Triglav INT, d.d. and Triglav INT Group**  
**And Notes thereto for the Period**  
**from 1 January 2012 to 30 September 2012**

## CONTENT

<b>I.</b>	<b>FINANCIAL STATEMENTS .....</b>	<b>17</b>
<b>II.</b>	<b>NOTES TO THE FINANCIAL STATEMENTS.....</b>	<b>24</b>
1.1.	Company profile .....	24
1.2.	Statement of compliance.....	24
1.3.	Main accounting policies and estimates.....	24
1.4.	Significant items of statement of financial position .....	24
1.5.	Changes in equity shares in subsidiaries .....	25
1.6.	Related party transactions.....	25
1.7.	Other significant events in the reporting period .....	26
1.8.	Events after the balance sheet date.....	26



## I. FINANCIAL STATEMENTS

### A. STATEMENT OF FINANCIAL POSITION

in EUR

	Triglav INT		Triglav INT Group	
	30.9.2012	31.12.2011	30.9.2012	31.12.2011
<b>ASSETS</b>				
Intangible assets	2.272	2.845	10.197.290	10.781.440
Property, plant and equipment	5.876	6.225	36.611.663	38.447.613
Deferred tax receivables	0	0	2.083.251	2.185.917
Investment property	0	0	19.974.899	21.639.005
Investments in subsidiaries	88.038.987	62.745.156	0	0
Financial assets	0	0	203.289.051	199.722.553
<i>Financial investments</i>	0	0	191.497.739	190.036.757
<i>loans and deposits</i>	0	0	65.723.141	67.793.194
<i>held to maturity</i>	0	0	29.547.923	33.618.823
<i>available for sale</i>	0	0	92.363.113	75.047.233
<i>investments recognised at fair value through profit and loss</i>	0	0	3.863.562	13.577.507
<i>Unit-linked insurance assets</i>	0	0	11.791.312	9.685.796
Reinsurers' share of technical provisions	0	0	32.246.623	18.663.286
Receivables	1.012.148	22.990.823	57.776.025	52.422.538
Receivables from direct insurance operations	0	0	37.235.974	36.146.322
receivables from reinsurance and co-insurance operations	0	0	5.989.278	5.298.781
current tax receivables	0	0	36.975	24.250
other receivables	1.012.148	22.990.823	14.513.798	10.953.185
Other assets	0	47	5.592.676	6.054.066
Cash and cash equivalents	10.527	2.406	11.026.586	12.423.259
Non-current assets held for sale	0	0	0	0
<b>TOTAL ASSETS</b>	<b>89.069.810</b>	<b>85.747.502</b>	<b>378.798.064</b>	<b>362.339.677</b>
<b>EQUITY AND LIABILITIES</b>				
Equity	85.368.709	85.586.738	68.587.963	67.397.890
<i>Controlling interests</i>	85.368.709	85.586.738	61.639.645	61.375.245
share capital	88.598.008	88.598.008	88.598.009	88.598.009
share premium	0	0	0	0
reserves from profit	0	0	5.038.196	6.697.813
fair value reserve	0	0	4.883.050	0
net profit/loss brought forward	-3.011.270	-2.886	-33.967.229	-33.456.771
net profit/ loss for the year	-218.029	-3.008.384	-2.579.282	-466.210
currency translation differences	0	0	-333.099	2.404
<i>Non-controlling interests</i>	0	0	6.948.318	6.022.645
Subordinated liabilities	0	0	1.380.459	1.363.938
Insurance technical provisions	0	0	235.010.723	220.549.600
unearned premiums	0	0	63.309.026	63.739.458
mathematical provisions	0	0	42.917.701	39.411.660
claims provisions	0	0	126.083.505	114.151.786
other insurance technical provisions	0	0	2.700.491	3.246.696
Insurance technical provisions for unit-linked insurance contracts	0	0	11.794.929	9.595.764
Employee benefits	0	0	1.219.473	1.354.391
Other provisions	0	0	7.035.642	7.825.021
Deferred tax liabilities	0	0	228.654	166.347
Other financial liabilities	3.672.363	120.720	28.324.601	29.914.777
Operating liabilities	0	0	15.864.889	12.887.994
liabilities from direct insurance operations	0	0	7.807.186	5.745.382
liabilities from reinsurance and co-insurance operations	0	0	8.057.703	6.841.354
current tax liabilities	0	0	0	301.258
Other liabilities	28.738	40.044	9.350.731	11.283.955
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>89.069.810</b>	<b>85.747.502</b>	<b>378.798.064</b>	<b>362.339.677</b>

## B. INCOME STATEMENT

	Triglav INT		Triglav INT Group	
	30.9.2012	31.12.2011	30.9.2012	31.12.2011
	in EUR			
<b>NET PREMIUM INCOME</b>	<b>0</b>	<b>0</b>	<b>100.959.104</b>	<b>6.277.355</b>
- gross written premium	0	0	122.259.548	7.549.042
- ceded written premium	0	0	-22.721.873	-1.347.363
- change in unearned premiums	0	0	1.421.429	75.676
<b>INCOME FROM FINANCIAL ASSETS</b>	<b>0</b>	<b>57</b>	<b>11.562.601</b>	<b>532.723</b>
<i>INCOME FROM FINANCIAL ASSETS IN ASSOCIATES</i>	0	0	0	0
- profit on equity investments accounted for using the equity method	0	0	0	0
- interest income	0	0	0	0
- fair value gains	0	0	0	0
- realised gains on disposals	0	0	0	0
- other financial income	0	0	0	0
<i>INCOME FROM OTHER FINANCIAL ASSETS</i>	0	57	10.363.504	532.723
- interest income	0	54	7.462.261	459.739
- dividends	0	0	104.147	3.899
- fair value gains	0	0	356.822	7.076
- realised gains on disposals	0	0	830.381	9.922
- other financial income	0	3	1.609.893	52.087
<i>NET UNREALISED GAINS ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	0	0	1.199.097	0
<b>OTHER INCOME FROM INSURANCE OPERATIONS</b>	<b>0</b>	<b>0</b>	<b>5.411.162</b>	<b>374.275</b>
- fee and commission income	0	0	3.213.447	151.000
- other income from insurance operations	0	0	2.197.715	223.275
<b>OTHER INCOME</b>	<b>97.445</b>	<b>32.013</b>	<b>5.274.409</b>	<b>821.350</b>
<b>NET CLAIMS INCURRED</b>	<b>0</b>	<b>0</b>	<b>63.462.815</b>	<b>3.175.965</b>
- gross claims settled	0	0	72.653.621	3.650.354
- reinsurers' share	0	0	-10.395.131	-392.785
- changes in claims provisions	0	0	1.204.325	-81.604
- equalisations scheme expenses for supplementary health insurance	0	0	0	0
<b>CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS</b>	<b>0</b>	<b>0</b>	<b>2.748.609</b>	<b>168.914</b>
<b>CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS</b>	<b>0</b>	<b>0</b>	<b>2.062.844</b>	<b>0</b>
<b>EXPENSES FOR BONUSES AND DISCOUNTS</b>	<b>0</b>	<b>0</b>	<b>717.288</b>	<b>16.359</b>
<b>OPERATING COSTS</b>	<b>248.813</b>	<b>220.371</b>	<b>41.038.528</b>	<b>3.337.253</b>
- costs of insurance contract acquisition	0	0	24.567.446	1.759.431
- other operating costs	248.813	220.371	16.471.082	1.577.822
<b>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES</b>	<b>66.661</b>	<b>2.820.075</b>	<b>3.245.837</b>	<b>189.843</b>
<i>EXPENSES FROM FINANCIAL ASSETS AND LIABILITIES IN ASSOCIATES</i>	66.661	2.820.075	0	0
- loans on investments accounted for using the equity method	0	0	0	12.026
- interest expense	66.661	2.218	0	0
- fair value losses	0	0	0	0
- loss on impairment of financial assets	0	2.817.857	0	0
- other expenses from financial assets and liabilities	0	0	0	0
<i>EXPENSES FROM OTHER FINANCIAL ASSETS AND LIABILITIES</i>	0	0	2.978.280	189.843
- interest expense	0	0	411.116	21.167
- fair value losses	0	0	355.072	35.436
- realised loss on disposals	0	0	111.258	0
- loss on impairment of financial assets	0	0	184.668	44.413
- other expenses from financial assets and liabilities	0	0	1.916.166	88.827
<i>NET UNREALISED LOSSES ON UNIT-LINKED LIFE INSURANCE ASSETS</i>	0	0	267.557	0

<b>OTHER INSURANCE EXPENSES</b>	<b>0</b>	<b>0</b>	<b>6.714.693</b>	<b>466.203</b>
<b>OTHER EXPENSES</b>	<b>0</b>	<b>8</b>	<b>6.923.764</b>	<b>1.065.055</b>
<b>PROFIT/LOSS BEFORE TAX</b>	<b>-218.029</b>	<b>-3.008.384</b>	<b>-3.707.102</b>	<b>-413.889</b>
Income tax expense	0	0	0	-21.973
<b>NET PROFIT/LOSS FOR THE ACCOUNTING PERIOD</b>	<b>-218.029</b>	<b>-3.008.384</b>	<b>-3.707.102</b>	<b>-435.862</b>
Net/profit loss attributable to the controlling company	-218.029	-3.008.384	-4.236.205	-466.208
Net/profit loss attributable to non-controlling interest holders	0	0	529.103	30.344

## C. STATEMENT OF COMPREHENSIVE INCOME

in EUR

	Triglav INT		Group Triglav INT	
	30.9.2012	31.12.2011	30.9.2012	31.12.2011
I. NETO PROFIT/LOSS FOR THE YEAR AFTER TAX	-218.029	-3.008.384	-3.707.102	-435.865
II. OTHER COMPREHENSIVE INCOME AFTER TAX	0	0	4.897.342	-2.885.922
1. Net gains/losses from the remeasurements of available for-sale financial assets	0	0	5.360.225	-3.297.288
Gains/losses recognised in fair value reserve	0	0	3.935.140	-2.893.811
Transfer from fair value reserve to profit/loss	0	0	1.425.085	-403.477
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	0	0	0	0
3. Liabilities from insurance contracts with a discretionary participating feature (shadow accounting)	0	0	0	0
4. Currency translation differences	0	0	-351.653	2.143
5. Tax on other comprehensive income	0	0	-111.230	409.223
<b>III. COMPREHENSIVE INCOME/LOSS FOR THE YEAR AFTER TAX</b>	<b>-218.029</b>	<b>-3.008.384</b>	<b>1.190.240</b>	<b>-3.321.787</b>
Controlling interests	-218.029	-3.008.384	352.599	-3.269.699
Non-controlling interests	0	0	837.641	-52.088

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

in EUR

TRIGLAV INT	Share capital	Share premium	Reserves from profit	Fair value reserve	Net profit/loss brought forward	Net profit/loss	TOTAL EQUITY
<b>As at January 2011</b>	<b>50.000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2.886</b>	<b>47.114</b>
Comprehensive income for the year after tax	0	0	0	0	0	-3.008.384	-3.008.384
Share capital increase	88.548.008	0	0	0	0	0	88.548.008
Allocation to net profit/loss brought forward	0	0	0	0	-2.886	2.886	0
<b>As at 31 December 2011</b>	<b>88.598.008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2.886</b>	<b>-3.008.384</b>	<b>85.586.738</b>
Comprehensive income for the year after tax	0	0	0	0	0	-218.029	-218.029
Share capital increase	0	0	0	0	0	0	0
Allocation to net profit/loss brought forward	0	0	0	0	-3.008.384	3.008.384	0
<b>As at 30 June 2012</b>	<b>88.598.008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3.011.270</b>	<b>-218.029</b>	<b>85.368.709</b>

**D. STATEMENT OF CHANGES IN EQUITY OF THE TRIGLAV INT GROUP**

in EUR

	Reserves from profit				Net profit/loss brought forward	Net profit/loss	Currency translation differences	Total equity attributable to the controlling company	Non-controlling interests	TOTAL
	Share capital	Contingency reserves	Legal and statutory reserves	Credit risk reserves						
<b>As at 1 January 2011</b>	0	0	0	0	0	0	0	0	0	0
Group incorporation effects	0	517.397	3.374.119	2.806.297	0	-33.453.885	0	-26.756.072	5.992.300	-20.763.772
Equity attributable to the controllint company as at 1 January 2011	50.000	0	0	0	0	0	-2.886	47.114	0	47.114
Comprehensive income for the year after tax	0	0	0	0	0	0	-466.208	-463.804	30.345	-433.459
Share capital increase	88.548.009	0	0	0	0	0	0	88.548.009	0	88.548.009
Allocation to net profit/loss brought forward	0	0	0	0	0	-2.886	2.886	0	0	0
<b>As at 31 December 2011</b>	88.598.009	517.397	3.374.119	2.806.297	0	-33.456.773	-466.208	61.375.245	6.022.645	61.405.590
Comprehensive income for the year after tax	0	0	0	0	4.924.308	0	-4.236.205	352.600	837.641	837.641
Allocation to net profit/loss brought forward	0	0	85.407	0	0	-551.638	466.208	-23	0	-23
Allocation and use of contingency and catastrophe reserves	0	0	0	-1.745.022	0	1.656.922	0	-88.100	88.090	88.090
Other	0	0	0	0	-41.256	41.181	0	-75	-58	-133
<b>As at 30 September 2012</b>	88.598.009	517.397	3.459.526	1.061.275	4.883.052	-33.967.230	-2.579.283	61.639.647	6.948.318	68.587.965

## E. CASH FLOW STATEMENT

in EUR

		Triglav INT	Triglav INT	Triglav INT Group	Triglav INT Group
		30.9.2012	31.12.2011	30.9.2012	31.12.2011
<b>A. OPERATING CASH FLOW</b>					
<b>a.</b>	<b>Income statement items</b>	<b>-148.759</b>	<b>-187.096</b>	<b>-14.430.410</b>	<b>-789.493</b>
1.	Net written premium for the period	0	0	100.219.881	7.127.197
2.	Investment income (excluding financial income)	0	0	3.100.239	176.892
3.	Other operating income (excluding revaluation and provisions reductions and financial income from operating receivables)	97.445	32.013	9.565.009	1.338.116
4.	Net claims paid	0	0	-65.520.336	-3.244.627
5.	Bonuses and rebates paid	0	0	-719.680	-269.108
6.	Net operating expenses excluding depreciation charge and changes in the accrued acquisition expenses	0	0	-40.148.258	-1.512.899
7.	Investment expenses (excluding financial expenses)	0	0	-2.397.409	-694.299
8.	Other operating expenses excluding depreciation charge (except for revaluations and without increasing provisions)	-246.204	-219.109	-18.497.958	-3.564.457
9.	Corporate income tax and other taxes excluded from operating expenses	0	0	-31.898	-146.308
<b>b.</b>	<b>Changes in net current assets-operating balance sheet items</b>	<b>21.967.418</b>	<b>-22.952.732</b>	<b>31.461.253</b>	<b>-11.342.227</b>
1.	Movements in receivables from insurance operations	0	0	-8.588.897	2.299.417
2.	Movements in receivables from reinsurance operations	0	0	401.696	-1.025.796
3.	Movements in other receivables from (re)insurance operations	0	0	-819.580	-143.765
4.	Movements in other receivables and assets	21.978.710	-22.990.754	22.903.580	-21.895.663
5.	Movements in deferred tax assets	0	0	126.416	-274.579
6.	Movements in inventories	0	0	449.446	144.804
7.	Movements in debts from direct insurance operations	0	0	9.114.149	1.429.335
8.	Movements in debts from reinsurance operations	0	0	664.551	1.967.535
9.	Movements in operating debts	-11.292	38.022	5.764.409	2.410.386
10.	Movements in other liabilities (excluding unearned premiums)	0	0	1.383.176	3.749.112
11.	Movements in deferred tax liabilities	0	0	62.307	-3.013
<b>c.</b>	<b>Operating cash flow</b>	<b>21.818.659</b>	<b>-23.139.828</b>	<b>17.030.843</b>	<b>-12.131.721</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>					
<b>a.</b>	<b>Cash inflows from investing activities</b>	<b>0</b>	<b>56</b>	<b>66.357.436</b>	<b>136.300.773</b>
1.	Cash inflows from interest	0	56	7.635.142	532.723
2.	Cash inflows from dividends and profit sharing	0	0	81.136	3.899
3.	Cash inflows from the disposal of intangible assets	0	0	0	155.769
4.	Cash inflows from the disposal of property, plant and equipment	0	0	377.118	248.781
5.	Cash inflows from the disposal of non-current investment	0	0	15.503.584	20.998.786
6.	Cash inflows from the disposal of current investment	0	0	42.760.456	114.360.815
7.	Cash inflows from the disposal of investments in subsidiaries and associates	0	0	0	0
<b>b.</b>	<b>Cash outflows from investing activities</b>	<b>-25.295.519</b>	<b>-10.332</b>	<b>-88.876.783</b>	<b>-122.164.895</b>
1.	Cash outflows for the purchase of intangible assets		-3.055	-305.964	-201.870
2.	Cash outflows for the purchase of property, plant and equipment	-1.688	-7.277	-1.570.741	-3.115.349
3.	Cash outflows for the purchase of non-current investments	-25.293.831	0	-57.580.857	-54.048.186
4.	Cash outflows for the purchase of current investments	0	0	-29.419.221	-64.799.490
5.	Cash outflows for the purchase of investments in subsidiaries and associates		-65.563.013	0	0
<b>c.</b>	<b>Total cash flow from investing activities</b>	<b>-25.295.519</b>	<b>-10.276</b>	<b>-22.519.347</b>	<b>14.135.878</b>

C. CASH FLOWS FROM FINANCING ACTIVITIES					
<b>a.</b>	<b>Cash inflows from financing activities</b>	<b>3.551.643</b>	<b>88.668.728</b>	<b>33.358.832</b>	<b>11.502.968</b>
	1. Cash inflows from paid-in capital		88.548.008	0	0
	2. Cash inflows from long-term loans received	0	0	0	
	3. Cash inflows from short-term loans received	3.551.643	120.720	33.358.832	11.502.968
<b>b.</b>	<b>Cash outflows from financing activities</b>	<b>-66.662</b>	<b>-2.225</b>	<b>-28.677.066</b>	<b>-1.217.209</b>
	1. Cash outflows for paid interest	-66.662	-2.225	-200.490	-2.225
	2. Cash outflows for repayments of principal	0	0	0	0
	3. Cash outflows for payments of long-term financial liabilities	0	0	0	
	4. Cash outflows for payments of short-term financial liabilities	0	0	-28.476.576	-1.214.984
	5. Cash outflows from dividends paid and profit sharing	0	0		
<b>c.</b>	<b>Total cash flow from financing activities</b>	<b>3.484.981</b>	<b>88.666.503</b>	<b>4.681.766</b>	<b>10.285.759</b>
	Č. Opening balance of cash and cash equivalents	2.406	49.020	12.423.259	49.020
	D1. Net cash flow for the period	8.121	-46.614	-806.738	12.289.917
	D2. Foreign exchange differentials	0	0	-589.935	84.322
	E. Closing balance of cash and cash equivalents	10.527	2.406	11.026.586	12.423.259

## II. NOTES TO THE FINANCIAL STATEMENTS

### **1.1. Company profile**

Triglav INT holdinška družba d.d. (hereinafter: »Triglav INT« or »the Company« or »the controlling Company«) with its subsidiaries form the Triglav INT Group (hereinafter: »the Group«).

Triglav INT is a public limited company, with its registered office at Miklošičeva 19 in Ljubljana, Slovenia. Zavarovalnica Triglav d.d. is the sole shareholder of the Company.

Activities of holding companies are the object of Triglav INT. Insurance is the core business of the Group, including life and non-life insurance.

This condensed consolidated interim financial information was approved for issue by the Management Board on 4 December 2012.

### **1.2. Statement of compliance**

This condensed consolidated interim financial information for the six month ended 30 June 2012 has been prepared in accordance with IAS 34, Interim financial reporting.

Pursuant to requirements of the national legislation, separate financial statements of Triglav INT, d.d. have been prepared, in accordance with IFRS as adopted by EU (herein after IFRS).

In addition to separate financial statements Triglav INT, d.d. also prepares consolidated financial statements in line with the IFRS. 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 INT Group, separate financial statements of Triglav INT, d.d. should be considered jointly with the consolidated financial statement.

The financial statements for the period from 1 January 2012 to 30 September 2012 have not been audited.

### **1.3. Main accounting policies and estimates**

The accounting policies adopted are consistent with those of the previous financial year. Taxes on income in the interim periods are accrued using the average effective tax rate in 2011.

In the reporting period there were no significant changes of accounting estimates for amounts which were reported in the preceding financial year.

### **1.4. Significant items of statement of financial position**

#### *Operating receivables*

Operating receivables of Triglav INT have decreased from 31 December 2011 due to registration of shares of Triglav Osiguranje d.d., Zagreb in local share register, which happened in first quarter of 2012.

On September 30, 2012 the Company shows EUR 1.012.148 other receivables that mostly, EUR 994.974, relate to paid but not yet registered capital in Triglav Osiguranje, a.d., Banja Luka.



### Other financial liabilities

Other financial liabilities in Triglav INT mostly refer to short term loans for increase of share capital in Triglav Osiguranje a.d.o., Belgrade in amount of EUR 2.308.836 and Triglav Osigurnje, a.d., Banja Luka in amount of EUR 994.974. Loans were received from Zavarovalnica Triglav d.d..

## 1.5. Changes in equity shares in subsidiaries

A capital increase was carried out in two subsidiaries:

- Triglav Osiguranje a.d.o., Belgrade, by issuing 377,000 shares at par value of RSD 700 each i.e. RSD 263,900,000 or EUR 2,308,836. Thereby the participation of Triglav INT d.d. changed from 96.08 % to 97.1 %. The capital increase was thus used to cover the loss brought forward from previous periods in the amount of RSD 257,278,700;
- Triglav osiguranje, a.d., Banja Luka, by issuing 973 shares at par value of KM 2.000,00 each i.e. KM 1.946.000,00 or EUR 994.974,00. The capital increase was thus used to cover the loss brought forward from previous periods.

## 1.6. Related party transactions

### Management and Supervisory Boards

Management Board members of the Company did not receive any payment for their work in subsidiaries. The non-executive directors of the Management Board of the Company did not receive any payment for their work in Triglav INT. In 2011 Ms Tina Cvar, Executive Director, was paid EUR 12,000 gross (EUR 9,000 net) under her Management Services Agreement.

As at 31 December 2011 total liabilities of the Company to Ms Tina Cvar, Management Board member, amounted to EUR 750, arising from her Management Services Agreement. As at the same date the Company had no receivables due from the Management Board members.

### Outstanding balances referring to related parties as at the reporting date and income and expenses during the reporting period

RECEIVABLES AND LIABILITIES	Triglav INT		Triglav INT Group	
	Zavarovalnica Triglav, d.d.	Other entities in Triglav Group	Zavarovalnica Triglav, d.d.	Other entities in Triglav Group, excluding Triglav INT subsidiaries
	in EUR			
Receivables	0	1.005.720	643.078	3.664.684
Liabilities	3.673.482	0	10.719.756	3.257.399

INCOME AND EXPENSE	Triglav INT		Triglav INT Group	
	Zavarovalnica Triglav, d.d.	Other entities in Triglav Group	Zavarovalnica Triglav, d.d.	Other entities in Triglav Group, excluding Triglav INT subsidiaries
	in EUR			
Income	0	96.995	176.236*	9.579.802*
Expenses and costs	82.661	2.562	1.038.677*	8.301.182*

\*Transactions related to reinsurance with Pozavarovalnica Triglav Re, d.d.

### **1.7. Other significant events in the reporting period**

At its 14<sup>th</sup> session held on 27 June 2012, the Board of Directors of Triglav INT took note of the letters of resignation by its members Igor Stebernak and Tina Cvar. Based on the letter of resignation, the term of office of Igor Stebernak ended on 30 June 2012, whereas the term of office of the member of the Board of Directors and Executive Director Tina Cvar ended on the date a new member of the Board of Directors and Executive Director was appointed.

At its 15<sup>th</sup> meeting held on 4 July 2012, the Board of Directors of Triglav INT adopted a resolution to appoint Stanislav Vrtunski as Vice-President of the Board of Directors and Tedo Djekanović as Executive Director. Mr Djekanović' five year term of office started on the date his appointment was approved at the meeting of the Board of Directors.

### **1.8. Events after the balance sheet date**

No events occurring after the reporting date were material to the respective financial statements for the first half of the year 2012.